

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: FEE0004	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 type="checkbox"/> OTHER <u>Coalbed</u> 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: PENTA CREEK 23-7	
3. ADDRESS OF OPERATOR: 208 N. 29th st. ste. 230 CITY Billings STATE MT ZIP 59101		PHONE NUMBER: (406) 896-4953	10. FIELD AND POOL, OR WILDCAT: WILDCAT	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1630.04' FNL 1500.3 FEL S7 T14S T14E AT PROPOSED PRODUCING ZONE: 552623 X 4386070 Y 39.624665 - 110.386880			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14S 14E 2	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 5.03 miles south			12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1500.3'	16. NUMBER OF ACRES IN LEASE: 3411.22 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 5280'	19. PROPOSED DEPTH: 6,500	20. BOND DESCRIPTION: Surety		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 8488.3'GR	22. APPROXIMATE DATE WORK WILL START: 8/1/2007	23. ESTIMATED DURATION: 14 days		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8"	J-55	36#	2,000	Rockies LT	325sks	2.34ft3/sk 12.3
8 3/4"	7"	J-55	26#	6,500	Premium Plus V	448.89sks	1.16ft3/sk 15.8

25. **ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL FLAT 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

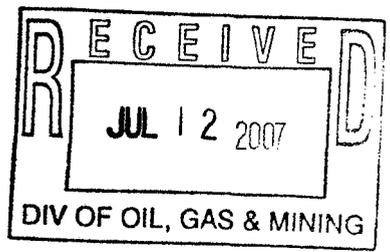
NAME (PLEASE PRINT) Jennifer Olsen TITLE Agent

SIGNATURE Jennifer Olsen DATE 7/12/2007

(This space for State use only)

API NUMBER ASSIGNED: 213-007-31305

APPROVAL:



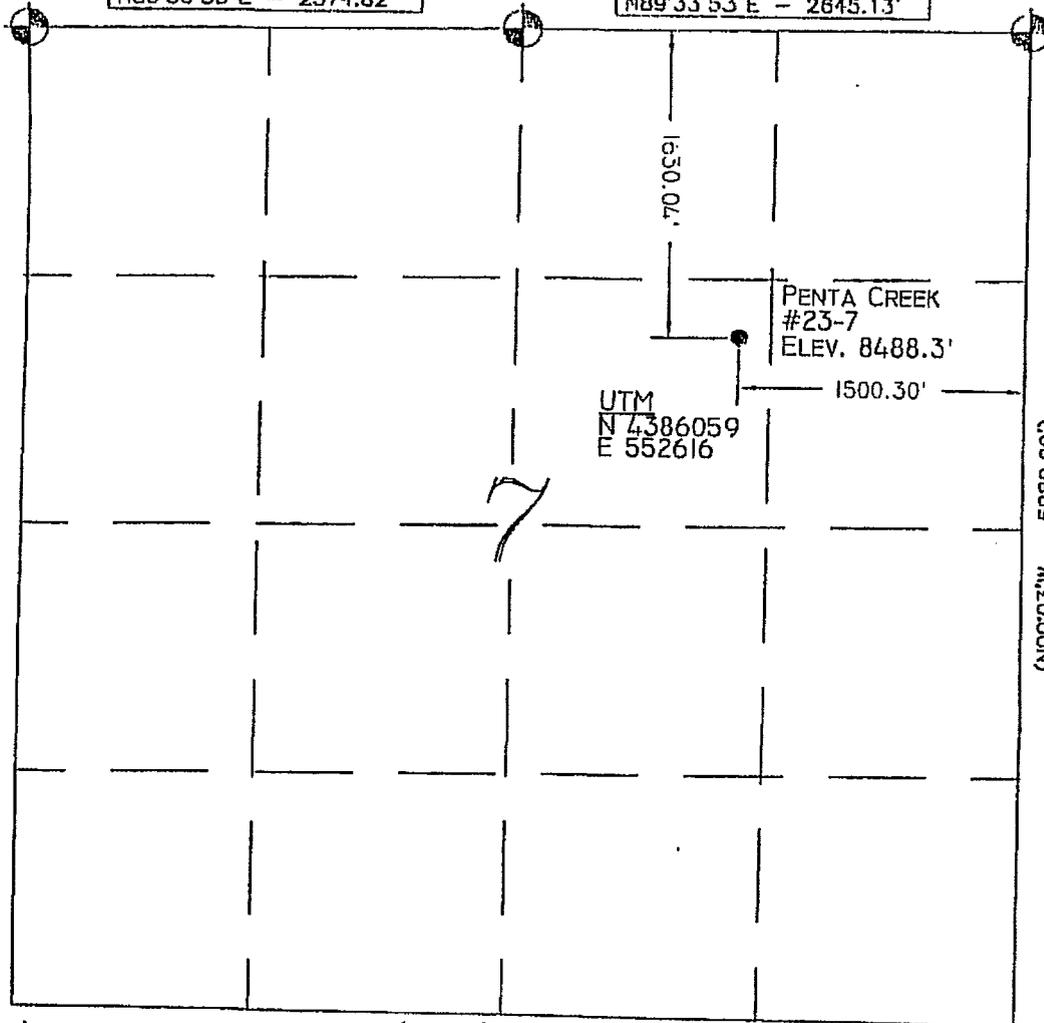
Range 14 East

(S89°53'E - 5168.16')

N89°30'53"E - 2574.82'

N89°33'53"E - 2645.13'

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 7580.0' being a riser at Grassy Trail Reservoir in Section 7, Township 14 South, Range 14 East Salt Lake Base & Meridian, as shown on the Sunnyside Quadrangle 7.5 Minute Series Map.

Description of Location:

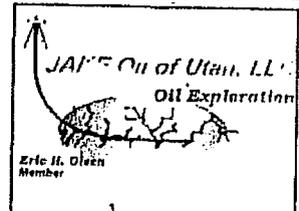
Proposed Drill Hole located in the SW1/4 NE1/4 of Section T14S, R14E, S.L.B.&M., being South 1630.04' from North 1 and West 1500.30' from East Line of Section 7, T14S, R1 Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Survey 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 personal direction and supervision as shown hereon.



TALON RESOURCES,
615 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonactv.net



Well Penta Creek #23-
Section 7, T14S, R14E, S.L.B.
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.
Drawing No. A-1	Date: 6/5/07
	Scale: 1" = 100'
Sheet 1 of 4	Job No. 2880

Legend

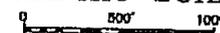
- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

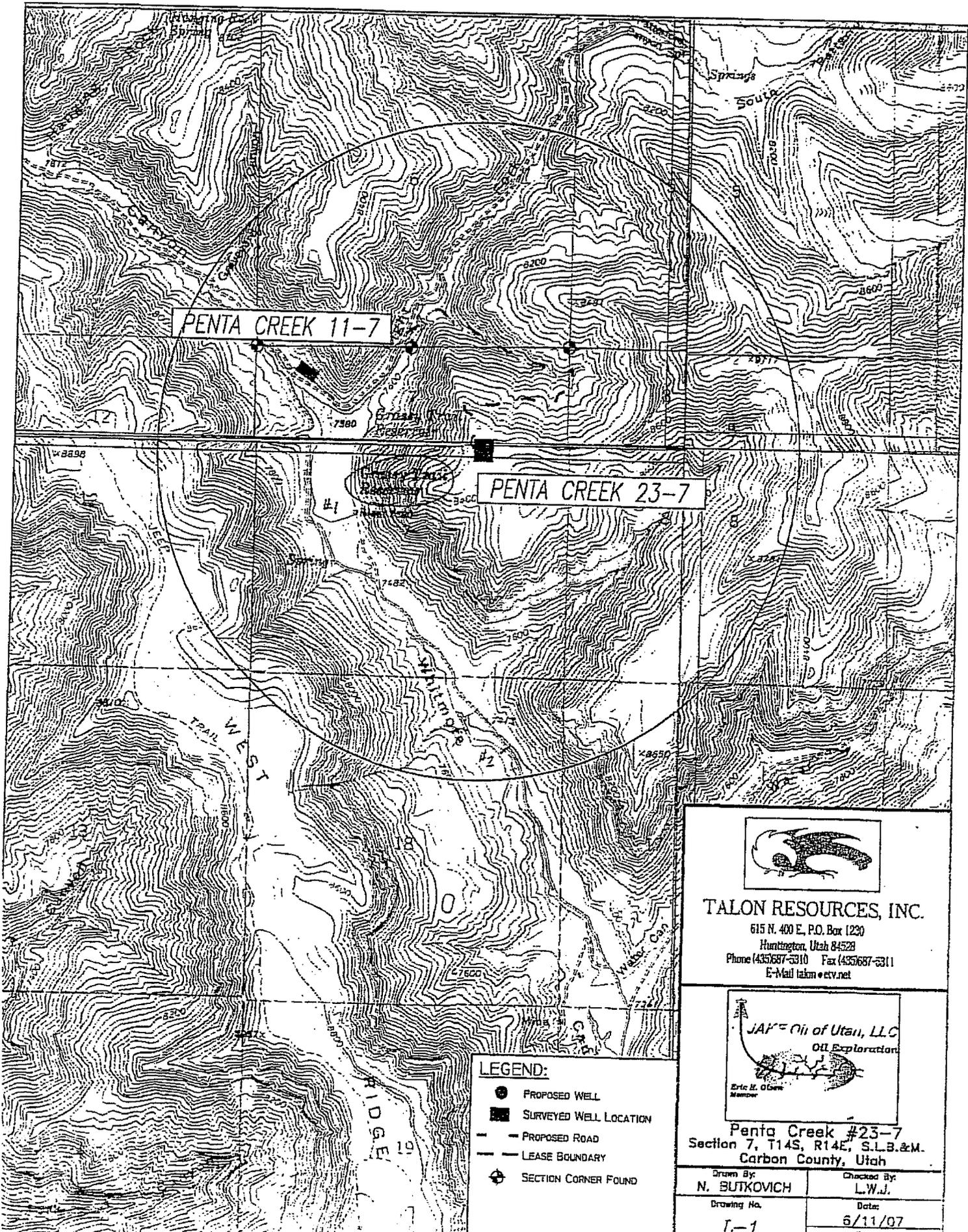
1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°37'28.428" N
110°23'13.053" W

GRAPHIC SCALE



(IN FEET)
1 inch = 1000 ft.



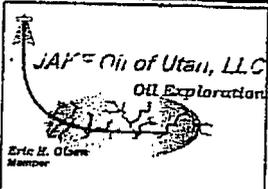
PENTA CREEK 11-7

PENTA CREEK 23-7

- LEGEND:**
- PROPOSED WELL
 - SURVEYED WELL LOCATION
 - - - PROPOSED ROAD
 - - - LEASE BOUNDARY
 - ⊕ SECTION CORNER FOUND



TALON RESOURCES, INC.
 615 N. 400 E., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@ctv.net



Penta Creek #23-7
 Section 7, T14S, R14E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 6/11/07

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/12/2007

API NO. ASSIGNED: 43-007-31303

WELL NAME: PENTA CREEK 23-7
 OPERATOR: JAKE OIL OF UTAH, LLC (N3040)
 CONTACT: JENNIFER OLSEN

PHONE NUMBER: 406-896-4953

PROPOSED LOCATION:

SWNE 07 140S 140E
 SURFACE: 1630 FNL 1500 FEL
 BOTTOM: 1630 FNL 1500 FEL
 COUNTY: CARBON
 LATITUDE: 39.62467 LONGITUDE: -110.3869
 UTM SURF EASTINGS: 552623 NORTHINGS: 4386070
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWO	9/26/07
Geology		
Surface		

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

PROPOSED FORMATION: MRSN
 COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0610539)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. A3569)
- RDCC Review (Y/N)
(Date: 07/28/2007)
- Fee Surf Agreement (Y/N)
- 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 (07-18-07)

STIPULATIONS:

- 1 - Spacing Strip
- 2 - STATEMENT OF BASIS
- 3 - Cement Strip # 3 (5 1/2" production, 1000' mo)

T13S R13E T13S R14E
 T14S R13E T14S R14E

1

6

5

12

7

8

13

18

17

PENTA
 CREEK
 23-7
 ⊕

PAN AMERICAN 2
 ⬥

CBM 1
 ⊕

OPERATOR: JAKE OIL OF UTAH (N3040)

SEC: 7 T.14S R.14E

FIELD: WILDCAT (001)

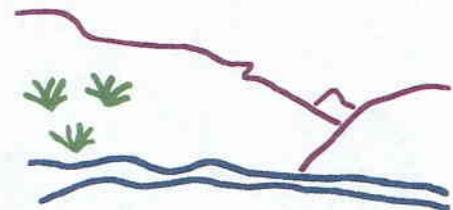
COUNTY: CARBON

SPACING: R649-3-3 / EXCEPTION LOCATION

- 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



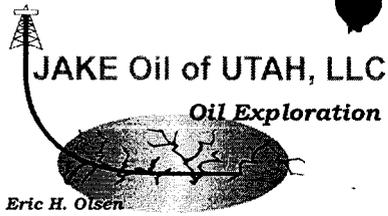
Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
 DATE: 13-JULY-2007

STATE ACTIONS
Resource Development Coordinating Committee
Public Lands Policy Coordination Office
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or July 27, 2007
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Jake Oil of Utah, LLC proposes to drill the Penta Creek 23-7 well (wildcat) on Fee lease FEE0004, 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.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 1630.04' FNL 1500.3' FEL, SW/4 NE/4, Section 7, Township 14 South, Range 14 East, Carbon County, Utah	
6. Possible significant impacts likely to occur: 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.	
7. Identify local government affected 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?	
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: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments	
10. For further information, contact: Diana Mason Phone: (801) 538-5312	11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: July 13, 2007



208 NORTH 29TH STREET STE 230
BILLINGS, MT 59101
406-896-4953 (PH)
406-896-4954 (FAX)

STATE OF UTAH
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

July 12, 2007

RE: Application for Permit to Drill
Penta Creek #23-7
SWNE S7 14S 14E

Dear Dianna Mason,

Enclosed is the Application for Permit to Drill the Penta Creek #23-7 located in Carbon County, Utah.

The survey enclosed is only a copy as the original was lost when the permit was first submitted.

The water number we received from Nielson Construction for Penta Creek #23-7 SW NE S7 14S 14E in Carbon County, UT is A3569.

The affidavit of surface agreement will be submitted at a later date as we are waiting on execution of agreement from surface owner.

JAKE Oil of Utah, LLC will operate all wells drilling in Carbon County, Utah

Our Contact information is as follows:

JAKE OIL of Utah, LLC

208 North 29th street ste 230

Billings, MT 59101

Our telephone number is (406) 896-4953 and our fax number is (406) 896-4956

Please let me know if you need any additional information.

Sincerely,

Jennifer L. Olsen

Attachments

RECEIVED
JUL 16 2007
DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

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2. NAME OF OPERATOR: JAKE Oil of Utah, LLC				9. WELL NAME and NUMBER: PENTA CREEK 23-7	
3. ADDRESS OF OPERATOR: 208 N. 29th st. ste. 230 CITY Billings STATE MT ZIP 59101			PHONE NUMBER: (406) 896-4953	10. FIELD AND POOL, OR WILDCAT: WILDCAT	
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21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 8488.3'GR		22. APPROXIMATE DATE WORK WILL START: 8/1/2007		23. ESTIMATED DURATION: 14 days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
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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) Jennifer Olsen TITLE Agent

SIGNATURE *Jennifer Olsen* DATE 7/12/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-067-31303

APPROVAL:

RECEIVED
JUL 16 2007
DIV. OF OIL, GAS & MINING

Surface Use Plan

Operator
JAKE Oil of Utah, LLC

Carbon County, Utah

January 12, 2007

Prepared by



SURFACE USE PLAN

1. Existing Roads

- a. The distance from Sunnyside, Utah is approximately 11 miles.
- b. Existing roads within a two-miles radius are shown on the "JAKE OIL VICINITY MAP" submitted with the survey plat.
- c. Vehicles associated with the drilling operation will not impede normal public traffic on these roads.

2. Planned Access Roads

- a. Drilling Operation
 - i. New access of 2.5 miles on private surface has been discussed with the surface owner. If production is established, improvements to a two-track trail will be made and construction will be designed to meet the standards of the anticipated traffic flow. Expect road width of twenty-four (24) feet. Blade work will be required to improve the roadway for access to the drill pad. The access will be flagged to surface owner specifications. All vehicles are to remain within this area. Flagging and fencing material will be removed after drilling and rehabilitation equipment have been removed.
 - ii. If the well is plugged and abandoned the access route will be reclaimed and rehabilitated to the surface owner's specifications.
 - iii. The access route and drilling location are on private land and covered by State Oil and Gas Lease MTM-86138.

3. Location of Existing Wells Within a One Mile Radius

- a. Producing Wells-
- b. Drilling Wells-
- c. Abandoned Wells-
- d. Injection Wells-
- e. Disposal Wells-
- f. Water Wells-

g. Monitoring Wells-

h. Shut-in Wells-

4. **Location of Existing and/or Proposed Facilities to be used if the Well is Productive**

a. On Well Pad

- i. If the well is productive, a sundry notice will be submitted showing the location, and type and size of production equipment.
- ii. All permanent above ground structures located at this well site, not subject to safety requirements, will be painted to blend with the natural color of the landscape. Painting will be done within 6 months of installation. The color will be selected from the standard environmental color charts available from the BLM office.
- iii. A berm will be constructed around the production facilities designed to hold fluids. The berm will be constructed of compacted subsoil, be impervious, hold greater than the capacity of the largest tank, and be independent of the back cut. The emergency pit will be fenced "stock tight" to protect livestock and wildlife.

5. **Location and Type of Water Supply**

- a. Water will be supplied and trucked from a nearby water source to the drillsite and will be transported over the designated access route.

6. **Construction Materials**

- a. Topsoil will be removed from the wellsite areas to be disturbed and stockpiled within the fenced area and separated from the subsoil. Any subsoil not used in building the location will be stockpiled separately from the topsoil.
- b. Materials excavated during construction of the reserve pit will be stockpiled along side location.
- c. No additional construction materials will be required to build the location.

7. **Handling of Waste Materials and Disposal**

- a. Drilling fluids and drill cuttings not retained for evaluation will be contained in the reserve pit. The reserve pit will be allowed to evaporate, then backfilled.
- b. It is anticipated that the reserve pit will be reclaimed within one year after the date of the last use as dictated by the State of Utah Oil and Gas

Conservation Commission, unless the Authorized Officer grants an extension of time for just cause.

- c. No trash pit or burning is allowed. All trash will be collected in a steel trash cage designed so trash cannot flow out. All trash and debris will be hauled to an approved disposal site.
- d. Hydrocarbons produced during completion operations will be stored in test tanks and later removed from the location.
- e. Chemical toilets with holding tanks will be utilized. All sewage will be disposed of in accordance with County and State regulations.
- f. Any spills of oil or any other potentially hazardous material will be cleaned up and immediately removed to an approved disposal site.

8. **Ancillary Facilities**

- a. No air strip, camp or other facilities will be necessary.

9. **Well Site Layout**

- a. Topsoil and subsoil will be stockpiled as shown in the "DRILL PAD PROFILE".
- b. Exhibit 'A' is a plan diagram of the proposed rig and equipment, reserve pit, pipe racks, and access. No permanent living facilities are planned. There will be up to two trailers on site.
- c. If there is snow on the ground when construction begins, the snow will be removed before the soil is disturbed and piled on the downhill side of the topsoil.
- d. If ground frost prevents the segregation and removal of the topsoil from the subsoil, cross-ripping to the depth of the topsoil may be necessary.
- e. The reserve pit will be constructed with a minimum of one-half (1/2) of the total depth below the original ground surface and will be designed to prevent the collection of surface runoff.
- f. During drilling operations, the reserve pit will be fenced stock-tight on three sides. The fourth side will be fenced upon release of the drilling rig and will remain fenced until the reserve pit has been filled.
- g. If porous subsoil materials (i.e. gravel, sand, scoria, etc.) are encountered in the course of construction of the reserve pit, an impervious liner will be installed in order to avoid drilling water loss through seepage.

10. Hazardous Materials

A file of Material Safety Data Sheets (MSDS) will be maintained by the operator or by operator's drilling contractor. No hazardous substances as defined by CERCLA will be used in the drilling and construction of this wellsite and access road. Commercial preparations, which may contain hazardous substances, may be used in production operations and will be transported within the project area. These materials, which may contain hazardous substances, will be handled in an appropriate manner to minimize potential for leaks or spills to the environment. No RCRA hazardous wastes will be generated in the well drilling operations. Exempt reserve pit contents will be buried on site.

11. Plans for Reclamation of the Surface

- a. The rathole and mousehole will be filled in immediately after the rig is removed.
- b. Any hydrocarbons floating on the surface of the reserve pit will be removed as soon as possible after drilling operations are completed. If oil cannot be immediately removed, precautions will be taken to protect migratory birds.
- c. Drill cuttings and muds should remain in the reserve pit until dry. When the pit is backfilled, the contents will be covered with at least three feet of earth. If the reserve pit does not dry, alternate methods of drying, removal of fluids, or other treatment will be developed. If fluids are to be disposed of by a method other than evaporation, prior approval by BLM will be obtained.
- d. Disturbed areas will be returned to original contours, topsoil will be replaced to the surface owner's specifications. The surface owner will be consulted regarding reseeding of the disturbed area and seeding will be done as specified by the surface owner.
- e. If the well is plugged and abandoned, an aboveground tubular dry hole marker will be constructed. The marker will be inscribed with operator name, well number, federal lease number and legal description, will be inscribed on a metal plate and affixed to the top of the casing which will be cut off three (3) feet below ground level.

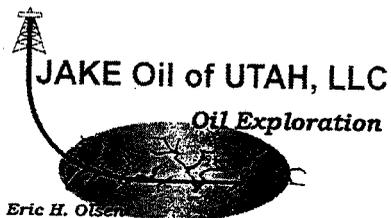
12. Surface Ownership

The surface owner is:

13. Other Information

- a. The primary surface use is for grazing cattle.

- b. If cultural materials are found during any work phase, the BLM, Price Field Office, (435) 636-3600, must be notified immediately. Construction will cease until the resource has been properly investigated and mitigated.
- c. The BLM, Price Field Office, will be notified 48 hours in advance of any construction at the drilling or well site, unless otherwise authorized.
- d. The operator is responsible for notifying "Utah One Call" (1-877-) not less than 48 hours prior to building the location.
- e. There are no known archaeological, historical and cultural sites that will be disturbed by this drilling operation.
- f. A vegetative cover consisting of several Artemisia species and bunch grass species cover location and surrounding area.
- g. Fauna existing in the area consists of coyotes, horses, rabbits, raptures, antelope, and deer. Domestic animals such as cattle will also be found in the immediate area.



208 NORTH 29TH STREET STE 230
BILLINGS, MT 59101
406-896-4953 (PH)
406-896-4954 (FAX)

STATE OF UTAH
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

June 26, 2007

RE: Evidence of Division of water rights approval for use of water
Affidavit of surface agreement

Dear Dianna Whitney,

The water number we received from Nielson Construction for Penta Creek #23-7 SW NE S7 14S 14E in Carbon County, UT is A3569.

The affidavit of surface agreement will be submitted at a later date as we are waiting on execution of agreement from surface owner.

JAKE Oil of Utah, LLC will operate all wells drilling in Carbon County, Utah

Our Contact information is as follows:

JAKE OIL of Utah, LLC

208 North 29th street ste 230

Billings, MT 59101

Our telephone number is (406) 896-4953 and our fax number is (406) 896-4956

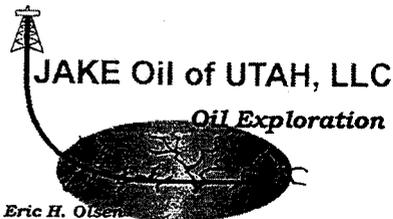
Please let me know if you need any other information.

Sincerely,

Jennifer L. Olsen

Agent

Attachments



P.O. Box 80806
Billings, Montana 59108-0806
Phone: 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.



DRILLING PLAN

For

Penta Creek #23-7

Located in

Township 14S, Range 14E, Section 7: SW/4 NE/4

Carbon County, Utah

August 21, 2007

1. SURFACE AND BOTTOM-HOLE LOCATIONS

The surface location is ' FSL & ' FWL, Sec 29, T14S-R14E.

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS

Name	Depth	Subsea Elev
Price River	0	7243
Blackhawk	4100	4543
Mancos	4400	4343
Ferron	7700	800
Tununk	7999	501
Dakota	8192	308
Cedar Mountain	8671	-171
Buckhorn	8782	-282
Morrison	9782	-1282
Summerville	10050	-1550
Curtis	10677	-2177
Entrada	11230	-2730
Carmel	11641	-3141
Navajo	11802	-3302

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS, OR MINERAL BEARING FORMATIONS

If any shallow water zones are encountered, they will be reported and protected as required. Continuous sampling and gas detection will be in place and maintained.

4. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL EQUIPMENT

Minimum specifications for BOP equipment while drilling 8-3/4" hole below 9-5/8" casing are:

- 11" 5000lb. 9 5/8" weld on casing head
- 11" 5000lb. spool w/outlets for kill and manifold line
- 11" 5000lb. double ram BOP with pipe rams and blind rams
- 11" 5000lb. annular
- upper and lower Kelly cocks
- flow nipple w/flow and fill line

BOPE Testing

Ram type BOP, choke manifold, and related equipment will be tested to rated working pressure of BOP stack, if isolated from the surface casing by a test plug.

or 70% of internal yield of casing if not isolated. Annular type preventers shall be tested to 50% of rated working pressure. Pressure shall be maintained for at least 10 minutes or until the requirements of the test are met, whichever is longer. Testing will be performed when initially installed and whenever any seal subject to test is broken and at least every 30 days. Pipe rams shall be functionally operated every 24 hours and blind rams on every trip. Annular type preventers shall be functionally operated at least weekly.

Accessories

Accessories to BOP include a Kelly cock, floor safety valve, and choke manifold with pressure rating equivalent to the BOP stack. All auxiliary BOP equipment will be tested to appropriate pressures when BOPs are tested.

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration.

The accumulator will have sufficient capacity to open the hydraulically controlled choke line valve (if so equipped), close all rams plus the annular preventer, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. The fluid reservoir capacity will be double the accumulator capacity and the fluid level be maintained at the manufacturer's recommendations. The BOP system will have two independent power sources to

close the preventers. Nitrogen bottles (3 minimum) will be one of these independent power sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits specified in Onshore Oil & Gas Order Number 2.

5. CASING AND CEMENTING PROGRAM

The proposed casing will be as follows:

Depth	Hole Size	Size	Grade	Weight	Thread	Condition
0-2000'	12-1/4"	9-5/8"	J-55	36#	STC	New
0-12,000'	8-3/4"	5 1/2"	P-110	17#	LTC	New

The surface casing string shall be pressure tested to 0.22 psi/ft of casing string length or 1000 psi, whichever is greater, but not to exceed 70% of the minimum

800.00 ft * 0.3132 ft³/ft * 100 % = 501.10 ft³
 Tail Cement = 501.10 ft³
 = 89.25 bbl

Shoe Joint Volume: (40.00 ft fill)
 40.00 ft * 0.4341 ft³/ft = 17.36 ft³
 = 3.09 bbl
 Tail plus shoe joint = 518.46 ft³
 = 92.34 bbl
 Total Tail = 449 sks

Total Pipe Capacity:
 2000.00 ft * 0.4341 ft³/ft = 868.13 ft³
 = 154.62 bbl

Displacement Volume to Shoe Joint:
 Capacity of Pipe - Shoe Joint = 154.62 bbl - 3.09 bbl
 = 151.53 bbl

Fluid Instructions

Fluid 1: Water Spacer
 Water Ahead
 lbm/gal

Fluid Density: 8.33

Fluid Volume: 20 bbl

Fluid 2: Lead Cement
 Rockies LT
 lbm/gal
 0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)
 Gal/sk

Fluid Weight 12.30

Slurry Yield: 2.34 ft³/sk
 Total Mixing Fluid: 13.41

Top of Fluid: 0 ft
 Calculated Fill: 1200 ft
 Volume: 133.87 bbl
 Calculated Sacks: 320.94 sks
 Proposed Sacks: 325 sks

Fluid 3: Tail Cement
 Premium Plus V Cement
 lbm/gal
 94 lbm/sk Premium Plus V Cement (Cement)
 1 % Calcium Chloride (Accelerator)
 0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)

Fluid Weight 15.80

Slurry Yield: 1.16 ft³/sk
 Total Mixing Fluid: 4.98 Gal/sk
 Top of Fluid: 1200 ft
 Calculated Fill: 800 ft
 Volume: 92.34 bbl
 Calculated Sacks: 448.89 sks
 Proposed Sacks: 450 sks

Fluid 4: Water Spacer

Displacement
lbm/gal

Fluid Density: 8.33

Fluid Volume: 151.53 bbl

Detailed Pumping Schedule

Fluid #	Fluid Type	Fluid Name	Surface Density lbm/gal	Estimate d Avg Rate bbl/min	Down hole Volume
1	Spacer	Water Ahead	8.3	3.0	20 bbl
2	Cement	Lead Cement	12.3	3.0	325 sks
3	Cement	Tail Cement	15.8	3.0	450 sks
4	Spacer	Displacement	8.3	3.0	151.53 bbl

Production: Actual volumes will be calculated and adjusted with the caliper log prior to cementing. Ten percent excess will be pumped. The volumes below were calculated using 120% of theoretical.

Production String Cement Job Design Parameters

9 5/8" Surface 0 - 2000 ft (MD)
0 - 2000 ft (TVD)
Outer Diameter 9.625 in
Inner Diameter 8.921 in
Linear Weight 36 lbm/ft

8 3/4" Open Hole 2000 - 12000 ft (MD)
2000 - 12000 ft (TVD)
Inner Diameter 8.750 in
Job Excess 30 %

5 1/2" Production 0 - 12000 ft (MD)
0 - 12000 ft (TVD)
Outer Diameter 5.500 in
Inner Diameter 4.778 in
Linear Weight 17 lbm/ft

5 1/2" Production String Cement

T.D. 12,000'
Hole Size 7 7/8"

Stage 1 ft³/sy
 $230 \text{ sks} \rightarrow 3.82 = 878.6$
 $350 \text{ sks} \rightarrow 1.26 = 441$
 $580 \text{ sks} \rightarrow 2.275 = 1319.6$
 gauge hole cut to 8314'
 12% w/o $\rightarrow 944 \text{ sks to } 6000'$

Stage 2
 $170 \text{ sks} \rightarrow 3.82 = 649.4$
 $350 \text{ sks} \rightarrow 1.26 = 441$
 $520 \text{ sks} \rightarrow 2.1 = 1090.4$
 gauge hole = to surf.

Casing Size	5 1/2"
<u>D.V. Tool</u>	<u>6000'</u>
1 st Stage Tail	12,000 to 10,000'
1 st Stage Lead	10,000 to 6,000'
2 nd Stage Tail	6,000 to 4,000'
2 nd Stage Lead	4,000 to 1000'
9 5/8" Casing set at	1200'
Cement Excess	25%
BHST	210 degrees
.	
1 st Stage	
.	
1 st Stage Tail	
50/50 POZ	350 sacks
	14.2 #/gal
	1.26 cu ft / sk
	5.75 gal / sk
Class "G" Cement	50% BWOC
POZ	50% BWOP
Gel	2% BWOC
Salt	10% BWOW
Fluid Loss CFL-175	.4% BWOC
Dispersant CDI-33	.2%
Retarder LTR-100	.2%
Flocele LCM	1/4 # sack
.	
1 st Stage Lead	
Hi Fill	230 sacks
	11.0 #/gal
	3.82 cu ft/sk
	11.0 # / gal
Premium V Cement	100% BWOC
Gel	16% BWOC
Gilsonite (LCM)	10 # / sack
Salt	3% BWOC
GR-3 (LCM)	3 # / sack
Flocele (LCM)	1/4 # sack
.	
2 nd Stage	
.	
2 nd Stage Tail	
50/50 POZ	350 sacks
	14.2 # / gal
	1.26 cu ft/sk
	5.75 gal /sk
Class "G" Cement	50 % BWOC
POZ	50 % BWOP
Gel	2% BWOC
Salt	10 % BWOC
CFL- 115 Fluid Loss	.4 % BWOC
Flocele (LCM)	1/4 # sack

2nd Stage Cement Lead
Hi Fill

170 sacks
11 # / gal
3.82 cu ft / sk
23 gal / sk
100%BWOC
16 % BWOC
10 # / sk
3% BWOC
3 # / sack
¼ # / sack

Premium V cement
Gel
Gilsonite (LCM)
Salt
GR-3 (LCM)
Flocele (LCM)

Detailed Pumping Schedule

Fluid #	Fluid Type	Fluid Name	Surface Density lbm/gal	Estimated Avg Rate bbl/min	Downhole Volume
1	Cement	Tail Cement		5.0	350 sks
1	Cement	Lead Cement		5.0	230 sks
2	Cement	Tail Cement		5.0	350 sks
4	Cement	Lead Cement		5.0	170 sks

6. TYPE AND CHARACTERISTICS OF PROPOSED CIRCULATING MEDIUM

Depth (ft)	Fluid Density ppg	Funnel Vis. (sec/qt)	API Filtrate (ml)	pH	Plastic Visc. (cP)	Yield Point (lbs/100 ft ²)	Low Gravity Solids (%/Vol.)
0-2,000'	Gel/ Oil Lime	40-50 sec/qt	Greater than 10	—	—	—	Less than 10%

Use Bentonite and Lime for Viscosity if additional hole cleaning is required. Polymer sweeps used on every connection for hole cleaning. Use Sawdust and Cedar Fiber for lost circulation. Mix a sweep with .10 ppb.

*To Ryan
Zimmerman
9/26/07*

9-9.5

Depth (ft)	Fluid Density ppg	Funnel Vis. (sec/qt)	API Filtrate (ml)	pH	Plastic Visc. (cP)	Yield Point (lbs/100 ft ²)	Low Gravity Solids (%/Vol.)
2,000-12,000	Polymer Mud	30-34 Sec+/-	8 to 15cc	8.0-8.5	—	—	Less than 10%

*7/26/07
Zimmerman
2000-8000' 8.4-8.9
8000-12,000' 9.5-10*

7. ANTICIPATED TESTING, LOGGING, AND CORING PROGRAM

No drill stem testing (DST) or cores are planned for this well.

The logging suite will consist of Dual Induction, Compensated Density, Compensated Neutron, Gamma Ray, Caliper, Compensated Sonic, and SP will be run from TD to surface Casing.

If production is obtained, producing formation will be selectively perforated, treated, and tested for completion by swabbing or pumping.

8. EXPECTED BOTTOM HOLE PRESSURES AND ANTICIPATED ABNORMAL PRESSURE OR TEMPERATURE

Expected bottom-hole pressures anticipated in the Cretaceous formations are expected to be normal with a gradient of 0.43 psi per foot. There is a remote chance that the Upper Cretaceous could be over-pressured. All necessary precautions will be taken on location to handle this situation if it occurs.

9. OTHER FACETS OF THE PROPOSED OPERATIONS

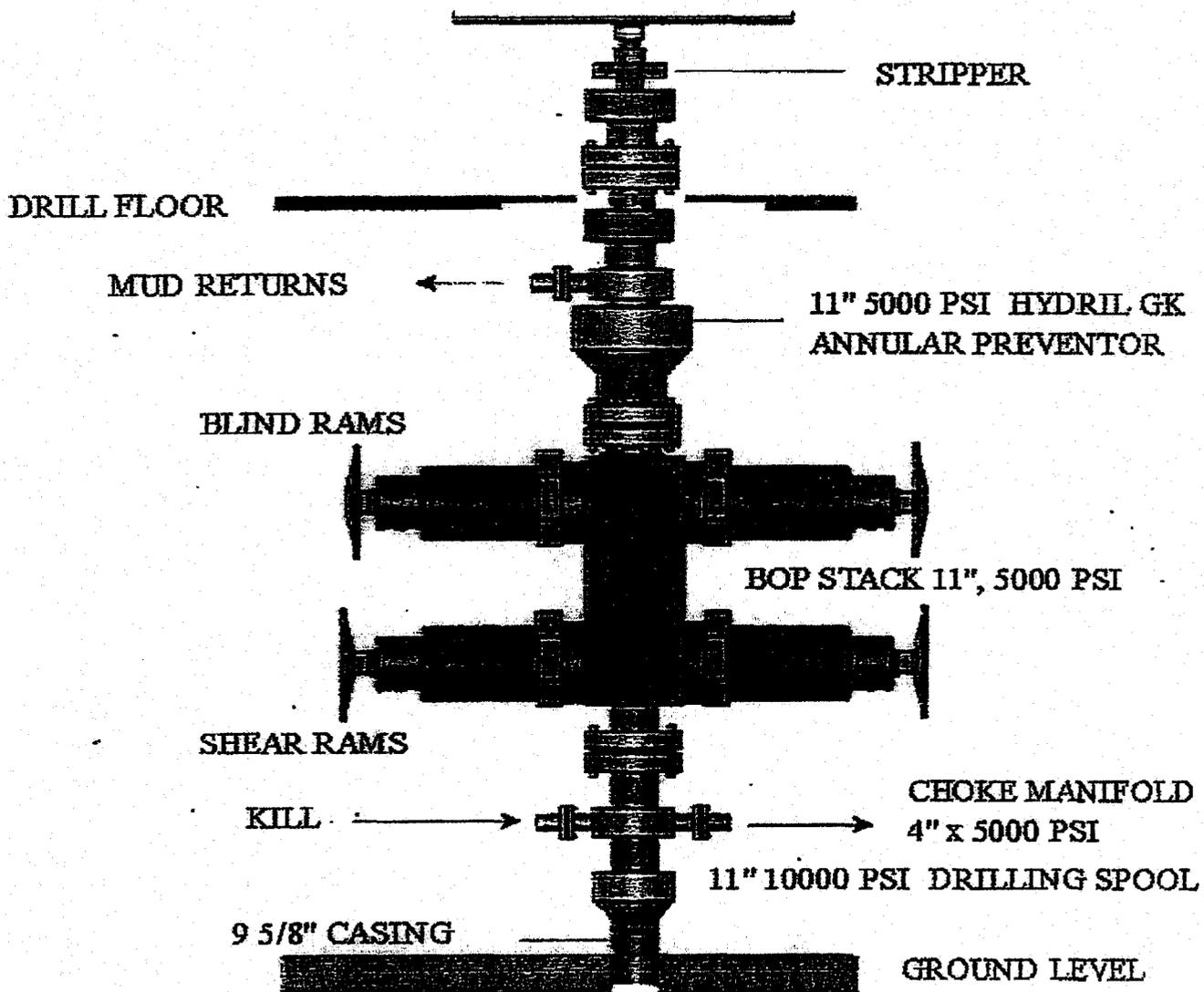
The anticipated starting date is September 2007 or as soon as possible after approval of drilling requirements. The WOGCC shall be notified at least twenty-four hours prior to spudding the well.

10. ONSHORE OIL AND GAS ORDER NUMBER 2

The drilling operations for this well will be conducted in accordance with the BLM Onshore Oil and Gas Order #2. This includes the well control equipment and its testing, the mud system and associated equipment, and the casing and cementing. If the well ends up non-productive and is abandoned, then the abandonment procedure will conform to the standards set forth in Onshore Order #2.

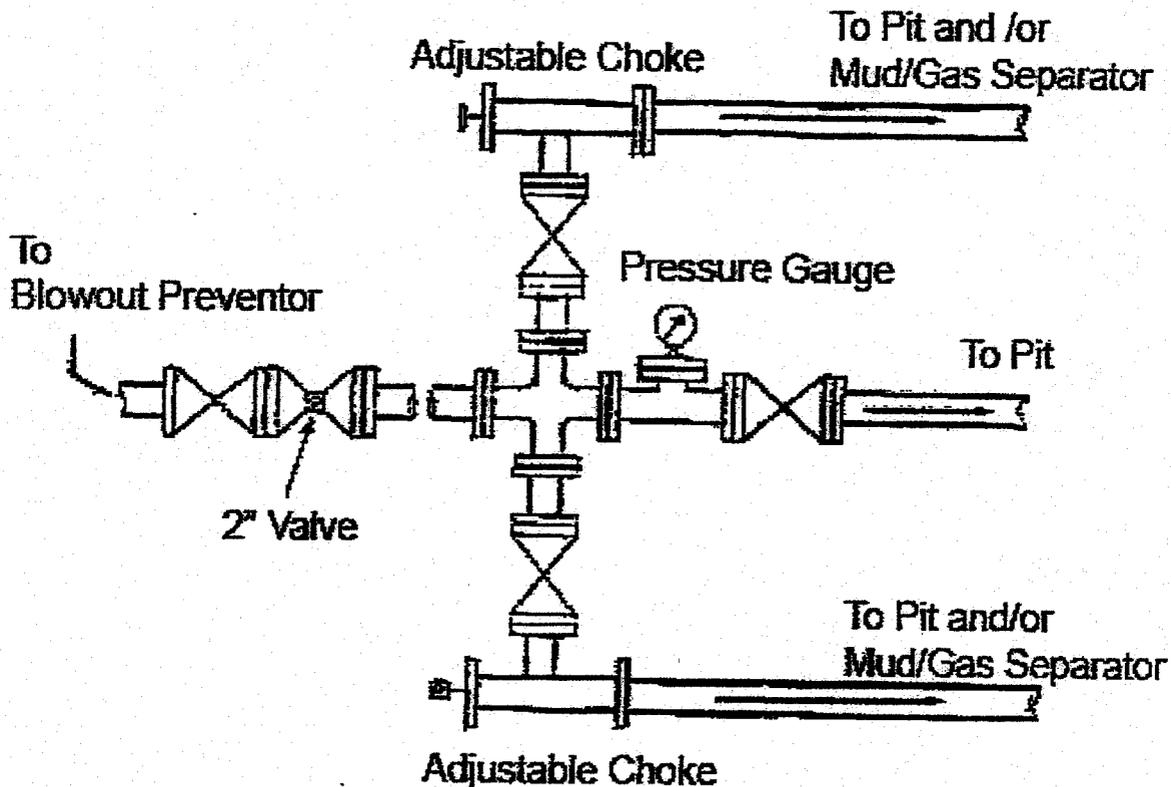
Schematic of Blowout Prevention Equipment

JAKE OIL OF UTAH, LLC
PENTACREEK # 23-7
SWNE section 7-T14S-R14E
CARBON COUNTY, UTAH



BOP Choke Manifold Assembly

5,000 psi Rated Pressure Service
Surface Installation



Notes and Auxiliary Equipment

- All lines valves and fittings to be minimum 5000 psi rated
- All bolts will be installed and tight
- All crew members to be trained and familiar with BOP equipment, accumulators.
- Hole to be kept full at all times
- Preventors will be tested per BLM specifications
- BOP will be inspected and operated 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 drillpipe 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 a minimum of 1000 psi before drilling out shoe
- The master controls will be located at the accumulator

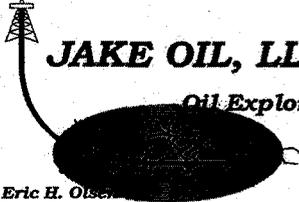
Surface Use Plan

Operator
JAKE Oil of Utah, LLC

Carbon County, Utah

July 12, 2007

Prepared by

**JAKE OIL, LLC**
Oil Exploration
Eric H. Olsen
"President"

SURFACE USE PLAN

1. Existing Roads

- a. The distance from Sunnyside, Utah is approximately 5.03 miles.
- b. Existing roads within a two-miles radius are shown on the "JAKE OIL VICINITY MAP" submitted with the survey plat.
- c. Vehicles associated with the drilling operation will not impede normal public traffic on these roads.

2. Planned Access Roads

- a. Drilling Operation
 - i. New access of 2.5 miles on private surface has been discussed with the surface owner. If production is established, improvements to a two-track trail will be made and construction will be designed to meet the standards of the anticipated traffic flow. Expect road width of twenty-four (24) feet. Blade work will be required to improve the roadway for access to the drill pad. The access will be flagged to surface owner specifications. All vehicles are to remain within this area. Flagging and fencing material will be removed after drilling and rehabilitation equipment have been removed.
 - ii. If the well is plugged and abandoned the access route will be reclaimed and rehabilitated to the surface owner's specifications.
 - iii. The access route and drilling location are on private land and covered by State Oil and Gas Lease MTM-86138.

3. Location of Existing Wells Within a One Mile Radius

- a. Producing Wells-
- b. Drilling Wells-
- c. Abandoned Wells-
- d. Injection Wells-
- e. Disposal Wells-
- f. Water Wells-

g. Monitoring Wells-

h. Shut-in Wells-

4. **Location of Existing and/or Proposed Facilities to be used if the Well is Productive**

a. On Well Pad

- i. If the well is productive, a sundry notice will be submitted showing the location, and type and size of production equipment.
- ii. All permanent above ground structures located at this well site, not subject to safety requirements, will be painted to blend with the natural color of the landscape. Painting will be done within 6 months of installation. The color will be selected from the standard environmental color charts available from the BLM office.
- iii. A berm will be constructed around the production facilities designed to hold fluids. The berm will be constructed of compacted subsoil, be impervious, hold greater than the capacity of the largest tank, and be independent of the back cut. The emergency pit will be fenced "stock tight" to protect livestock and wildlife.

5. **Location and Type of Water Supply**

- a. Water will be supplied and trucked from a nearby water source to the drillsite and will be transported over the designated access route.

6. **Construction Materials**

- a. Topsoil will be removed from the wellsite areas to be disturbed and stockpiled within the fenced area and separated from the subsoil. Any subsoil not used in building the location will be stockpiled separately from the topsoil.
- b. Materials excavated during construction of the reserve pit will be stockpiled along side location.
- c. No additional construction materials will be required to build the location.

7. **Handling of Waste Materials and Disposal**

- a. Drilling fluids and drill cuttings not retained for evaluation will be contained in the reserve pit. The reserve pit will be allowed to evaporate, then backfilled.
- b. It is anticipated that the reserve pit will be reclaimed within one year after the date of the last use as dictated by the State of Utah Oil and Gas

Conservation Commission, unless the Authorized Officer grants an extension of time for just cause.

- c. No trash pit or burning is allowed. All trash will be collected in a steel trash cage designed so trash cannot flow out. All trash and debris will be hauled to an approved disposal site.
- d. Hydrocarbons produced during completion operations will be stored in test tanks and later removed from the location.
- e. Chemical toilets with holding tanks will be utilized. All sewage will be disposed of in accordance with County and State regulations.
- f. Any spills of oil or any other potentially hazardous material will be cleaned up and immediately removed to an approved disposal site.

8. Ancillary Facilities

- a. No air strip, camp or other facilities will be necessary.

9. Well Site Layout

- a. Topsoil and subsoil will be stockpiled as shown in the "DRILL PAD PROFILE".
- b. Exhibit 'A' is a plan diagram of the proposed rig and equipment, reserve pit, pipe racks, and access. No permanent living facilities are planned. There will be up to two trailers on site.
- c. If there is snow on the ground when construction begins, the snow will be removed before the soil is disturbed and piled on the downhill side of the topsoil.
- d. If ground frost prevents the segregation and removal of the topsoil from the subsoil, cross-ripping to the depth of the topsoil may be necessary.
- e. The reserve pit will be constructed with a minimum of one-half (1/2) of the total depth below the original ground surface and will be designed to prevent the collection of surface runoff.
- f. During drilling operations, the reserve pit will be fenced stock-tight on three sides. The fourth side will be fenced upon release of the drilling rig and will remain fenced until the reserve pit has been filled.
- g. If porous subsoil materials (i.e. gravel, sand, scoria, etc.) are encountered in the course of construction of the reserve pit, an impervious liner will be installed in order to avoid drilling water loss through seepage.

10. Hazardous Materials

A file of Material Safety Data Sheets (MSDS) will be maintained by the operator or by operator's drilling contractor. No hazardous substances as defined by CERCLA will be used in the drilling and construction of this wellsite and access road. Commercial preparations, which may contain hazardous substances, may be used in production operations and will be transported within the project area. These materials, which may contain hazardous substances, will be handled in an appropriate manner to minimize potential for leaks or spills to the environment. No RCRA hazardous wastes will be generated in the well drilling operations. Exempt reserve pit contents will be buried on site.

11. Plans for Reclamation of the Surface

- a. The rathole and mousehole will be filled in immediately after the rig is removed.
- b. Any hydrocarbons floating on the surface of the reserve pit will be removed as soon as possible after drilling operations are completed. If oil cannot be immediately removed, precautions will be taken to protect migratory birds.
- c. Drill cuttings and muds should remain in the reserve pit until dry. When the pit is backfilled, the contents will be covered with at least three feet of earth. If the reserve pit does not dry, alternate methods of drying, removal of fluids, or other treatment will be developed. If fluids are to be disposed of by a method other than evaporation, prior approval by BLM will be obtained.
- d. Disturbed areas will be returned to original contours, topsoil will be replaced to the surface owner's specifications. The surface owner will be consulted regarding reseeding of the disturbed area and seeding will be done as specified by the surface owner.
- e. If the well is plugged and abandoned, an aboveground tubular dry hole marker will be constructed. The marker will be inscribed with operator name, well number, federal lease number and legal description, will be inscribed on a metal plate and affixed to the top of the casing which will be cut off three (3) feet below ground level.

12. Surface Ownership

The surface owner is: Penta Creek and Magnificent Seven
c/o Howard Jensen Real Estate
111 East Clark St.
Albert-Lea, MN 56007
(507) 373-5660

13. Other Information

- a. The primary surface use is for grazing cattle.
- b. If cultural materials are found during any work phase, the BLM, Price Field Office, (435) 636-3600, must be notified immediately. Construction will cease until the resource has been properly investigated and mitigated.
- c. The BLM, Price Field Office, will be notified 48 hours in advance of any construction at the drilling or well site, unless otherwise authorized.
- d. The operator is responsible for notifying "Blue Stakes of Utah" (1-800-662-4111) not less than 48 hours prior to building the location.
- e. There are no known archaeological, historical and cultural sites that will be disturbed by this drilling operation.
- f. A vegetative cover consisting of several Artemisia species and bunch grass species cover location and surrounding area.
- g. Fauna existing in the area consists of coyotes, horses, rabbits, raptures, antelope, and deer. Domestic animals such as cattle will also be found in the immediate area.

Spill prevention and Control Plan

Prepared for
JAKE Oil of Utah, LLC

January 9, 2007

By



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Project Description.....	3
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SECTION 1

Project Description

This Spill Prevention and Control Plan (SPCP) describes measures that JAKE Oil of Utah, LLC, hereinafter, referred to as "Contractor" must implement to prevent, control, and minimize impacts from a spill of fuels or other hazardous substances during construction of roads, wellsite and drilling of the Sunnyside project. The goal of the SPCP is to minimize the potential for a spill of these substances, to contain any spills to the smallest area possible, and to protect the environment, including those areas that are considered environmentally sensitive (e.g., stream, wetlands, etc.).

All activities on the project will implement the measures and procedures in this SPCP. This SPCP does not certify the Contractor or individuals to become licensed waste haulers.

SECTION 2

Prevention Measures

The Contractor will ensure that all practicable measures are taken to minimize the potential for and consequences of a spill during construction of the project. The Contractor and its subcontractors are responsible for complying with applicable environmental and safety laws and regulations and to provide training to construction to personnel and equipment designed to prevent pollution.

The proper use of materials and equipment greatly reduces the potential of contamination. The following is a list of general preventative practices to be used during construction of the project:

- The Contractor must require that each subcontractor supply spill kits containing a sufficient quantity of absorbent and barrier materials to adequately contain and recover potential spills of fuels or lubricating oils. These kits may include, but are not limited to, drip pans, buckets, absorbent pads, straw bales, absorbent clay, sawdust, floor-drying agents, spill containment barriers, heavy plastic sheeting, plastic bags, shovels, and sealable containers. These materials must be readily accessible during all construction activities.
- The Contractor and its subcontractors will train all personnel who handle fuels and other regulated substances to follow spill prevention procedures and to quickly and effectively contain and cleanup spills.

- Fuels and lubricating oils for vehicles or heavy equipment will not be stored in wetlands or near waterways, and refueling of construction equipment will be limited to upland areas.
- Authorized personnel shall only dispense fuels during daylight hours. Fuel dispensing operations may not be left unattended.
- On-site vehicles will be monitored for leaks and receive regular maintenance to reduce the chance of leaks. Vehicle maintenance wastes, including used oils and other fluids, will be handled and managed by personnel trained in the procedures outlined in this plan.
- Storage containers will display labels that identify the contents of the container and whether the contents are hazardous. The Contractor and subcontractors shall maintain and provide, on demand, copies of all Material Safety Data Sheets (MSDS).
- Site foremen and construction personnel that will be working with hazardous or regulated substances will be trained in the requirements of this plan prior to participation in site work.

SECTION 3

Spill Response

Immediately upon learning of the spill of any fuel, oil, hazardous substance or other regulated substance:

- Identify the source of a spill and take all necessary measures to prevent further material from being spilled.
- If it is safe to do so, remove all potential ignition sources if the spilled material is combustible or flammable.
- Notify the Contractor's spill coordinator. The Contractor's spill coordinator will notify the SFPP Environmental Inspection Team (EIT).
- Assess the situation and determine subsequent cleanup activities and responsibilities.
- If the spill is beyond the response ability of on-site equipment and personnel, immediately notify the SFPP EIT that an emergency response contractor is needed.

For spills that occur on land, earthen berms will be constructed with available equipment to physically contain spills, if appropriate. Absorbent materials will also be applied to soak up spilled material, and traffic will be minimized on contaminated soils.

For spills that occur near or into a stream, wetland, or other waterbody, regardless of size, the following conditions shall apply in addition to the above measures:

- For spills in standing water, floating booms, skimmer pumps, and holding tanks will be used as appropriate to recover and contain released materials on the surface of the water.
- For a spill threatening a waterbody, berms and/or trenches will be constructed to contain the spill prior to entry into the waterbody. Deployment of booms, skimmers, and sorbent may be necessary if the spill reached that water.
- Spilled material will be immediately and completely contained and cleaned up if it is safe to do so. The material manufacturer's methods for spill cleanup will be followed as described on the material MSDS.

All contaminated soils, vegetation, absorbent materials, and other contaminated wastes shall be handled, contained, and disposed of by the Contractor in accordance with applicable local, state, and federal regulations.

SECTION 4

Reporting Procedure

The Contractor is required to report all spills of hazardous substances, regardless of size or location. The Contractor is also required to notify the SFPP EIT of any of the following hazardous conditions:

- "Hazardous substance" means any substance, mixture or substances, that presents a danger to the public health or safety and includes, but is not limited to, a substance that is toxic, corrosive, or flammable, or that is an irritant or that, in confinement, generates enough pressure through decomposition, heat, or other means. The following are examples that, in sufficient quantity, may be hazardous: acids; explosives; fertilizers; heavy metals such as chromium, arsenic, mercury, lead and cadmium; industrial chemicals; paint thinners; paints; pesticides; petroleum products; poisons; radioactive materials; sludges; and organic solvents.
- "Hazardous condition" means any situation involving the actual, imminent, or probable spillage, leakage, or release of a hazardous substance onto the land, into a water of the state or into the atmosphere, which, because of the quantity

strength, and toxicity of the hazardous substance, its mobility in the environment, and its persistence, creates an immediate or potential danger to the public health or safety or to the environment.

Depending on the material spilled, and the quantity and location of the spill, a call to the National Response Center and/or appropriate state agencies may be required. Each state has different reporting requirements. The Applicant's EIT PI shall report a hazardous substance spill or hazardous condition to the National Response Center and/or appropriate state agency if:

- A hazardous substance has the potential to leave the property by flowing over the surface or through sewers, tile lines, culverts, drains, utility lines, or some other conduit.
- A hazardous substance has the potential to reach any surface or groundwater.
- Any hazardous substance has spilled directly to a water of the state.
- A hazardous substance is detected in the air at the boundaries of the construction ROW by the senses (sight and smell) or by monitoring equipment.
- There is a hazardous condition that poses a potential threat to the public health and safety.

Reportable quantities are as follows:

- A spill of any hazardous substance in a quantity of 5 gallons or greater on land.
- Any amount of substance such as paint, solvents, fertilizers, acids, etc.
- Any spill of solid petroleum product greater than 100 pounds.
- Any spills to a water of the state. The Emergency Management Agency defines waters of the state to be features such as streams, creeks, wetlands, and drainage ways, etc. Furthermore, the feature is not required to be holding water at the time of the spill. Therefore, a spill into a dry creek bed, unsaturated wetland, or drainage way would warrant a notification call.

The appropriate federal and state contacts for the project are as follows:

In Carbon County, Utah, call:

a) OPERATING COMPANY

JAKE Oil of Utah, LLC

Eric H. Olsen
208 N 29th St Ste 230 President
Billings, MT
ehoil@aol.com

406-896-4953 (o)
406-696-2353 (h)
406-896-4954 (f)

b) EMERGENCY AND MEDICAL SERVICES

FIRE

POLICE

Emergency

911

HOSPITAL

c) FEDERAL GOVERNMENT DEPARTMENTS

Bureau of Land Management

Price Field Office

PO Box 7004

Price, Utah 84501

435-636-3600

EPA, Denver, CO

999 18th Street, Suite 200

Denver, CO 80202

303-312-6312

800-227-8917

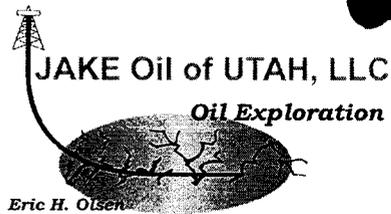
d) STATE GOVERNMENT DEPARTMENTS

Utah Division of Oil, Gas, Mining

2370 S 2300 W

Salt Lake City, Utah

801-977-4300



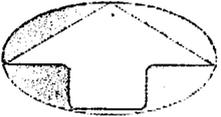
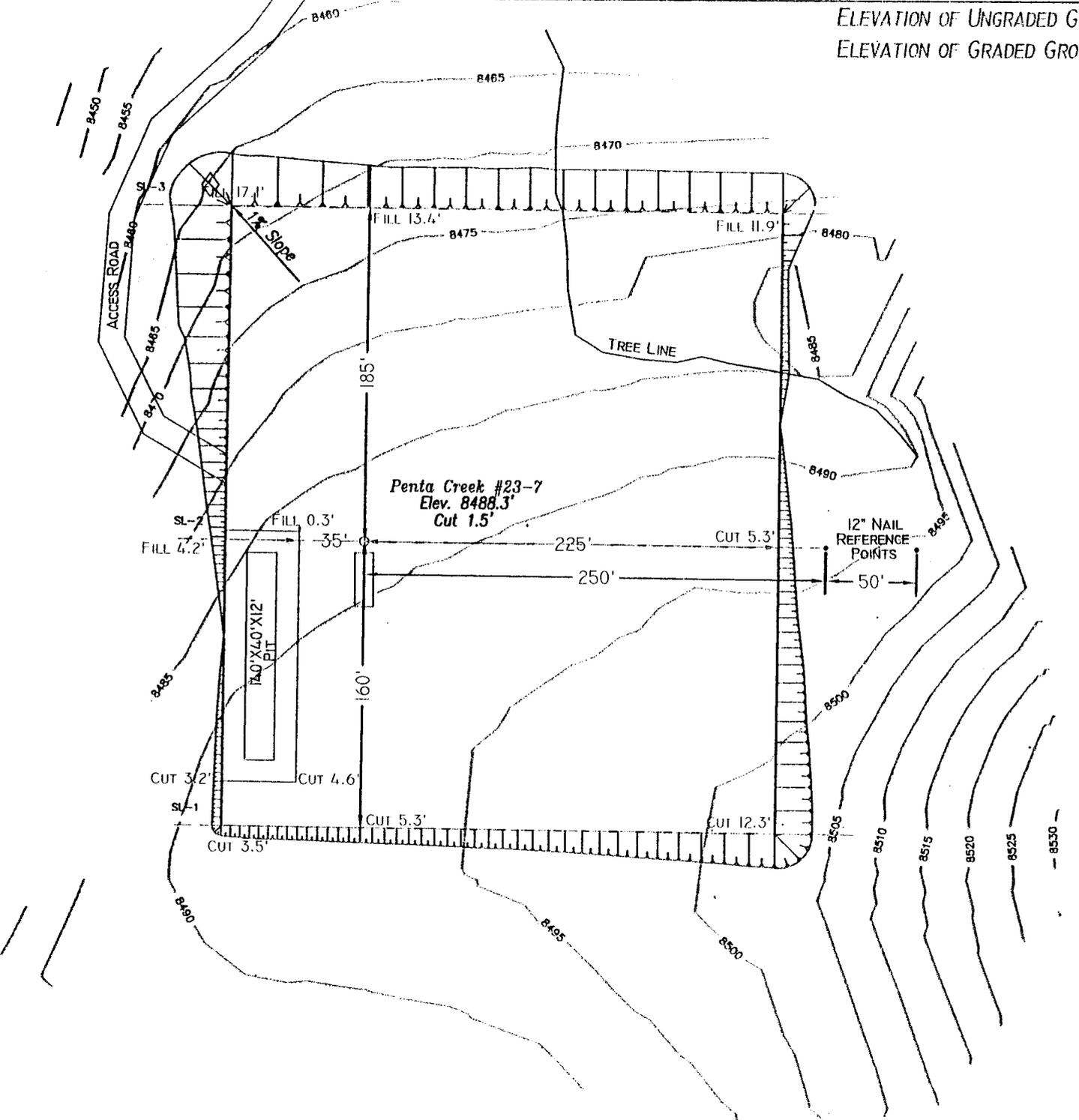
P.O. Box 80806
Billings, Montana 59108-0806
Phone: 406-896-4953
Fax: 406-896-4954

METHODS OF HANDLING WATER DISPOSAL

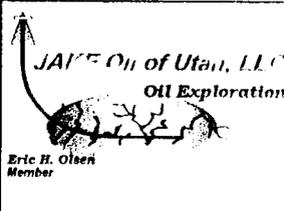
- A. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum 10mil plastic liner.
- B. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill 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.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 8488'

ELEVATION OF GRADED GROUND AT LOCATION STAKE = 8486.8'

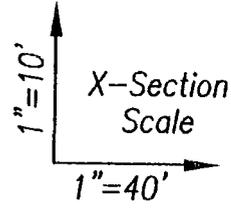
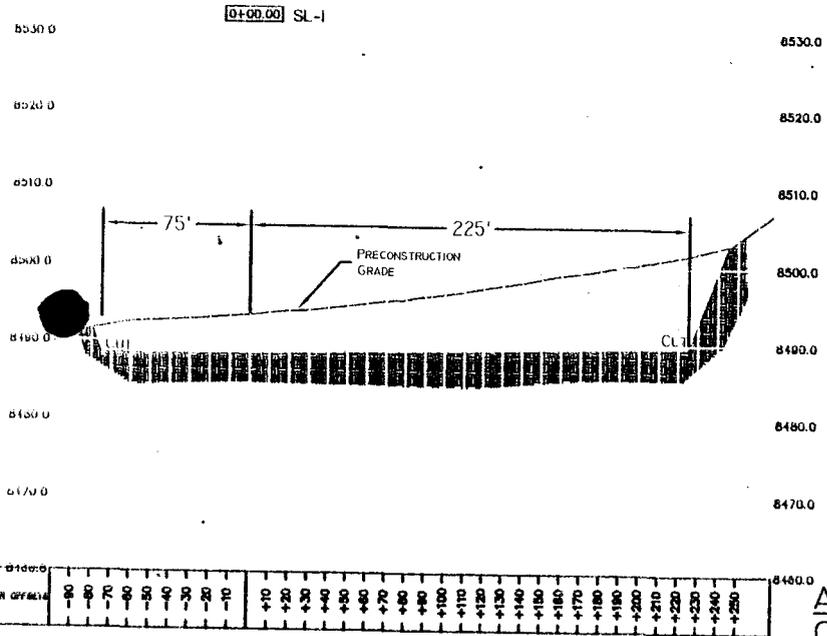
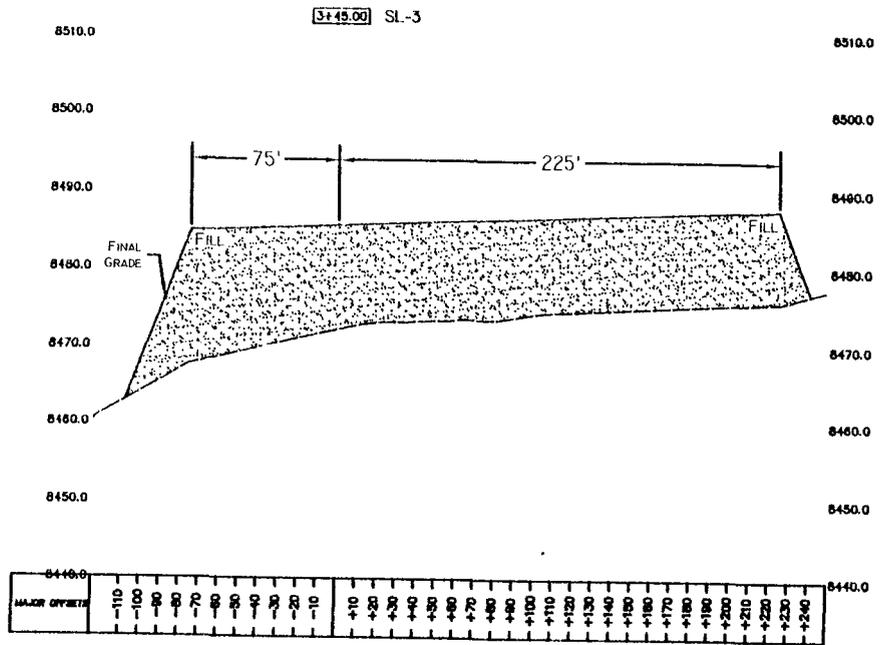
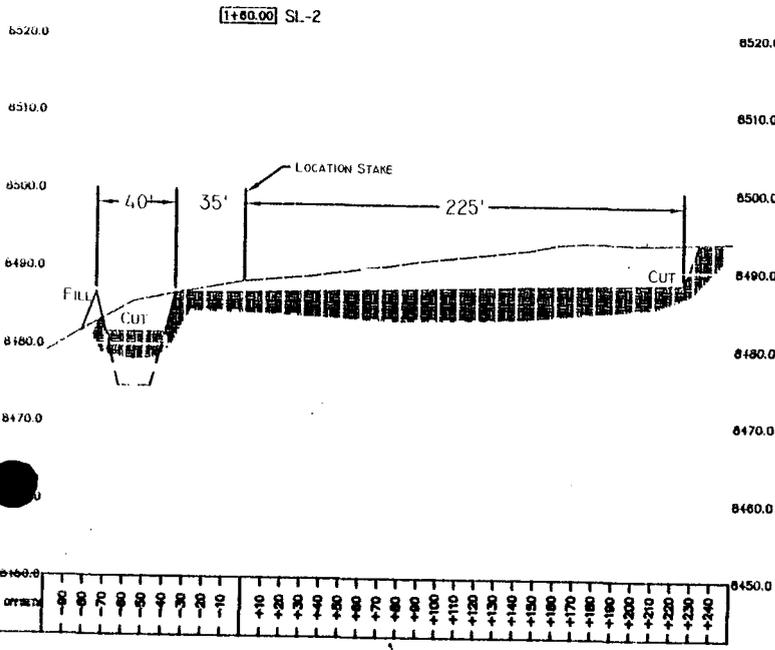


TALON RESOURCES, INC.
 615 North 400 East P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talonectv.net



LOCATION LAYOUT
 Section 7, T14S, R14E, S.L.B.&M.
 Well Penta Creek #23-7

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-2	Date: 6/8/07
	Scale: 1" = 80'
Sheet 2 of 4	Job No. 2880



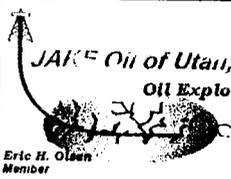
SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1

APPROXIMATE YARDAGES

CUT
(6") TOPSOIL STRIPPING = 1,920 CU. YDS.
TOTAL CUT (INCLUDING PIT) = 14,305 CU. YDS.
TOTAL FILL = 12,670 CU. YDS.



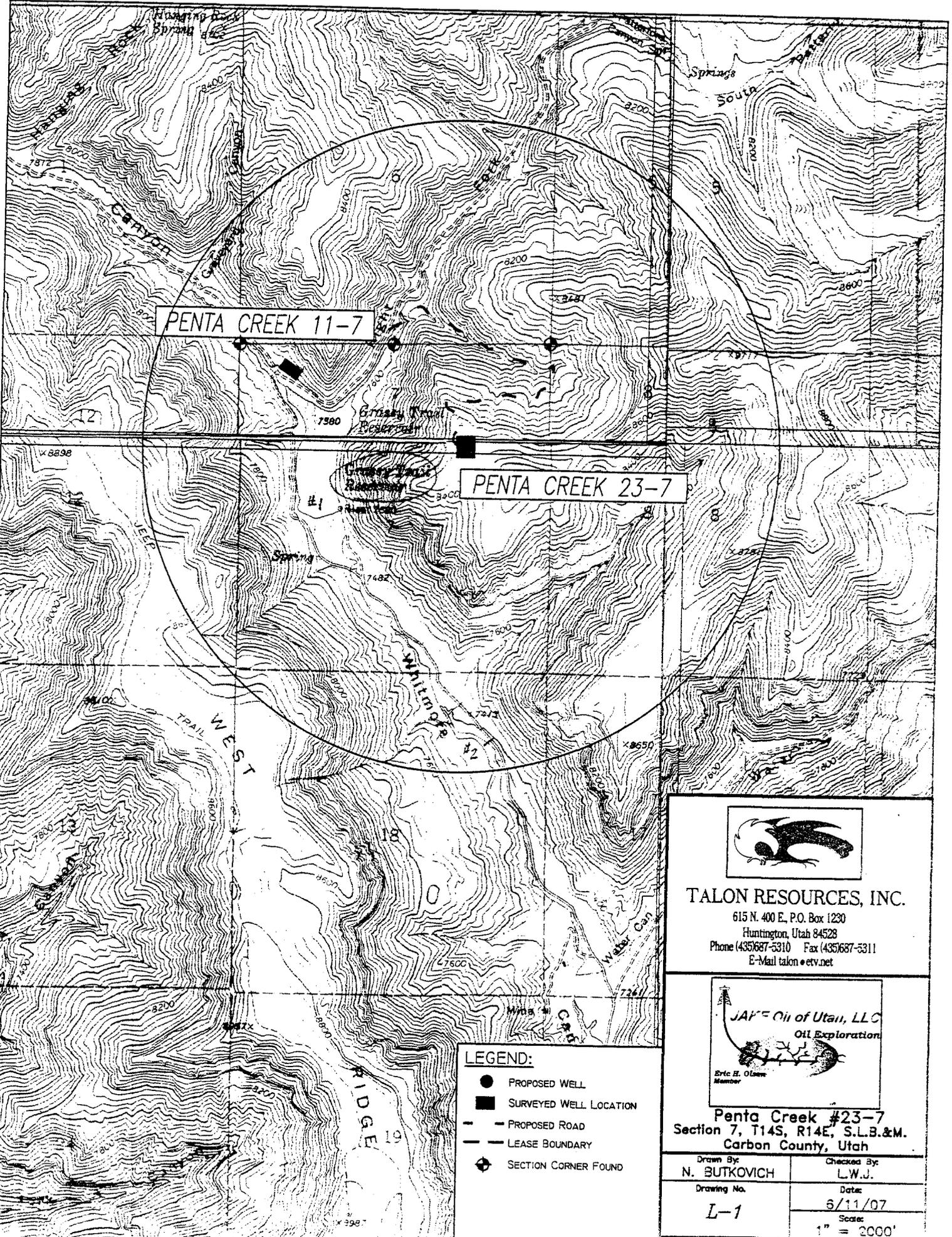
TALON RESOURCES, INC
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@trv.net



JAKE Oil of Utah, LLC
Oil Exploration
Eric H. Olson
Member

TYPICAL CROSS SECTION
Section 7, T14S, R14E, S.L.B.&M.
Well Penta Creek #23-7

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 6/8/07
Sheet 3 of 4	Scale: 1" = 100'
Job No. 2880	



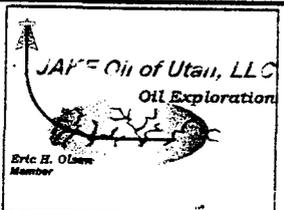
PENTA CREEK 11-7

PENTA CREEK 23-7

- LEGEND:**
- PROPOSED WELL
 - SURVEYED WELL LOCATION
 - - - PROPOSED ROAD
 - - - LEASE BOUNDARY
 - ⊕ SECTION CORNER FOUND



TALON RESOURCES, INC.
 615 N. 400 E., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@etv.net



Penta Creek #23-7
 Section 7, T14S, R14E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 6/11/07
	Scale: 1" = 2000'

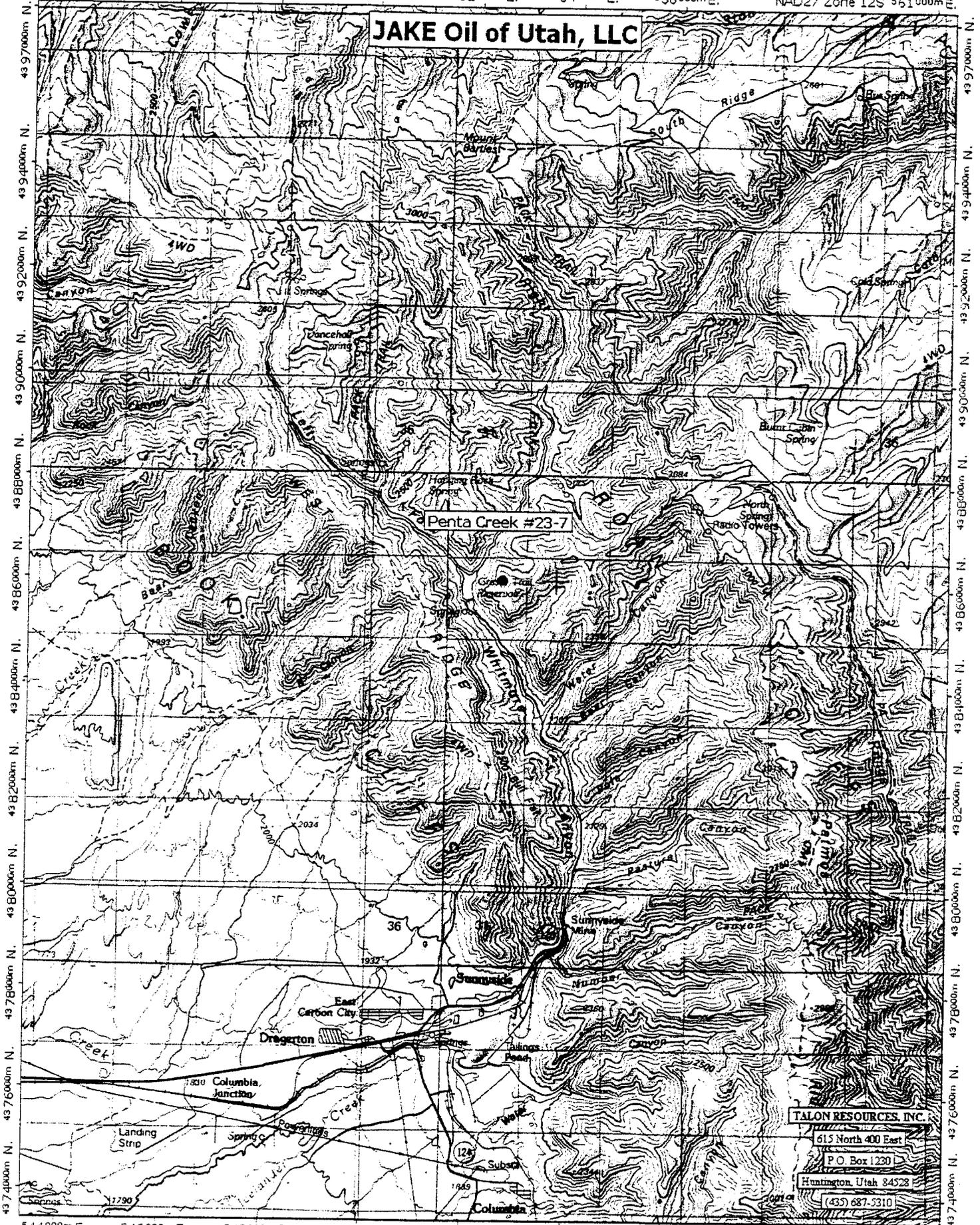
544000m E. 546000m E. 548000m E. 550000m E. 552000m E. 554000m E. 556000m E. NAD27 Zone 12S 561000m E.

JAKE Oil of Utah, LLC

Penta Creek #23-7

TALON RESOURCES, INC.

615 North 400 East
P.O. Box 1230
Huntington, Utah 84528
(435) 687-5310



TN MN
12W

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles

0 1 2 3 4 5 km

NAD27 Zone 12S 561000m E.

2007-08 Jake Penta Creek 23-7

Casing Schematic

BHP $0.052(12000)10 = 6240 \text{ psi}$
 anticipate 5196 psi
 (.433 psi/ft)

Gas $.12(12000) = 1440$
 $6240 - 1440 = 4800 \text{ psi, MASP}$

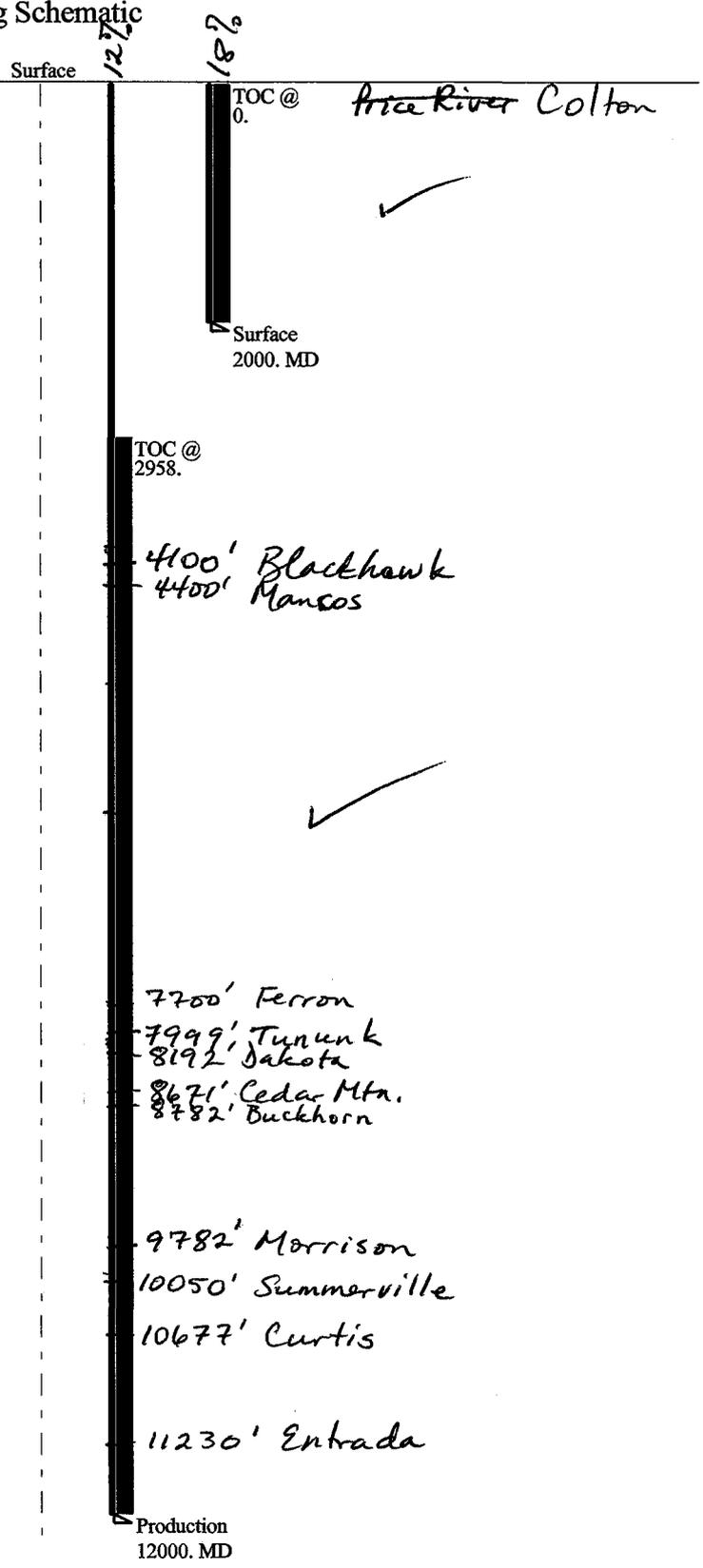
BOPE 5M ✓

Burst 3520
 70% 2464 psi

Max P @ surf. shoe
 $.22(10000) = 2200$
 $6240 - 2200 = 4040 \text{ psi}$
 Max allowed @ shoe = 2000 psi (1 ps/ft frac grad.)
 Test to 2464 psi ✓

Slip: fresh water mud
 cmt into surf. csg. ✓

✓ Adequate DUD 9/26/07



9-5/8"
 MW 8.8 9.5
 Frac 19.3

Surface
 2000. MD

TOC @
 2958.

4100' Blackhawk
 4400' Mansos

7700' Ferron
 7999' Tununk
 8192' Dakota
 8671' Cedar Mtn.
 8782' Buckhorn

9782' Morrison
 10050' Summerville
 10677' Curtis

11230' Entrada

5-1/2"
 MW 10.

Production
 12000. MD

Well name:	2007-08 Jake Penta Creek 23-7		
Operator:	Jake Oil of Utah, LLC		
String type:	Surface	Project ID:	43-007-31303
Location:	Carbon		

Design parameters:

Collapse
Mud weight: 9.500 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 2,000 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor: 1.125

Burst:
Design factor: 1.00

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

Tension is based on air weight.
Neutral point: 1,719 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:
Next setting depth: 12,000 ft
Next mud weight: 10.000 ppg
Next setting BHP: 6,234 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	9.625	36.00	J-55	LT&C	2000	2000	8.796	868.1
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	987	2020	2.047	2000	3520	1.76	72	453	6.29 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357
FAX: 801-359-3940

Date: September 26, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 2000 ft, a mud weight of 9.5 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

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

Well name:

2007-08 Jake Penta Creek 23-7

Operator: **Jake Oil of Utah, LLC**

String type: Production

Project ID:
43-007-31303

Location: Carbon

Design parameters:

Collapse

Mud weight: 10.000 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 233 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Burst:

Design factor 1.00

Cement top: 2,958 ft

Burst

Max anticipated surface pressure: 3,594 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 6,234 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.
Neutral point: 10,180 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	12000	5.5	17.00	P-110	LT&C	12000	12000	4.767	1566.3
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	6234	7480	1.200	6234	10640	1.71	204	445	2.18 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357
FAX: 801-359-3940

Date: September 26, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

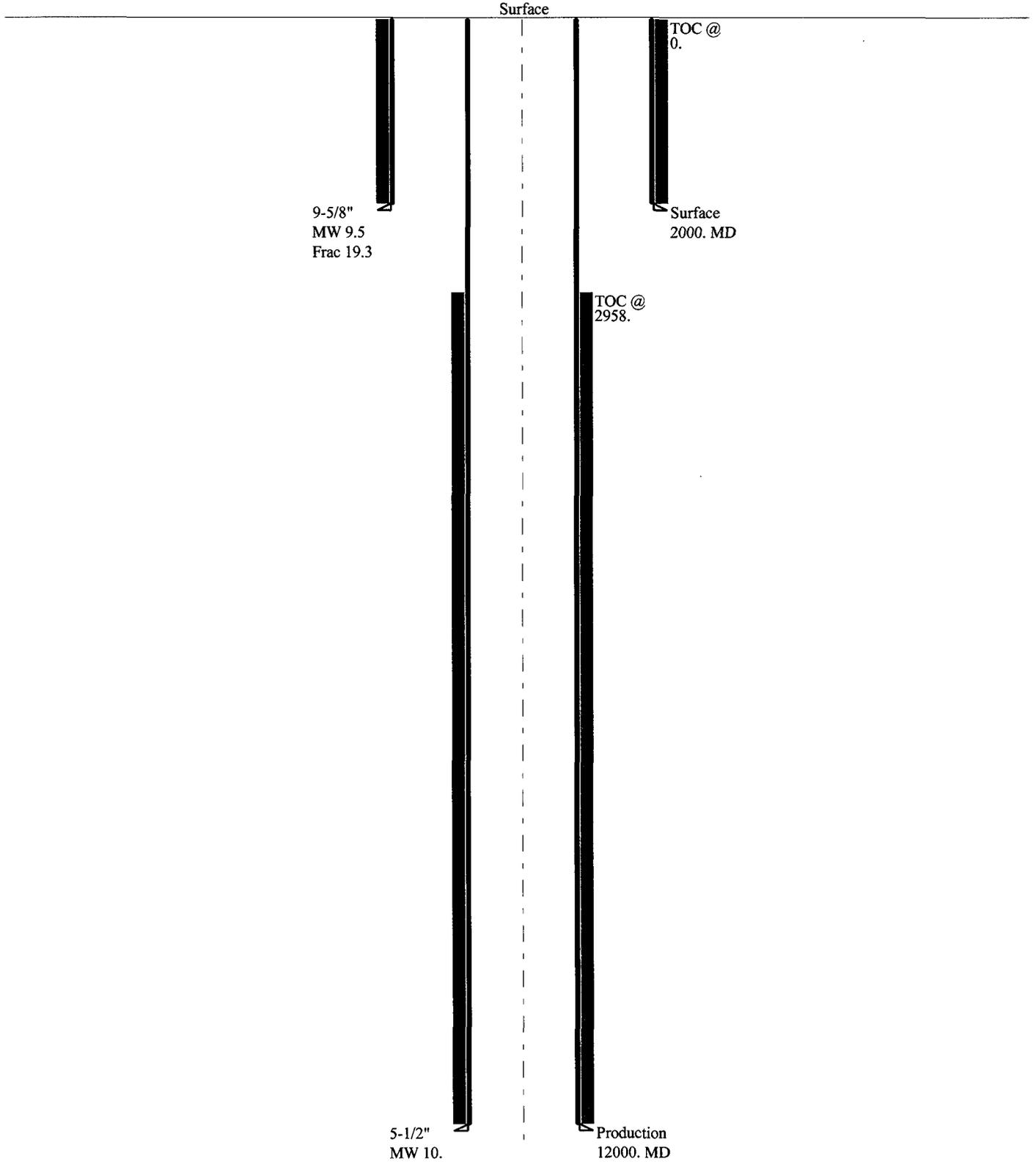
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 12000 ft, a mud weight of 10 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

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

2007-08 Jake Penta Creek 23-7 Casing Schematic



From: Robert Clark
To: Mason, Diana
Date: 7/23/2007 12:17 PM
Subject: RDCC short turn-around comments

CC: Anderson, Tad; McNeill, Dave
The following comments are submitted in response to **RDCC #8186 through #8189**.

RDCC #8186, Comments begin: The Jake Oil of Utah, LLC proposal to drill the Penta Creek 23-7 wildcat well, in Carbon 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. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, 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. **Comments end.**

RDCC #8187, Comments begin: The Delta Petroleum Corporation proposal to drill the Greentown State 33-202116 wildcat well, in Emery 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. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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RDCC #8188, Comments begin: The Petro-Canada Resources (USA) proposal to drill the State 32-44 wildcat well, in Emery 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. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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RDCC #8189, Comments begin: The SWEPI LP proposal to drill the Soldier Creek 2-32 wildcat well, in Carbon 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. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, 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. **Comments end.**

Robert Clark
Division of Air Quality
801-536-4435

David Hinkins
P.O. Box 485
Orangeville.UT 84537
435-749-2828

July 14, 2007

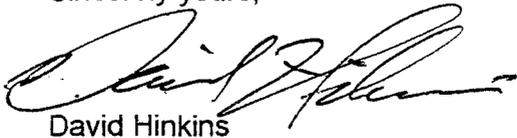
RE: Letter of Consent
Penta Creek #23-7 well
SW $\frac{1}{4}$ NE $\frac{1}{4}$ -Sec. 7-T14S-R14E
Carbon County, Utah

To Whom it May Concern:

I, David Hinkins, as an owner within a 460 foot radius of the Penta Creek #23-7 well, do hereby give my consent as to the location of this well.

Should you have any questions or concerns, please contact me at the above letterhead address or phone number.

Sincerely yours,



David Hinkins

DH/bkr

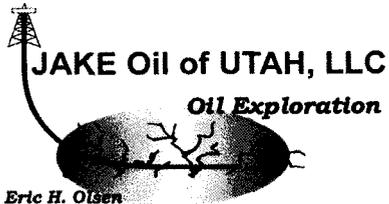
RECEIVED

JUL 23 2007

RECEIVED

JUL 25 2007

DIV. OF OIL, GAS & MINING



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

July 17, 2007

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

Dear Diana Mason,

Per your request by email on July 13, 2007, the following is the supplementary information that you have requested for the APD for Penta Creek #23-7 located in SW/4 NE/4 S7 T14S 14E Carbon County, Utah.

In reference to the State Oil and Gas Conservation rule R649-'3-3 the proposed Penta Creek 23-7 is an exception to this rule due to topography. JAKE oil of Utah, LLC controls all mineral rights within a 460 foot radius of the proposed location.

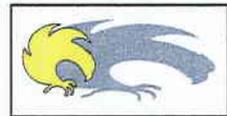
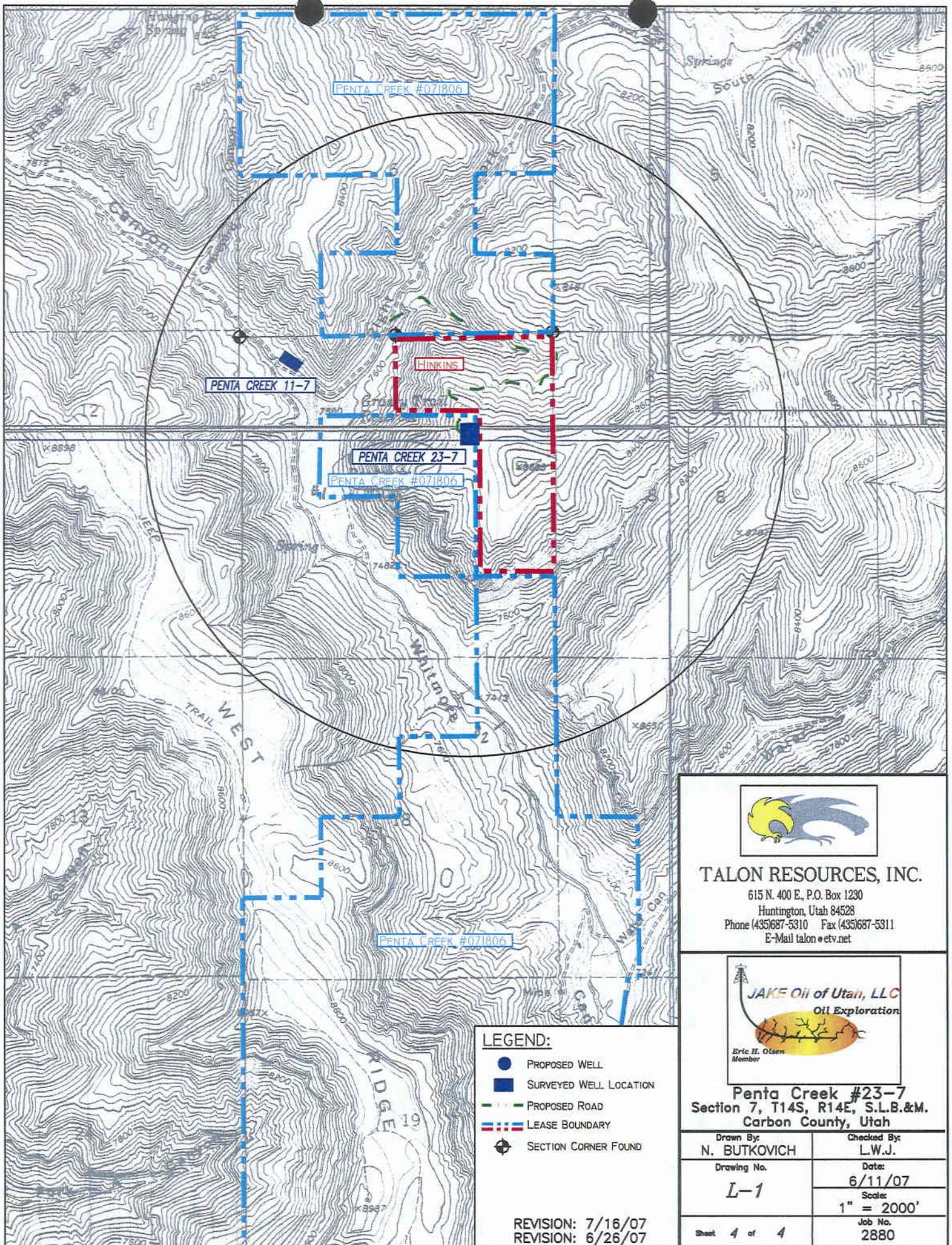
Attached is a copy of the survey plat showing lease ownership as well as a letter of consent from David Hinkins, the adjacent mineral owner.

If you have any other questions or concerns, please call me at (406) 896-4953.

Sincerely,

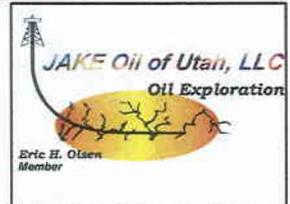
Jennifer L. Olsen
Agent

RECEIVED
JUL 25 2007
DIV. OF OIL, GAS & MINING



TALON RESOURCES, INC.

615 N. 400 E., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@etv.net



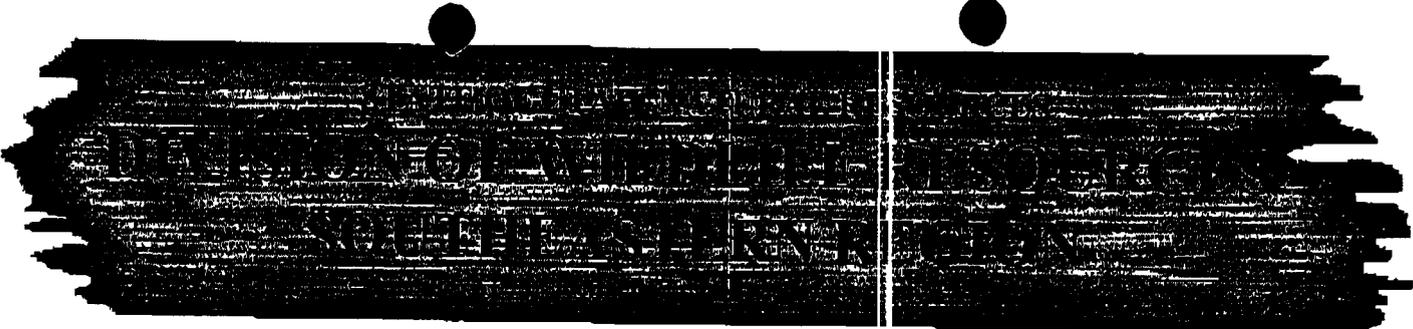
Penta Creek #23-7
 Section 7, T14S, R14E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 6/11/07
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 2880

LEGEND:

- PROPOSED WELL
- SURVEYED WELL LOCATION
- PROPOSED ROAD
- LEASE BOUNDARY
- ⊕ SECTION CORNER FOUND

REVISION: 7/16/07
 REVISION: 6/26/07



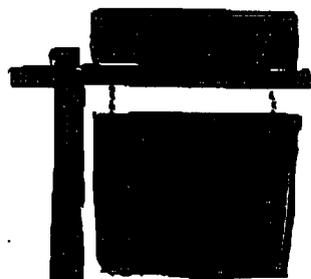
475 W. PRICE RIVER DR, STE C
PRICE, UTAH 84501-2860

PHONE: 435-636-0260
FAX: 435-637-7361

TO: Diana Mason
FROM: Kyle Beagley
SUBJECT: Penta Creek 23-7

DATE: 7-30-07
FAX #: (801) 359-3940
PAGES: 2
(Including this cover sheet)

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STATE OF UTAH
NATURAL RESOURCES

RECEIVED
JUL 30 2007

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 Wildlife Resources

JAMES F. KARPOWITZ
Division Director

July 30, 2007

Subject: RDCC Project #8186, Application for Permit to Drill Penta Creek 23-7

Gil Hunt
Division of Oil, Gas, and Mining
1594 West N. Temple, Suite 1210
Salt Lake City, UT 84114-5801
attn: Diana Mason

Dear Carolyn:

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

We are concerned that the proposed action will result in impacts to crucial summer range for mule deer and elk. Because this area is crucial summer range for mule deer and elk, we recommend that the operator avoid road and pad construction, drilling, and any other forms of necessary construction through the fawning and calving season (May 1 – July 5).

Grassy Trail Reservoir is in close vicinity of the proposed drill site location and is a culinary water source for East Carbon and the surrounding communities. We recommend that East Carbon and the surrounding communities be contacted and given the opportunity to voice their concerns.

Thank you for the opportunity to review this proposed action and provide comment. If you have any questions, please call Kyle Beagley, Wildlife Biologist, at our Price office (435-636-0283).

Sincerely,

Rick Larson
Regional Supervisor

RL/KB

RECEIVED

JUL 30 2007

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.: FEE0004	6. SURFACE Fee
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN ALLOTTEE OR TRIBE NAME:	
C. NAME OF OPERATOR: Jake Oil Of Utah, LLC		8. UNIT OR CO. AGREEMENT NAME: Penta Creek 23-7	
1. ADDRESS OF OPERATOR: 208 N 29th Str. Ste 230 Billings MT 59101		PHONE NUMBER: (406) 896-4953	9. WELL NAME AND NUMBER: Penta Creek 23-7
4. LOCATION OF WELL (FOOTAGES) 55 2623X 43 86070Y 39.624665 AT SURFACE: 1630.04'FNL 1500.3 FEL S7 T14S T14E -110.386880		10. FIELD AND POOL OR WILDCAT: Wildcat	
AT PROPOSED PRODUCING ZONE:		11. JTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14S 14E 2	
12. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 5.03 miles South		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 1500.3 feet	16. NUMBER OF ACRES IN LEASE: 3411.2 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 5250 feet	19. PROPOSED DEPTH: 12,000	20. BOND DESCRIPTION: Surety	
21. ELEVATIONS (SHOW WHETHER OF, RT, GR, ETC.): 8-85.3 GR	22. APPROXIMATE DATE WORK WILL START: 10/15/2007	23. ESTIMATED DURATION: 20 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
1 1/4"	9 5/8" J-55 36#	2,000	Stage 1 Lead Premium	190	3.82 ft / sk	11.0# / gal
			Stage 2 Tail Premium	225	1.15 ft / sk	15.8# / gal
8 3/4	5 1/2" P-110 17#	12,000	Stage 1 Tail Class "G"	350	1.26 ft / sk	14.2# / gal
		10,000	Stage 1 Lead HI Fill	230	3.82 ft / sk	11.0# / gal
	DV tool @ 600'	6,000	Stage 2 Tail Class "G"	350	1.26 ft / sk	14.2# / gal
		4,000	Stage 2 Lead HI Fill	170	3.82 ft / sk	11.0# / gal

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 Olsen / Jennifer Olsen TITLE Agent
SIGNATURE *Eric Olsen* DATE 8/22/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31303

APPROVAL:
Date: 09-27-07
By: *[Signature]*

RECEIVED
AUG 27 2007

DIV. OF OIL, GAS & MINING

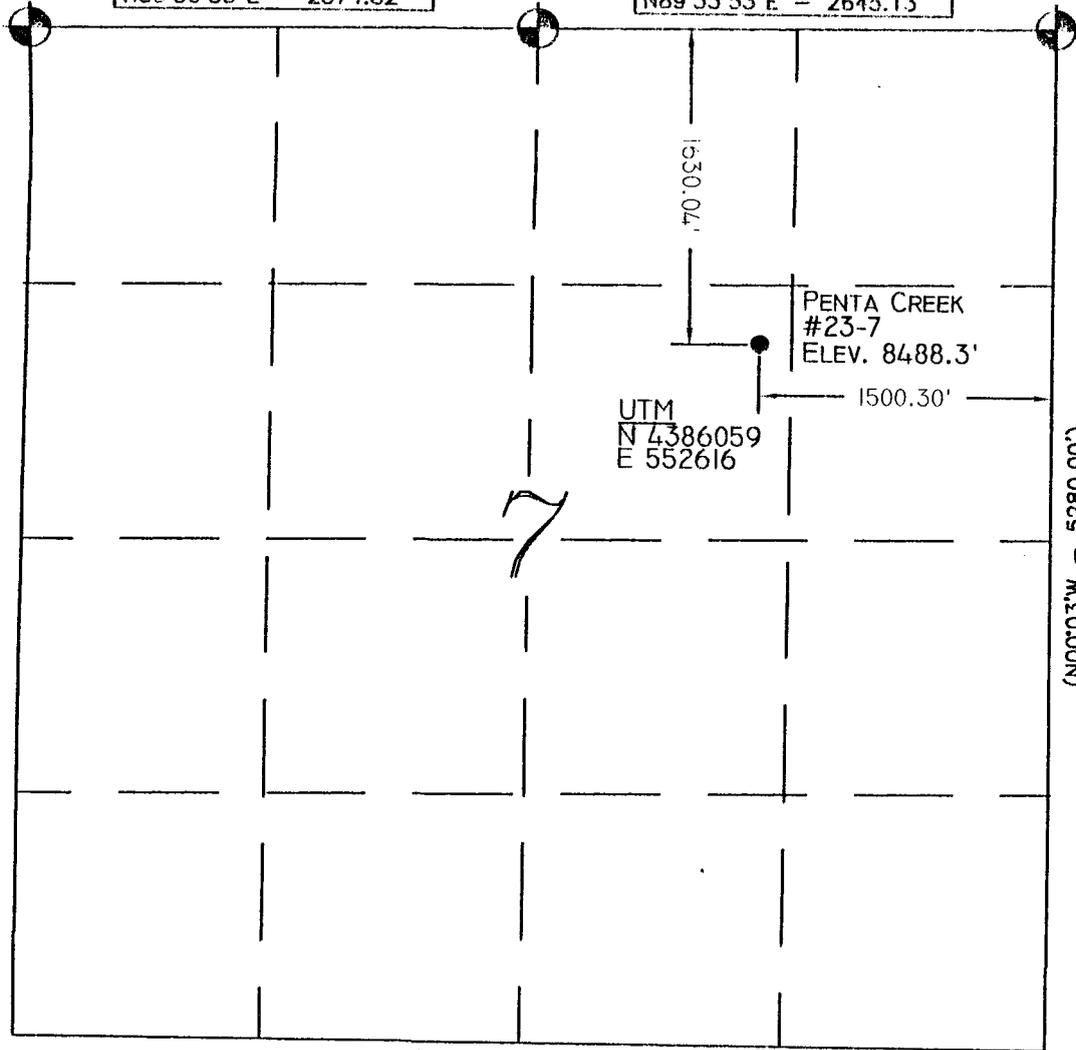
Range 14 East

(S89°53'E - 5168.46')

N89°30'53"E - 2574.82'

N89°33'53"E - 2645.13'

Township 14 South



UTM
N 4386059
E 552616

PENTA CREEK
#23-7
ELEV. 8488.3'

1500.30'

1630.04'

(N00°03'W - 5280.00')

(S89°51'E - 5186.94')

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°37'28.428" N
110°23'13.053" 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 7580.0' being a riser at Grassy Trail Reservoir in Section 7, Township 14 South, Range 14 East, Salt Lake Base & Meridian, as shown on the Sunnyside Quadrangle 7.5 Minute Series Map.

Description of Location:

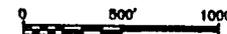
Proposed Drill Hole located in the SW1/4 NE1/4 of Section 7, T14S, R14E, S.L.B.&M., being South 1630.04' from North Line and West 1500.30' from East Line of Section 7, T14S, R14E, Salt Lake Base & Meridian.

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



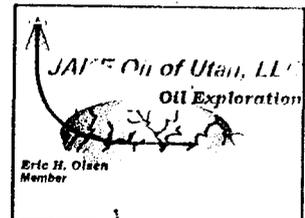
(IN FEET)

1 inch = 1000 ft.



TALON RESOURCES, INC.

615 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonactv.net



Well Penta Creek #23-7
Section 7, 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: 6/5/07
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2880

Application for Permit to Drill

Statement of Basis

9/24/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
464	43-007-31303-00-00		GW	P	No
Operator	JAKE OIL OF UTAH, LLC	Surface Owner-APD			
Well Name	PENTA CREEK 23-7	Unit			
Field	WILDCAT	Type of Work			
Location	SWNE 7 14S 14E S 1630 FNL 1500 FEL GPS Coord (UTM) 552623E 4386070N				

Geologic Statement of Basis

A well at this location will likely spud into a poorly to moderately permeable soil formed on the Colton (Wasatch) Formation. Significant volumes of high quality ground water may be encountered unless local coal mines have dewatered the ground water from this area, which is about 1/3 mile from Grassy Trail Reservoir. The proposed casing and cementing program will not adequately isolate all zones of fresh water that may be penetrated because the surface casing string is not sufficiently long. The drilling fluid is a benign gel/lime system to 2,000' and a polymer system from 2,000' to 12,000'. No mud weight range is suggested for the polymer system and it is not stated that it is a fresh water based system, although this is most likely. The proposed 2,000' of surface casing will case over the Colton (Wasatch), Flagstaff and part of the North Horn column. The several sandstones of the Mesaverde Group and the Star Point Sandstone Member of the Mancos Shale will be unprotected. No underground water rights have been filed within a mile of the proposed well site. After researching the likelihood of encountering mine workings during drilling, and in consultation with the DOGM Mining Staff, it appears that the well will be drilled within the Sunnyside Mine lease boundary, however, the mine 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. I consulted with both the DOGM Oil and Gas Staff Permit Supervisor, personnel from the mining staff (Messrs. D. Smith and W. Western) and D. Tabet of the UGS. There do not appear to be any mine workings in the path of drilling the well at this location. Old Sunnyside workings are about 3/4 mile to the south. Closer workings are found on a different miner's (West Ridge) lease to the west (~1/2 mile) and that same operation apparently has plans to mine to within 1/4 mile of the well location during the 2015 - 2016 mining season.

Chris Kierst
APD Evaluator

9/18/2007
Date / Time

Surface Statement of Basis

Pit liner will be required (16 mil minimum), based on pit liner ranking criteria. The reserve pit may be excavated in material (rock) that could decrease the liner integrity upon installation and/or use. Care will need to be taken upon pit excavation, (shading or removing rocks). A felt underlayment will be required under the liner to help protect the liner. The Division shall be contacted prior to pit excavation to coordinate inspection of underlayment and liner. It may also be necessary to use a thicker liner. The reserve pit will be fenced immediately upon completion of drilling. Depending on the time of year the well is drilled the Division may require that the reserve pit be closed immediately to eliminate pit overfilling with spring snow melt. 2.25 miles of extensive road work will be required to access this well site. The operator noted that all proposed access will be on Penta Creek. Drainage shall be provided for all storm event and snow melt around and away from the pad and road. The operator was advised during the pre-site that a stream alteration permit would be required by the Division of Water Rights for the access road to the location. It was recommended by the Division that the point of access onto the location would be better for operations on the east or south side of the pad. Top soil storage and pit spoils storage was discussed during pre-site.

Mark Jones
Onsite Evaluator

7/18/2007
Date / Time

Application for Permit to Drill

Statement of Basis

9/24/2007

Utah Division of Oil, Gas and Mining

Page 2

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator JAKE OIL OF UTAH, LLC
Well Name PENTA CREEK 23-7
API Number 43-007-31303-0 **APD No** 464 **Field/Unit** WILDCAT
Location: 1/4,1/4 SWNE **Sec** 7 **Tw** 14S **Rng** 14E 1630 FNL 1500 FEL
GPS Coord (UTM) 552620 4386063 **Surface Owner**

Participants

M. Jones (DOGM), Eric Olsen, Peter Spangelo, George Wilberger (Jake), Don Bennett (Nielson Const)

Regional/Local Setting & Topography

Above Grassy Trails Reservoir in Whitmore Cyn ~5 miles North of Sunnyside, Carbon County, Utah.

Surface Use Plan

Current Surface Use

Grazing

Wildlife Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
2.25	Width 300	Length 345	Onsite

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

sagebrush, forbes, grasses, elk, deer, rodents, birds, other wild game.

Soil Type and Characteristics

sandy clay loam

Erosion Issues N

Sedimentation Issues Y

some sedimentation into nearby stream and grassy trails res. may occur with the plans for the access road.

Site Stability Issues N

Drainage Diversion Required Y

drainage of storm runoff should be diverted around and away from roadway and location using turnouts, ditches, berms, etc.

Berm Required? N

Erosion Sedimentation Control Required? Y

stream alteration permit with Water Rights will be required for access into this well. This permit should cover sedimentation issues.

Paleo Survey Run? N Paleo Potential Observed? N Cultural Survey Run? N Cultural Resources? N

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	High permeability	20
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	>20	10
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
Final Score		35 1 Sensitivity Level

Characteristics / Requirements

dugout earthen (140/40/12). Liner will be required (12 mil minimum), based on pit liner ranking criteria.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness Pit Underlayment Required?

Other Observations / Comments

Liner will be required (16 mil minimum), based on pit liner ranking criteria. 2.25 miles of extensive (steep and rocky) road work will be required to access this wellsite. A stream alteration permit will be required of Water Rights for the access into this location. All proposed access will be on the same surface owner as the well-site, noted Eric Olsen. Access road point of impact to location is recommended to be changed to the south or east side of the location. West side would be ok also but too much fill. Top soil storage and pit spoil storage was discussed with Mr. Olsen.

Mark Jones
Evaluator

7/18/2007
Date / Time

 **Online Services** **Agency List** **Business**

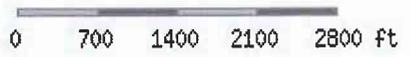
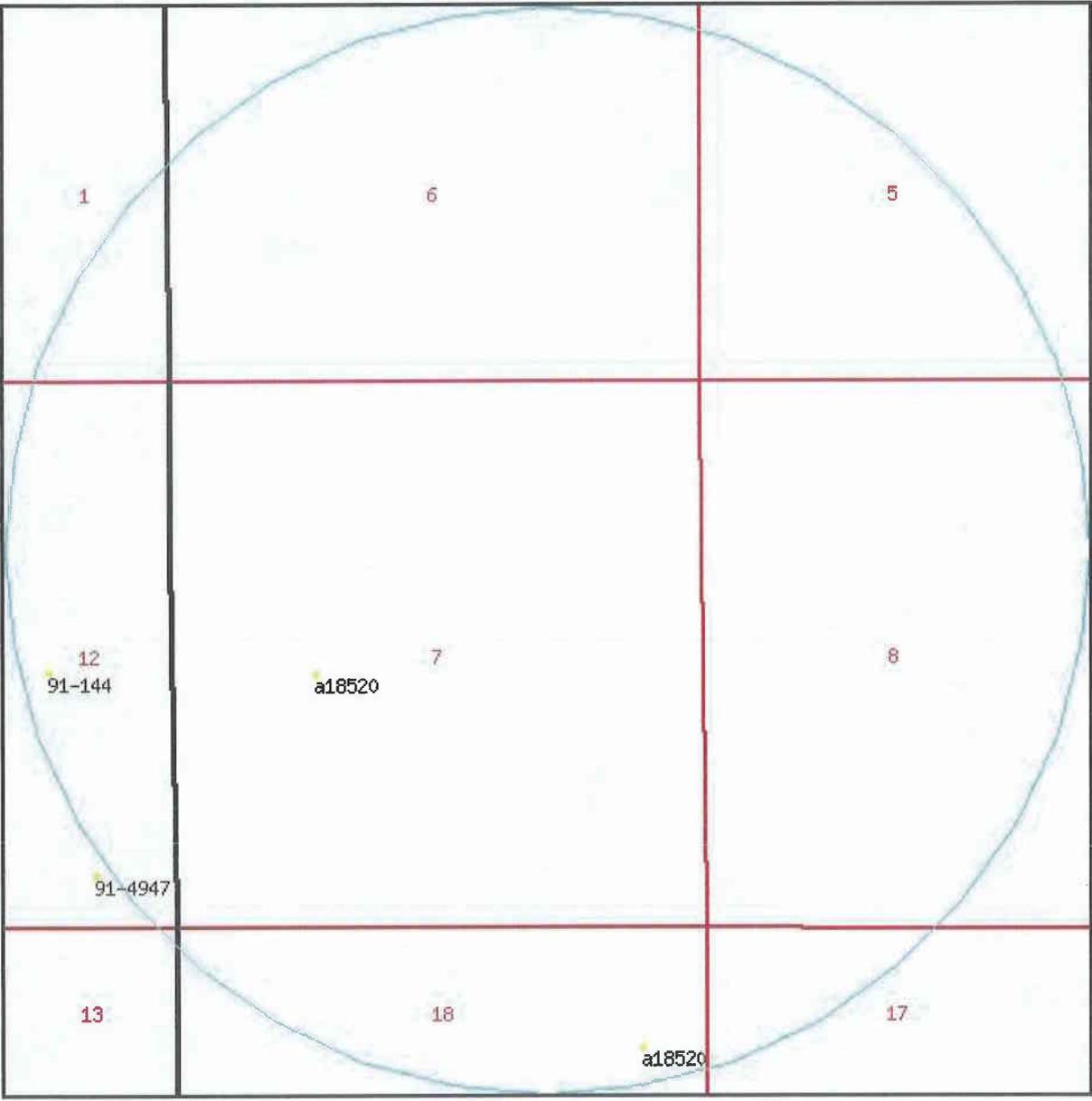
 

Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2007.04.13.01 Rundate: 09/18/2007 04:14 PM

Radius search of 5280 feet from a point S1630.04 W1500.3 from the NE corner, section 07, Township 14S, Range 14E, SL b&m
Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all



Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>91-114</u>	Surface S2824 W1166 N4 07 14S 14E SL		P	19350705	DIMOX	1.800	0.000	SUNNYSIDE CITY P.O. BOX 69
<u>91-114</u>	Surface S1163 W644 NE 18 14S 14E SL		P	19350705	DIMOX	1.800	0.000	SUNNYSIDE CITY P.O. BOX 69
<u>91-118</u>	Surface S2824 W1166 N4 07 14S 14E SL		P	19371105	DIMOPX	5.000	0.000	SUNNYSIDE COGENERATION ASSOCIATES C/O RANDY J. SCOTT PLANT MANAGER
<u>91-118</u>	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
<u>91-125</u>	Surface S2824 W1166 N4 07 14S 14E SL		P	19400213	DIMOX	5.000	0.000	SUNNYSIDE CITY P.O. BOX 69
<u>91-125</u>	Surface S1163 W644 NE 18 14S 14E SL		P	19400213	DIMOX	5.000	0.000	SUNNYSIDE CITY P.O. BOX 69
<u>91-140</u>	Surface S2824 W1166 NE 12 14S 13E SL		P	19431218	DI	0.000	50.000	EAST CARBON CITY P.O. BOX 70
<u>91-141</u>	Surface S2824 W1166 N4 07 14S 14E SL		P	19431218	DIMOX	5.000	0.000	EAST CARBON CITY P.O. BOX 70
<u>91-141</u>	Surface S1163 W644 NE 18 14S 14E SL		P	19431218	DIMOX	5.000	0.000	EAST CARBON CITY P.O. BOX 70
<u>91-142</u>	Surface S2824 W1166 NE 12 14S 13E SL		P	19431218	DI	0.000	50.000	EAST CARBON CITY P.O. BOX 70
<u>91-143</u>	Surface		P	19431218	DIMOPX	0.000	16.670	SUNNYSIDE COGENERATION ASSOCIATES

	S2824 W1166 N4 07 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-143</u>	Surface	P	19431218 DIMOPX	0.000 16.670	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-144</u>	Surface	P	19431218 M	0.000 33.330	SUNNYSIDE CITY
	S2824 W1166 NE 12 14S 13E SL				P.O. BOX 69
<u>91-144</u>	Surface	P	19431218 M	0.000 33.330	SUNNYSIDE CITY
	S1163 W645 NE 18 14S 14E SL				P.O. BOX 69
<u>91-145</u>	Surface	P	19431218 DIMOPX	0.000 16.670	SUNNYSIDE COGENERATION ASSOCIATES
	S2824 W1166 N4 07 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-145</u>	Surface	P	19431218 DIMOPX	0.000 16.670	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-146</u>	Surface	P	19431218 DIMOX	0.000 33.330	SUNNYSIDE CITY
	S2824 W1166 N4 07 14S 14E SL				P.O. BOX 69
<u>91-146</u>	Surface	P	19431218 DIMOX	0.000 33.330	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL				P.O. BOX 69
<u>91-158</u>	Surface	P	19470819 DIMOPX	0.000 65.000	SUNNYSIDE COGENERATION ASSOCIATES
	S2824 W1166 N4 07 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-158</u>	Surface	P	19470819 DIMOPX	0.000 65.000	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-159</u>	Surface	P	19470924 DIOPX	5.000 0.000	SUNNYSIDE COGENERATION ASSOCIATES

	S2824 W1166 N4 07 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-159</u>	Surface	P	19470924 DIOPX	5.000 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL				ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-178</u>	Surface	P	19511219 DIMOX	0.000 916.000	SUNNYSIDE CITY
	S2824 W1166 N4 07 14S 14E SL				P.O. BOX 69
<u>91-178</u>	Surface	P	19511219 DIMOX	0.000 916.000	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL				P.O. BOX 69
<u>91-28</u>	Surface	P	19130610 DIMOX	2.200 0.000	SUNNYSIDE CITY
	S2823 W1166 N4 07 14S 14E SL				P.O. BOX 69
<u>91-28</u>	Surface	P	19130610 DIMOX	2.200 0.000	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL				P.O. BOX 69
<u>91-360</u>	Surface	P	18780000 DIMOX	2.000 0.000	EAST CARBON CITY
	S2824 W1166 N4 07 14S 14E SL				P.O. BOX 70
<u>91-360</u>	Surface	P	18780000 DIMOX	2.000 0.000	EAST CARBON CITY
	S1163 W644 NE 18 14S 14E SL				P.O. BOX 70
<u>91-361</u>	Surface	P	18780000 DIMOPX	0.500 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S2824 W1166 N4 07 14S 14E SL				ATTN: RANDY J. SCOTT
<u>91-361</u>	Surface	P	18780000 DIMOPX	0.500 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL				ATTN: RANDY J. SCOTT
<u>91-362</u>	Surface	P	1878	DIMOX 1.000 0.000	SUNNYSIDE CITY
	S2824 W1166 N4 07 14S 14E SL				P.O. BOX 69
<u>91-362</u>	Surface	P	1878	DIMOX 1.000 0.000	SUNNYSIDE CITY

	S1163 W644 NE 18 14S 14E SL					P.O. BOX 69
<u>91-363</u>	Surface	P	18780000	DIMOX	1.500 0.000	EAST CARBON CITY
	S2824 W1166 N4 07 14S 14E SL					P.O. BOX 70
<u>91-367</u>	Surface	P	1888	DIMOX	0.875 0.000	SUNNYSIDE CITY
	S2824 W1166 N4 07 14S 14E SL					P.O. BOX 69
<u>91-367</u>	Surface	P	1888	DIMOX	0.875 0.000	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL					P.O. BOX 69
<u>91-368</u>	Surface	P	1888	DIMOX	0.625 0.000	SUNNYSIDE CITY
	S2824 W1166 N4 07 14S 14E SL					P.O. BOX 69
<u>91-368</u>	Surface	P	1888	DIMOX	0.625 0.000	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL					P.O. BOX 69
<u>91-369</u>	Surface	P	1888	DIMOX	0.250 0.000	SUNNYSIDE CITY
	S2824 W1166 N4 07 14S 14E SL					P.O. BOX 69
<u>91-369</u>	Surface	P	1888	DIMOX	0.250 0.000	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL					P.O. BOX 69
<u>91-372</u>	Surface	P	18850000	DIMOPX	5.575 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S2824 W1166 N4 07 14S 14E SL					ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-372</u>	Surface	P	18850000	DIMOPX	5.575 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL					ATTN: RANDY J. SCOTT PLANT MANAGER
<u>91-4947</u>	Surface	P	18690000	S	0.009 0.000	SUNNYSIDE COAL COMPANY
	N500 W800 SE 12 14S 13E SL					1113 SPRUCE STREET
<u>91-84</u>	Surface	P	19240131	DIMOX	2.000 0.000	SUNNYSIDE CITY

	S2824 W1166 N4 07 14S 14E SL					P.O. BOX 69
<u>91-84</u>	Surface	P	19240131	DIMOX	2.000 0.000	SUNNYSIDE CITY
	S1163 W644 NE 18 14S 14E SL					P.O. BOX 69
<u>a18518</u>	Surface	A	1878	IMOPX	0.500 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S2824 W1166 N4 07 14S 14E SL					ATTN: RANDY J. SCOTT PLANT MANAGER
<u>a18518</u>	Surface	A	1878	IMOPX	0.500 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL					ATTN: RANDY J. SCOTT PLANT MANAGER
<u>a18520</u>	Surface	A	1885	IMOPX	5.575 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S2824 W1166 N4 07 14S 14E SL					ATTN: RANDY J. SCOTT PLANT MANAGER
<u>a18520</u>	Surface	A	1885	IMOPX	5.575 0.000	SUNNYSIDE COGENERATION ASSOCIATES
	S1163 W644 NE 18 14S 14E SL					ATTN: RANDY J. SCOTT PLANT MANAGER

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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

September 27, 2007

Jake Oil of Utah, LLC
208 N 29th., Ste. 230
Billings, MT 59101

Re: Penta Creek 23-7 Well, 1630' FNL, 1500' FEL, SW NE, Sec. 7, 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 43-007-31303.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor



Operator: Jake Oil of Utah, LLC
Well Name & Number Penta Creek 23-7
API Number: 43-007-31303
Lease: FEE

Location: SW NE Sec. 7 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 action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

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

- Dan Jarvis at: (801) 538-5338 office (801) 942-0873 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

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. The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. You will be required to comply with any applicable recommendations resulting from this review.
6. 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.
7. Cement volume for the 5 1/2" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 1000' MD as indicated in the submitted drilling plan.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

DOUG ALLEN
CHAIRMAN

WILLIAM D. HOWELL
EXECUTIVE DIRECTOR



375 SOUTH CARBON AVE.
P.O. DRAWER 1106
PRICE, UTAH 84501
(435) 637-5444
FAX (435) 637-5448

John Lee *43-807-31303*

AREA WIDE CLEARINGHOUSE REVIEW

Federal Action _____ State Action _____ Approved (x) Yes () No
Other (indicate) _____

Applicant Address:

Oil, Gas & Mining
1594 West North, #1210
SLC, UT 84114-5801

Name Diana Mason
Phone 801-538-5312

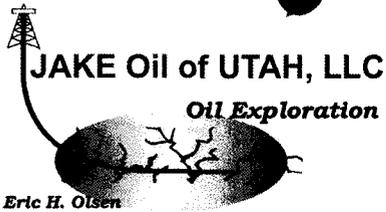
Title/Project Description: Application for Permit to Drill Penta Crk 23-7 well on Fee Lease
Exploration well at Sec. 7, T14S, R14E, Carbon Co. Five week duration project. Site is north
of Sunnyside near Bruin Point.

- [] No Comment
- [] See comment below

Comments: Favorable comment recommended.

Lorraine Benfield
SEUALG

September 28, 2007
DATE



208 NORTH 29TH STREET STE 230
BILLINGS, MT 59101
406-896-4953 (PH)
406-896-4954 (FAX)

43-007-31303

STATE OF UTAH
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

September 26, 2007

RE: Application for Permit to Drill
Penta Creek 23-7
S 7 T14S R14E

To Whom It May Concern:

Enclosed is the Surface Damage Agreement between JAKE Oil of Utah, LLC and Penta Creek, LLC/Magnificent Seven, LLC for the Penta Creek 23-7 well located in Carbon County, Utah.

Please let me know if you need any additional information in order to approve the Application for Permit to Drill.

Sincerely,

Jennifer L. Olsen

Attachments

RECEIVED

OCT 01 2007

DIV. OF OIL, GAS & MINING

SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement (“**Agreement**”) is made and entered into this 1st day of July, 2007, by and between Penta Creek, LLC, a Utah limited liability company, as owner of 65.50% interest and Magnificent Seven, LLC, a Utah limited liability company, as owner of 34.50%, (“**Owner**”), and JAKE Oil of Utah, LLC, (“**Operator**”); sometimes referred to each as a “**Party**,” or collectively as the “**Parties**.”

WITNESSETH:

For and in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **OWNERSHIP.** Owner is a surface owner of certain lands located in Carbon County, Utah (“**Lands**”): to wit:

Township 13 South, Range 13 East, SLB&M

Section 31: NE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 36: All

Township 14 South, Range 13 East, SLB&M

Section 1: Lot 1(42.91), 2(38.77), 3(43.33), 6(43.56), SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 2: Lot 1(40.18), 2(40.27), 3(40.35), 4(40.44), S $\frac{1}{2}$ N $\frac{1}{4}$, S $\frac{1}{4}$

Section 12: Lot 1(42.36), 2(42.08), 3(42.60), 4(41.92), S $\frac{1}{4}$ N $\frac{1}{4}$, S $\frac{1}{4}$

Township 14 South, Range 14 East, SLB&M

Section 6: Lots 1(39.96), 2(39.98), 3(39.98), 4(36.13), 5(36.27), 7(36.56), S $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 7: Lots 1(36.69), 2(36.83), E $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ - Less Tax Serial No. 2A-1362-1

Section 17: W $\frac{1}{2}$ SW $\frac{1}{4}$ - Less Tax Serial No. 2A-1367-1 and 2A-1367-4

Section 18: Lots 2(37.39) 3(37.53), 4(37.67), E $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{4}$

Section 19: Lots 1(37.81), 2(37.95), 3(38.09), 4(38.23), E $\frac{1}{4}$ W $\frac{1}{2}$, E $\frac{1}{2}$

Section 20: Beginning at a point on the North line of the Northwest $\frac{1}{4}$ of Section 20, T14S, R14E, SLB&M; which point is North 89 deg. 35' 27" East 1139.63 feet from the Northwest corner of said Section; thence South 0 deg. 06' 25" West 27.92 feet; thence South 8 deg. 35' 21" West 435.09 feet; thence South 11 deg. 47' 33" West 339.97 feet; thence South 30 deg. 40' 45" East 51.62 feet; thence South 39 deg. 41' 04" East 116.94 feet; thence South 30 deg. 40' 45" East 144.94 feet; thence South 57 deg. 09' 51" East 73.91 feet; thence South 64 deg. 12' 04" East 144.94 feet; thence South 57 deg. 52' 21" East 285.97 feet; thence South 64 deg. 59' 34" East 314.49 feet; thence South 63 deg. 11' 37" East 252.20 feet; thence South 58 deg. 33' 48" East 109.37 feet; thence South 54 deg. 24' 42" East 285.18 feet; thence South 55 deg. 35' 18" East 105.21 feet; thence South 44 deg. 25' 04" East 66.93 feet; thence South 32 deg. 01' 37" East 56.07 feet; thence South 16 deg. 11' 20" East 182.96 feet; thence South 14 deg. 37' 10" East 1444.71 feet; thence South 14 deg. 38' 13" East 730.51 feet; thence South 02 deg. 53' 48" East 138.25 feet; thence South 07 deg. 06' 01" West 101.71 feet; thence South 09 deg. 14' 35" West 106.36 feet; thence South 11 deg. 14' 35" West 189.66 feet; thence South 12 deg. 49' 57" West 149.55 feet; thence South 09 deg. 02' 55" East 51.27 feet; thence South 18 deg. 55' 16" East 52.99 feet; thence South 31 deg. 22' 46" East 117.78 feet; thence South 41 deg. 33' 26" East 178.99 feet; thence North 88 deg. 14' 57" West 623.15 feet; thence North 89 deg. 04' 21" West 2645.18 feet; thence North 0 deg. 40' 17" West 2639.28 feet; thence North 0 deg. 40' 16" West 2639.28 feet; thence North 89 deg. 35' 27" East 1139.63 feet to the point of beginning.

Section 29: All - Less Tax Serial No.'s 2A-1379-1 and 2A-1379-2

Section 30: E $\frac{1}{4}$, E $\frac{1}{4}$ NW $\frac{1}{4}$

Section 31: NE $\frac{1}{4}$

Section 32: Beginning at the Northwest corner of Section 32, T14S, R14E, SLB&M; thence North 89 deg. 04' 26" East 3089.75 feet; thence South 06 deg. 37' 18" West 67.67 feet; thence South 13 deg. 08' 13" West 69.41 feet; thence South 33 deg. 02' 31" West 320.05 feet; thence South 29 deg. 34' 09" West 83.14 feet; thence South 14 deg. 28' 09" West 88.97 feet; thence South 08 deg. 36' 57" West 87.76 feet; thence South 08 deg. 50' 37" West 266.84 feet; thence South 10 deg. 22' 15" West 490.43 feet; thence South 11 deg. 03' 34" West 540.64 feet; thence South 02 deg. 30' 13" West 150.26 feet; thence South 10 deg. 52' 22" East 136.30 feet; thence South 16 deg. 55' 13" East 208.47 feet; thence South 12 deg. 24' 16" East 102.53 feet; thence South 4 deg. 08' 18" East 282.53 feet; thence South 03 deg. 47' East 236.67 feet; thence South 09 deg. 53' 38" West 207.29 feet; thence South 14 deg. 02' 10" West 451.91 feet; thence South 26 deg. 55' 03" West 167.85 feet; thence South 54 deg. 24' 31" West 151.37 feet; thence South 60 deg. 34' 21" West 89.63 feet; thence South 89 deg. 12' 49" West 2246.77 feet; thence North 0 deg. 53' 52" West 1319.49 feet; thence North 0 deg. 39' 36" West 2639.64 feet to the point of beginning.

Township 15 South, Range 13 East, SLB&M

Section 2: NW $\frac{1}{4}$ SE $\frac{1}{4}$, Less that parcel beginning at a point 160 feet N of the SW corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$; thence N 150 feet; E 150 feet; S 150 feet; W 150 feet to beginning.

Section 3: SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 10: N $\frac{1}{4}$ NW $\frac{1}{4}$ & Those portions of the W $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ lying N of the State Highway right of way, Less the State Highway right of way.

Township 15 South, Range 14 East of the SLB&M

Section 6: Beginning at the NE corner of Lot 6, and running thence S 50 feet; thence N89 deg. 57' W 133.7 feet; thence S 69 deg. 30' W 597.1 feet; thence S 46 deg. 37' W 800 feet, m/l, to the intersection with the range line between Ranges 13 East and 14 East; thence N 0 deg. 16' E along said range line 578 feet, m/l, to an intersection with the S'ly r/w line of Utah State Highway No. 123, said point being on the arc of a 1096.3 feet radius curve to the right; thence NE'ly 754.3 feet around the arc of said curve and along said r/w to an intersection with the E-W quarter section line of said Sec. 6; thence S 89 deg. 57' E 613 feet, m/l, along said quarter section line to the point of beginning.

Operator owns working or operating interests in a valid oil and gas lease or leases covering all or portions of the Lands, lands pooled or included in a spacing unit therewith, or lands in the vicinity of the Lands (each a “**Lease**,” collectively, the “**Leases**”). By this reference the Oil, Gas and Mineral Lease dated July 18, 2006, and recorded in the Carbon County Recorder’s Office as Book 633, Page 280, by and between Penta Creek, LLC and Magnificent Seven, LLC, as Lessors, and JAKE Oil of Utah, LLC, as Lessee, is made a part of this agreement. If the July 18, 2006 lease terminates or expires of its own terms, this Surface Damage and Release Agreement will also terminate or expire at the same time as the lease.

2. **OPERATOR’S OIL AND GAS OPERATIONS ON THE LANDS.** Operator may drill or cause to be drilled an oil and/or gas well or wells on the Lands (“**Wells**”). In order for Operator to drill, construct, complete, produce, maintain, and operate the Wells and all facilities associated therewith, including, but not limited to, access roads (“**Access Roads**”), pipelines, flow lines, separators, tank batteries, electric lines and any other facilities or property necessary for Operator to conduct operations on the Wells (each a “**Facility**,” collectively, the “**Facilities**”), it is necessary that Operator enter and utilize a portion of the surface of the Lands. The Parties enter into this Agreement to evidence their agreement regarding the payment of surface damages, entry, surface use, and any other matters relating to Operator’s use of the Lands. No drilling activity or operations shall be conducted and no surface disturbance shall occur on the Lands without notice to Owner. If any permanent injection or disposal well(s) not associated with the natural CBM production process need to be drilled and/or any permanent compressor stations or other associated structures need to be constructed in order to market the gas of whatsoever kind from the Lands, then an additional separate agreement will need to be executed by the parties hereto for that purpose.

3. **LOCATION.** The approximate location of the Wells will be within the drilling windows established by the Utah Division of Oil, Gas and Mining (“**DOG M**”) or drilling unit established by the Utah Board of Oil, Gas and Mining. Operator will consult with Owner regarding the actual location of Wells, Access Roads and certain other Facilities to be constructed on the Lands, none of which will unduly interfere with Owner’s existing use of the surface estate. Any material changes to such locations may be made by Operator with the consent of Owner, which consent will not be unreasonably withheld, but which will not unduly interfere with Owner’s existing use of the surface estate. Operator agrees not to use any more of the surface of the Lands than is reasonably necessary to conduct its operations.

4. **CONDUCT OF OPERATIONS.** Operator’s operations on the Lands will be conducted pursuant to the terms of any applicable leases, this Agreement, and the rules and regulations of the DOGM.

5. **COMPENSATION AMOUNT.** Operator will pay Owner the sum of three thousand dollars (\$3,000.00) per Well location and the associated Facilities prior to the commencement of actual drilling operations for each such well. Additionally, Operator shall pay to Owner an access fee of twenty dollars (\$20.00) per rod for the use of existing and newly constructed roads utilized by Operator on the Lands and shall pay an additional twenty dollars (\$20.00) per rod for a pipeline right-of-way within which Operator may construct its pipelines. If any such pipelines are installed in any road right of way utilized and paid for by Operator, the pipeline right-of-way shall incur no additional charge. Operator shall provide Owner with a plat showing the location of all Wells and length of all roads and pipelines promptly after their first use, construction or improvement. Such payments are hereby acknowledged by Owner as full and final consideration for Operator's use of the Lands for the purposes enumerated in this Agreement and for any and all damages caused or created by reason of the reasonable and customary ingress, egress, rights-of-way, drilling, completion, production and maintenance operations associated with the Wells and Facilities. Such damages will include, without limitation, damage to growing crops, cropland, the removal, transportation and care of livestock, re-seeding, construction and use of Access Roads and the preparation and use of the Well site areas. In the event Owner owns less than the entire and undivided fee-simple estate in and to the Lands, then the compensation provided for herein shall be paid to Owner in the proportion which Owner's interest bears to the whole and undivided fee. The surface damages provided in this Agreement do not include damage or injury to persons or to Owner's livestock, buildings, improvements, or other personal property occasioned by Operator's operations or in lieu of reclamation obligations.

6. **ADDITIONAL SURFACE USE PROVISIONS, ACCESS ROADS, FENCES AND FACILITIES.** With respect to its operations on the Lands, Operator and Owner agree to the following provisions:

A. Access Roads and Pipelines:

- (i) Access Roads will not exceed 30 feet in width, 15 feet on either side of the centerline.
- (ii) Operator will use its best efforts to ensure that all of its vehicles accessing the Lands on its behalf remain on the Access Roads and will promptly repair any damage to the lands due to vehicles operating off the Access Roads.
- (iii) Operator agrees to back-slope all Access Roads.
- (iv) Operator will stockpile and save any topsoil removed while constructing Access Roads for rehabilitation or re-seeding as reasonably directed by Owner.
- (v) Operator agrees to maintain the surface of any existing roadway and wellsite utilized or built pursuant to the terms of the Leases and this Agreement in a condition of good repair and the surface of any roadway in a state of passable condition during the term thereof. Operator further agrees to keep any roadways, well sites, pipelines, and other surface facilities clear of any and all refuse and litter resulting from its operations or the actions of persons operating in its employ and to use best efforts to control dust.
- (vi) Owner shall have the right to use and enjoy said Owner's Land, provided, however, that the exercise of such use and enjoyment shall not unreasonably interfere with the rights of Operator herein and held and enjoyed by Operator under and in accordance with the terms of the Leases.
- (vii) All Access Roads and well sites will be posted with proper signs, including "Private Property" and "No Trespassing" or similar signs.
- (viii) Operator will provide livestock guards and crossings along all Access Roads as Owner may reasonably require. Such livestock guards will be kept clean and in good repair. Operator will keep Owner's gates closed at all times.
- (ix) Operator will provide Owner with a minimum of 10 business days prior written notice to abandon an Access Road or well sites or portions thereof before removing any equipment or improvements or restoring the surface thereof. No later than 10 business days following receipt of such notice, Owner may elect, in writing, not to have such Access Roads or well sites abandoned by Operator and to take possession of said Access Road or well sites or portions thereof to be abandoned, together with any bridges, gates, cattle guards, culverts, fences, and other improvements constructed by Operator on the Lands, except the pipeline and wellsite equipment; and said property shall become the Owner's property. The Parties shall agree to that wellsite equipment and Access Road improvements to be retained by Owners. The term "wellsite equipment" shall not be deemed to include surface casing or the wellhead, if the Owner elects to take over the well for water production, as hereinafter provided. In such event, Operator will have no liability under this Agreement, the Leases, or otherwise, to restore the surface of the Lands elected by Owner pursuant to this Agreement. Owner's failure to timely respond will be deemed as Owner's election that Operator proceed with the abandonment of the well-sites and Access Roads and the restoration of the surface thereof.
- (x) As part of the election provided in paragraph (ix) above, Owner at its option may elect to convert any well drilled by Operator on the Lands to a water well. At such time as Operator shall have determined to plug and abandon a well, it shall contact the Owner, who shall then have the right to take over so much of the well as might be useful to the Owner, provided, however, that Owners shall not be entitled to the wellhead or surface casing. In the event that the Owner elects to take over the well for water production, Operator shall, at its expense, plug back the well to the depth agreed upon with the Owner; the Owner shall thereafter be responsible for further care, maintenance, eventual plugging of the well for final restoration of the water well site and compliance with federal, state, or local laws applicable to conversion. Owner shall bear all costs of water well conversion.
- (xi) Under no condition may Operator use the Lands for processing, central gathering, or boosting operations following cessation of production or drilling operations on the Lands without entering into a separate agreement with the Owner for that purpose.

B. Simultaneous or Concurrent Mineral Development:

Operator acknowledges that Owner has reserved to itself all bituminous and asphaltic sands as defined in the Leases and such other minerals not granted by the Leases with the intent of developing such reserved mineral estate. To that end, Owner and Operator agree that Owner shall have all rights of ingress and egress, expressed or implied, to mine for, produce, crush, separate, process or refine, stockpile, transport, or recover by wells pursuant to in situ operations, and sell said reserved minerals, simultaneously to or concurrently with Operators operations on the

Lands; and Owner shall be entitled to such use so much of the surface estate as may reasonably be required to enjoy the estate reserved. Operator and Owner agree to conduct their respective operations, whether simultaneous or sequential, in such a manner as will not unduly or unreasonably interfere with operations of the other and in the event of an actual conflict, will negotiate in good faith and enter into a Cooperative Agreement to govern the respective rights of the parties.

C. Surface Restoration:

Upon permanent cessation of Operator's operations on the Lands, all areas thereof occupied or utilized by Operator will be restored by Operator to their original contour as nearly as is reasonably practicable, and re-seeded; provided however, that Operator's intent to abandon any Access Roads will be subject to the provisions of Paragraph 6(A)(ix) herein.

D. Other:

(i) Operator will install culverts on the Lands that may be necessary to maintain present drainage and irrigation otherwise affected by its operations on the Lands.

(ii) If by reason of the activities of the Operator, including, but not limited to, drilling, completing, equipping, and operating of the Wells, there is unanticipated damage to personal property of the Owner, including, but not limited to, irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation systems, or to personal property, fixtures, or facilities of third parties authorized by Owner to be on the Lands, Operator will repair or replace such items after consultation with and to the reasonable satisfaction of the Owner and/or third party. Owner will notify Operator of any items damaged after the Well's construction and Operator will repair or replace such items after consultation with the Owner within 15 days of occurrence.

(iii) Operator agrees that all trash, refuse pipe, equipment, liquids, chemicals, or other materials brought on the Lands that are not necessary for continued operations of the Wells will be timely removed and disposed away from the Lands after the completion of the Wells. No such items will be burned or buried on the Lands.

(iv) Operator agrees to comply with any federal, state, or local government statutes, rules, regulations, and ordinances for control of noxious or toxic weeds; and Operator will use best efforts to keep Operator's vehicles or those of its agents, employees, contractors, subcontractors, and other persons requested by Operator to come upon the Lands free from noxious or toxic weeds.

(v) Operator agrees to timely pay any taxes that may be assessed directly or indirectly against any of the Owner's Lands by reason of the existence of erected facilities or improvements placed or constructed thereon by Operator or for rights-of-way or easement and other improvements.

7. **FIREARM PROHIBITION.** Operator agrees that no firearms shall be used on the Lands or on adjacent lands and discharged into Owner's Lands by any of its employees, agents, contractors, subcontractors, or other persons requested by Operator to come upon the Lands without Owner's express written permission. Further, Operator will include in all its contracts with third parties that the third-party, its employees, agents, contractors, subcontractors, or other persons requested by Operator to come upon the Lands are prohibited from discharging any firearms on the Lands or on adjacent lands and discharged into Owner's Lands, without Owner's express written permission

8. **DEFAULT AND RIGHT TO CURE.** In the event of alleged default by Operator in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, Owner will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator will have 30 days from receipt of the written notification in which to cure, dispute or otherwise respond to the notification before Owner may allege default.

Except as otherwise agreed in writing, no waiver by Owner of any breach by the Operator of any of its obligations, agreements, or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by Owner to seek a remedy for any breach by the Operator be deemed to be a waiver by Owner of its rights or remedies with respect to such breach; however, in no event will Operator be liable for consequential damages.

9. **INDEMNITY/RELEASE.** Operator agrees to assume all liabilities and to hold Owner harmless from all damages or claims arising from Operator's operations upon said Owner's Land, including but not limited to, damages or claims arising from Operator's agents, employees, contractors, subcontractors, or persons entering upon the lands at the request of Operator and environmental damage stemming from the release or discharge by Operator, its employees, agents, contractors, subcontractors, and other persons entering upon the Lands at the request of Operator of oil, gas, or any other substance on or under the property, except as any such release or discharge is caused by Owners or Owner's tenants, licensees, invitees, or agents; and Operator will indemnify and hold Owner harmless from and against all costs and expenses (including reasonable attorney's fees) for any damages. This provision shall survive the termination of all or part of this Agreement.

10. **NOTICE FOR ADDITIONAL OPERATIONS.** Operator will comply with "DOGMA rules and regulations requiring that advance notice be provided to Owner for subsequent operations on the Wells, including, but not limited to, reworking operations thereon.

11. **NOTICES.** Notice by either Party will be promptly given, orally or electronically by email or wire service, if possible (with the exception of the default notice described herein), with subsequent written confirmation sent by United States mail, postage prepaid and addressed to either Party at the address as designated below; or to such other place as either Party may from time to time designate by notice to the other:

Owner

Operator

Penta Creek, LLC
c/o Howard Jensen Real Estate
111 East Clark Street
Albert Lea, Minnesota 56007
Phone: 507-373-5660
Fax: 507-377-0344
Email: gregjensen@mcleodusa.net

JAKE Oil of Utah, LLC
P.O. Box 80806
Billings, Montana 59108-0806,
Phone: 406-896-4953
Fax: 406-896-4954
Email: ehoil@aol.com

Magnificent Seven, LLC
c/o Howard Jensen Real Estate
111 East Clark Street
Albert Lea, Minnesota 56007
Phone: 507-373-5660
Fax: 507-377-0344
Email: gregjensen@mcleodusa.net

12. **BINDING EFFECT.** The covenants and conditions herein contained and all of the provisions of this Agreement will inure to the benefit of and will be binding upon the Parties hereto, their respective heirs, representatives, successors or assigns. Owner agrees to contact any and all tenants of Lands or any other third parties utilizing the surface of the Lands that may be affected by Operator's activities on the Lands. It will be Owner's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant to this Agreement and for the payment of any consideration, if any, due such third party from Operator.

13. **CONFIDENTIALITY.** The Parties agree to keep the terms and conditions of this Agreement confidential and will not disclose such matters to any third party without the advance written consent of the other, or if ordered to do so in a legal proceeding. While the specific terms hereof are to remain confidential between the Parties, Operator may record a Memorandum of Agreement in Carbon County, Utah disclosing only that the parties have entered into a Surface Damage Agreement with provisions for the granting of rights-of-way for access roads and pipelines, covering the Lands. In the event said Memorandum of Agreement is placed of record, upon termination of this Agreement Operator shall file a notice that this Agreement has terminated.

14. **ENTIRE AGREEMENT.** This instrument contains the entire agreement between the Parties and may not be modified orally or in any other manner other than by agreement in writing signed by all Parties or their respective successors or assigns.

15. **TERM.** This Agreement will remain in full force and effect for so long as Operator has the right to conduct oil and gas operations on the Lands pursuant to the Leases; provided, however, that the termination of this Agreement will not relieve the Parties from their respective obligations or liabilities arising herein prior to such termination.

16. **CONFLICTING PROVISIONS.** To the extent that the damage provisions of underlying Leases conflict with this Agreement with respect to surface damages, the provisions of this Agreement shall control.

17. **SEVERABILITY.** If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect.

18. **COUNTERPARTS.** This Agreement may be executed by facsimile, in counterparts, each of which will be considered an original and enforceable against either Party.

19. **GOVERNING LAW AND VENUE.** This Agreement will be governed by, construed and enforced in accordance with the laws of Utah and any of its subdivisions.

20. **SUCCESSORS.** This Agreement constitutes a covenant running with the Lands and will be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, administrators, trustees, executors and assigns.

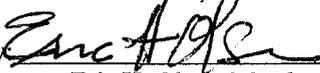
21. **AUTHORITY OF SIGNATORIES.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

22. **ATTORNEY'S FEES AND COSTS.** The Parties agree that the prevailing Party in any action resulting from a substantial breach of this Agreement will be entitled to its reasonable attorney's fees and costs incurred therein.

IN WITNESS WHEREOF, the Parties have set their hands, the day and year first written above.

OPERATOR

JAKE OIL of UTAH, LLC

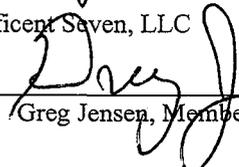
By: 
Eric H. Olsen, Member

OWNER:

Penta Creek, LLC

By: 
Greg Jensen, Member

Magnificent Seven, LLC

By: 
Greg Jensen, Member

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: JAKE OIL OF UTAH, LLC

Well Name: PENTA CREEK 23-7

Api No: 43-007-31303 Lease Type: FEE

Section 07 Township 14S Range 14E County CARBON

Drilling Contractor PETE MARTIN DRLG RIG # RATHOLE

SPUDDED:

Date 10/16/07

Time 9:30 AM

How DRY

Drilling will Commence: _____

Reported by JENNIFER OLSEN

Telephone # (435) 820-9004

Date 10/16/07 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: FEE
2. NAME OF OPERATOR: Jake Oil Of Utah LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 208 N. 29th St., Suite 230 Billings MT 59101		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630.04FNL 1500.3FEL S7 T14S T14E		8. WELL NAME and NUMBER: Penta Creek 23-7
O/T/R SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14S 14E 2		9. API NUMBER: 4300731303
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Wildcat
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>See Below</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.

Monthly Status - Waiting on SST #2 to drill CBM-State 22-14 to 10500'. Anticipate rig move November 15.

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

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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: 208 N. 29th St., Suite 230
city Billings
state MT zip 59101

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

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731303	PENTA CREEK 23-7		SWNE	7	14S	14E	CARBON
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16470	10/16/2007		11/20/07		
Comments: NEW WELL, CONDUCTOR ONLY AT THIS TIME. MRSN							

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:							

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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)

Eric Olsen - Jake Oil of Utah LLC

Name (Please Print)

Signature

President/Agent

Title

11/1/2007

Date

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		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
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:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Jake Oil of Utah LLC		8. WELL NAME and NUMBER: Penta Creek 23-7
3. ADDRESS OF OPERATOR: 208 N. 29th St., Suite 230 CITY Billings STATE MT ZIP _____		9. API NUMBER: 4300731303
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630.04FNL 1500.3FEL S7 T14S T14E		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14S 14E 2		COUNTY: Carbon
		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>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.

Set and cemented surface casing to 2019' with 9 5/8", 36# Pipe, and used 590 SKS of cement on October 30, 2007. Intend to move rig to location about January 1, 2008 or sooner.

NAME (PLEASE PRINT) <u>Erik Olson</u>	TITLE <u>Regulatory Specialist/Agent</u>
SIGNATURE	DATE <u>11/27/2007</u>

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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: FEE
			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: Penta Creek 23-7
2. NAME OF OPERATOR: Jake Oil of Utah LLC			9. API NUMBER: 4300731303
3. ADDRESS OF OPERATOR: PO Box 80806		CITY Billings STATE mt ZIP 59108	PHONE NUMBER: (406) 896-4953
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630.04'FNL 1500.3'FEL			10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14s 14e 2			COUNTY: Carbon
			STATE: UTAH

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TYPE OF SUBMISSION	TYPE OF ACTION		
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<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 1/10/2008	<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
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	<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.

No change from last report.

NAME (PLEASE PRINT) <u>Erik Olson</u>	TITLE <u>Agent/Regulatory Specialist</u>
SIGNATURE	DATE <u>1/10/2008</u>

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JAN 14 2008

DIV. OF OIL, GAS & MINING

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**NOTICE OF LATE REPORTING
DRILLING & COMPLETION INFORMATION**

Utah Oil and Gas Conservation General Rule R649-3-6 states that,

- Operators shall submit monthly status reports for each drilling well (including wells where drilling operations have been suspended).

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: 04/23/2008

Well:	API Number:	Drilling Commenced:
Penta Creek 23-7 <u>AS KE 7</u>	4300731303	10/16/2007

List Attached

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 contact Rachel Medina
at (801) 538-5260.

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		5. LEASE DESIGNATION AND SERIAL NUMBER:
		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:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Penta Creek 23-7	
2. NAME OF OPERATOR: Jake Oil	9. API NUMBER: 4300731303	
3. ADDRESS OF OPERATOR: 208 N 29th St. STE 230 Billings MT 59101	PHONE NUMBER: (406) 896-4953	10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1630 FNL 1500 FEL COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 7 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"/> DEEPEM	<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: 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.

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

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(5/2000)

(See Instructions on Reverse Side)

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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

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: Patmos Energy		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 7430 CITY Spanish Fort STATE AL ZIP 36577		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630 FNL 1500 FEL COUNTY: Carbon QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14S 14E S STATE: UTAH		8. WELL NAME and NUMBER: Penta Creek 23-7
PHONE NUMBER: (251) 626-6495		9. API NUMBER: 4300731303
		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		
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	<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.
Service set only. Waiting on available drilling rig, engineering assessment and pipeline infrastructure.

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

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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

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

WELL NAME	CA No.			Unit:				
	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
- Is the new operator registered in the State of Utah: _____ Business Number: 6117234-0160
- (R649-9-2)Waste Management Plan has been received on: _____ Requested 10/30/08
- Inspections of LA PA state/fee well sites complete on: n/a
- 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
- (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0010539
- 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: Jake Oil of Utah LLC (N 3040)		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 208 N 29th St. Ste 230 CITY Billings STATE MT ZIP 59101		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (406) 896-4953		8. WELL NAME and NUMBER: Penta Creek 23-7
4. LOCATION OF WELL		9. API NUMBER: 4300731303
FOOTAGES AT SURFACE: 1630 FNL 1500 FEL		10. FIELD AND POOL, OR WILDCAT:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 7 14S 14E S		COUNTY: Carbon
		STATE: UTAH

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

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	<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	

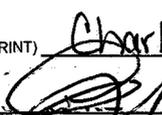
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Jake Oil to Patmos Energy LLC Name Change effective 2/27/08
(N3540) PO Box 7430
BOND No RUB0010539 Spanish Fort AL 36577

NAME (PLEASE PRINT) Charles K. Breland, Jr. TITLE Member

SIGNATURE  DATE 8-25-08

NAME (PLEASE PRINT) Charles K. Breland, Jr. TITLE Member

SIGNATURE  DATE 8-25-08

(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)

RECEIVED
SEP 15 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

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: Penta Creek 23-7
2. NAME OF OPERATOR: Patmos Energy		9. API NUMBER: 4300731303
3. ADDRESS OF OPERATOR: Po Box 7430 CITY Spanish Fort STATE AL ZIP 36577		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630 FNL 1500 FEL		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 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"/> 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"/> COMMINGLE 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.

Surface set only. Waiting on availability on drilling rig, engineering assessment and pipeline infrastructure.

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

(This space for State use only)

RECEIVED
DEC 23 2008

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: Patmos Energy		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: Po Box 7430 Spanish fort AL 36577		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (251) 626-6495		8. WELL NAME and NUMBER: Penta Creek 23-7
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630 FNL 1500 FEL		9. API NUMBER: 4300731303
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14S 14E S		10. FIELD AND POOL, OR 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 type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<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>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.

Surface set only. Waiting on availability on drilling rig, engineering assessment and pipeline 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)

(5/2000)

(See Instructions on Reverse Side)

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

145 14E 7

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

	Well Name	API	Lease Type	Years Inactive
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

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 Patmos Energy		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: Po Box 7430 Spanish Fort AL 36577		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (251) 626-6495		8. WELL NAME and NUMBER: Penta Creek 23-7
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1630 FNL 1500 FEL		9. API NUMBER: 4300731303
QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 7 14s 14e S		10. FIELD AND POOL, OR WILDCAT:

COUNTY: Carbon
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 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.
Surface set only. Waiting on availability on drilling rig, engineering assessment and pipeline infrastructure.

COPY SENT TO OPERATOR
Date: 5.4.2009
Initials: KS

NAME (PLEASE PRINT) <u>Leslee Stinson</u>	TITLE <u>office manager</u>
SIGNATURE <u>Leslee Stinson</u>	DATE <u>2-27-09</u>

(This space for State use only)

Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only
(See instructions on Reverse Side)

RECEIVED
MAR 03 2009

* Does not meet requirements of R649-3-36 DIV. OF OIL, GAS & MINING for extended SI/TA.



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 31303
Penta Creek 23-7
IAS IAE 7

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



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).

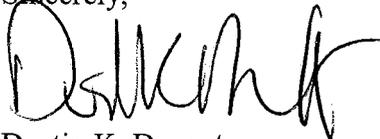
Please note that the Divisions preferred method for showing well integrity is by MIT.

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

	Well Name	API	Lease Type	Years Inactive
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

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT



TO THE FOLLOWING OPERATOR:

Operator Name: PATMOS ENERGY LLC
Mailing Address: Attn: Mr. Charles K. Breland Jr.
P.O. BOX 7430
SPANISH FORT, AL 36577

IAS IAE 7

- Well(s) or Site(s): 1) CBM 1 API #: 43-007-31179
2) CBM STATE 22-14 API #: 43-007-31299
→ 3) PENTA CREEK 23-7 API #: 43-007-31303

Date and Time of Inspection/Violation: January 31, 2013

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells – According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3 Bonding – If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36, *Shut-in and Temporarily Abandoned Wells*, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restorations costs.

Rule R649-3-4.41 Bonding – Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

The Division has initiated several contacts with Patmos Energy LLC (Patmos) requesting required documents and action per R649-3-36. All wells listed have previously been issued SI/TA Notices without the required work being accomplished or information submitted to bring these wells into compliance.

These wells are in violation of R-649-3-36 as listed above. The Division requires Patmos to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Patmos submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

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

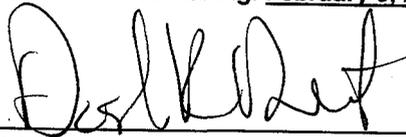
Immediate Action: For the wells subject to this notice, Patmos shall fulfill full cost bonding requirements for each well. Patmos shall also submit all information as required by R649-3-36 or plug and abandon or place the well(s) on production.

*** 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.

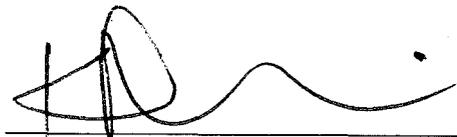
8. If there is any information, evidence, or statement that should be reviewed prior to the hearing, Patmos should submit it to the Division at the address noted below so that it may be considered and made a part of the record. Upon request and to the extent permitted by law, the Division will provide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

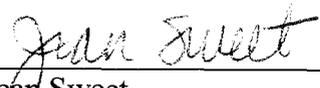
CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 4th 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

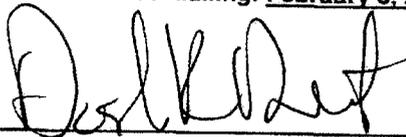
Immediate Action: For the wells subject to this notice, Patmos shall fulfill full cost bonding requirements for each well. Patmos shall also submit all information as required by R649-3-36 or plug and abandon or place the well(s) on production.

*** 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, re-enter 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 SURFACE HOLE

2. NAME OF OPERATOR: Patmos Energy

3. ADDRESS OF OPERATOR: PO Box 7430 Spanish Fort AL. 36577 PHONE NUMBER: _____

4. LOCATION OF WELL: FOOTAGES AT SURFACE: _____ COUNTY: CARBON

5. LEASE DESIGNATION AND SERIAL NUMBER: _____

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

7. UNIT or CA AGREEMENT NAME: _____

8. WELL NAME and NUMBER: Penta Creek 23-7

9. API NUMBER: 43-007-31303

10. FIELD AND POOL OR WILDCAT: WILCAT

11. QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SW/NE, S7-14S-R14E 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 type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" 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.

ON OR AROUND Sept. 1st 2014, move ON location MDWT & RTH WITH wireline sinker BAR to tag casing shoe @ 2019' POOH Record Depth, set CIBP @ 100' +/-, Ris/Up & SWAB Fluid to CIBP Lay out tubing, TOP Fill casing with 2yds of neat cement with 12% excess, set over night, visually check cement (top out with slickerect 15 cement FALLS) cut off WH @ 3' Down from GL weld on Plate with Regrived Info

Patmos Energy
Penta Creek 23-7
CARBON County UTAH
SW/NW
API 43-007-31303

Cover & clear Location

COPY SENT TO OPERATOR
Date: 9-22-2014
Initials: KS

NAME (PLEASE PRINT) Bo Stinson TITLE CONSULTANT

SIGNATURE [Signature] DATE 8-27-14

(This space for State use only)

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

DATE: 9/9/2014 (Print name on Reverse Side)

BY: [Signature]

* See Conditions of Approval (Attached)

RECEIVED
SEP 09 2014
DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

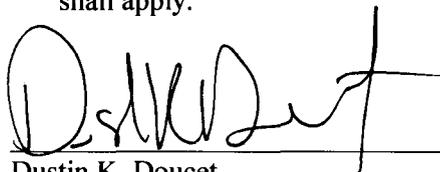
JOHN R. BAZA
Division Director

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number: Penta Creek 23-7
API Number: 43-007-31303
Operator: Patmos Energy LLC
Reference Document: Original Sundry Notice dated August 27, 2014,
received by DOGM on September 9, 2014.

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. Call for orders if surface shoe is not tagged @ or above 2019'.
3. All annuli shall be cemented from a minimum depth of 100' to the surface.
4. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.
5. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
6. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.
7. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.



Dustin K. Doucet
Petroleum Engineer

September 9, 2014

Date

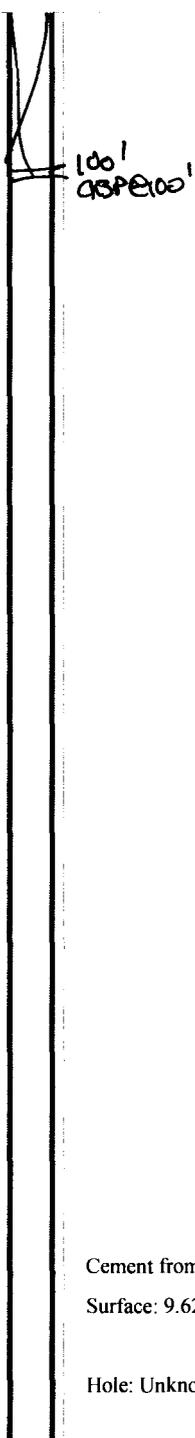


Wellbore Diagram

API Well No: 43-007-31303-00-00 Permit No: Well Name/No: PENTA CREEK 23-7
 Company Name: PATMOS ENERGY LLC
 Location: Sec: 7 T: 14S R: 14E Spot: SWNE
 Coordinates: X: 552561 Y: 4386275
 Field Name: WILDCAT
 County Name: CARBON

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity ^{gal} /ft
SURF	2019	9.625	36		2.304



Plug #1

$$100' / (1.15 \times 2.304) = 38.5x = 244 \text{ cf} = 1.6 \text{ cy}$$

propose 2 cy ✓ OK.

* Annulus 100' to surface
 ** Call for orders if surface shoe not tagged @ or above 2019'

Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
SURF	2019	0	UK	590

Perforation Information

Formation Information

Formation	Depth
PRRV	0
BLKHK	4100

Cement from 2019 ft. to surface

Surface: 9.625 in. @ 2019 ft.

Hole: Unknown

TD:

TVD:

PBTD:

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Surface Hole</u>		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Patmos Energy		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P.O. Box 7430 CITY <u>Spanish Fort</u> STATE <u>AL</u> ZIP <u>36577</u>		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: <u>Carbon</u>		8. WELL NAME and NUMBER: Penta Creek 23-7
QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>SWNE 7 14 14E</u> STATE: <u>UTAH</u>		9. API NUMBER: 4300731303
		10. FIELD AND POOL, OR WILDCAT: Wildcat

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>11/2/2016</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 checked="" 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.

MIRU on Penta Creek 23-17
RIH with wireline & tag PBTD (2,019' +/-)
Remove well head assembly & cut casing down to 4' BGL
Rig up water truck to cement mixing/pumping unit
Dig trench from cellar to mud pit (to catch water returns)
install 4 sacks of 3/8" bentonite chips down annulus
top off backside with cement to surface, field tag @ 90' (110 sks.?)
RIH (9 5/8) w/coil tubing to 100'
Mix & pump 34 sks (balance) cement to surface
Wash out CT and pump
Weld on flat P&A plate w/well info to 9 5/8" casing
backfill mouse and rat-hole
dig out cellar & backfill
Rig down move out
remove & dispose of all trash, remove mud pit fencing & reclaim mud pit with original excavated material

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

Date: 11/1/2016

By: [Signature]

Conditions of Approval attached

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

DIV. OF OIL, GAS & MINING

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number: Penta Creek 23-7
API Number: 43-007-31303
Operator: Patmos Energy
Reference Document: Original Sundry Notice dated October 27, 2016;
received by DOGM on October 31, 2016.

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. Call for orders if PBSD is not tagged @ or above 2019'.
3. All annuli shall be cemented from a minimum depth of 100' to the surface.
4. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.
5. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
6. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (office) or 801-733-0983 (home) prior to continuing with the procedure.
7. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.



Dayne K. Doucet
Petroleum Engineer

November 1, 2016
Date