

ALKER EXPLORATION L.L.C.

155 MONTGOMERY, SUITE 504
SAN FRANCISCO, CA 94104

OFFICE: (415) 981-0769
FAX: (415) 788-6544

July 26, 2001

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

RE: Application for Permit to Drill (APD)
Alker exploration #1
Location: 2022' FSL – 911' FWL, nw/4 sw/4 Sec 8 – T20S – R7E SLB&M
Emery County, Utah

To whom it may concern:

Alker Exploration L.L.C. requests approval to drill an exploratory well to test the Ferron formation. Alker Exploration requests confidential status of this well and all information pertaining to it. The attached APD includes the following:

- Application For Permit To Drill
- Telephone numbers of persons to contact
- Plat, Location Layout, Map
- Sources of water used for drilling
- Estimated Tops of important geologic markers
- Estimated depths t which the top and bottom of anticipated water, oil, gas
- Pressure control equipment specifications
- Casing program, cementing program, logging program
- Circulating system
- Thirteen Point Surface Use Plan

If you require any additional information or have any questions concerning the approval of this APD contact Steve Lund at (435) 650-0270

Sincerely:


Henry Alker

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AUG 03 2001

DIVISION OF
OIL, GAS AND MINING

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

FORM 3
AMMENDED REPORT

APPLICATION FOR PERMIT TO DRILL

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1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
2. NAME OF OPERATOR: ALKER EXPLORATION L.L.C.		7. UNIT OR CA AGREEMENT NAME: N/A	
3. ADDRESS OF OPERATOR 155 MONTGOMERY, SUITE 504 CITY SAN FRANCISCO STATE CA ZIP 94104		PHONE (415) 981-0769	8. WELL NAME and NUMBER: Alker Exploration #1
4. LOCATION OF WELL (FOOTAGES) AT SURFACES: 2022' FSL - 911' FWL AT PROPOSED PRODUCING ZONE:		9. FIELD AND POOL, OR WILDCAT: Ferron	
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: APPROX. 1 MILE WEST OF FERRON, UTAH		10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN NW/4 SW/4 Sec 8 - T20S - R7E SLB&M	11. COUNTY EMERY
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 670'		15. NUMBER OF ACRES IN LEASE: 120	12. STATE UTAH
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) APPROX. 1 MILE		16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	18. PROPOSED DEPTH: 2100.00 FEET
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6000'		19. BOND DESCRIPTION: CASH	21. APPROXIMATE DATE WORK WILL START: 9/1/2001
		22. ESTIMATED DURATION: 10 DAYS	

4326977N
485673E

23 PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE	GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE	QUALITY, YIELD, AND SLURRY WEIGH
<p>* SEE ATTACHED DRILLING PROGRAM</p> <p>* ALL WATER USED TO DRILL WILL BE PURCHASD FROM THE CITY OF FERRON, UTAH OR THE LAND OWNER. IF WATER IS PURCHASED FROM LAND OWNER THE WATER RIGHTS APPROPRIATION NUMBER SHALL BE SUPPLIED</p>					

loc. ch. 2-602

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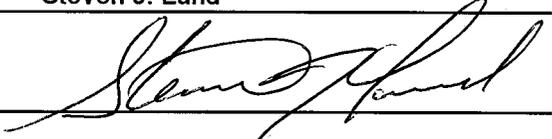
24 ATTACHMENTS

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 WATER	<input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

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DIVISION OF
OIL, GAS AND MINING

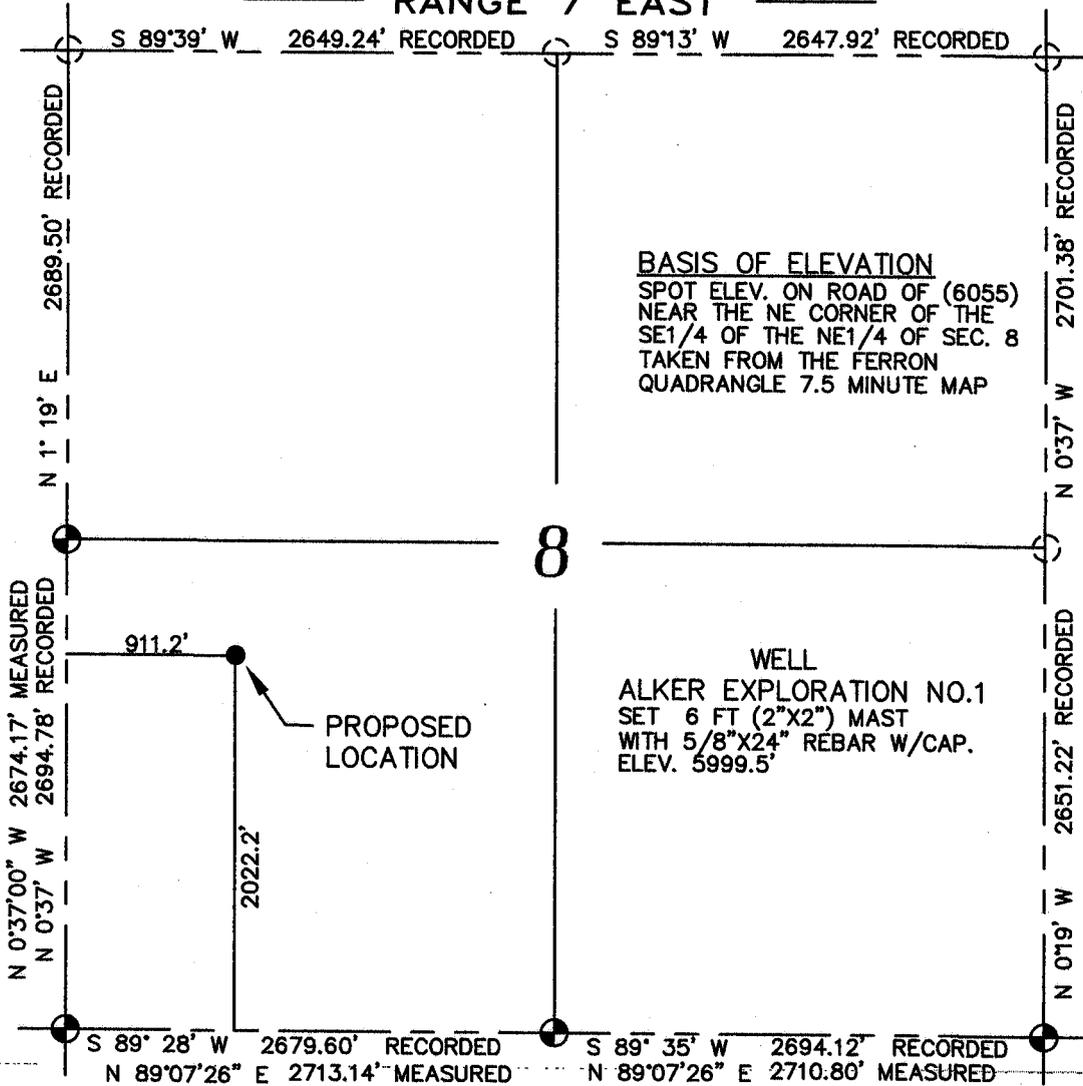
NAME (PLEASE PRINT) <u>Steven J. Lund</u>	TITLE <u>consultant / engineer</u>
SIGNATURE 	DATE <u>7/26/01</u>

(THIS SPACE FOR STATE USE ONLY)

API NUMBER ASSIGNED <u>43-015-30255</u>	APPROVAL: _____
---	-----------------

RANGE 7 EAST

TOWNSHIP 20 SOUTH



BASIS OF ELEVATION
 SPOT ELEV. ON ROAD OF (6055)
 NEAR THE NE CORNER OF THE
 SE1/4 OF THE NE1/4 OF SEC. 8
 TAKEN FROM THE FERRON
 QUADRANGLE 7.5 MINUTE MAP

WELL
 ALKER EXPLORATION NO.1
 SET 6 FT (2"X2") MAST
 WITH 5/8"X24" REBAR W/CAP.
 ELEV. 5999.5'



LEGEND

- ⊙ FOUND BRASS CAP OR WITNESS CORNERS
- CORNERS NOT SEARCHED FOR

BASIS OF BEARING

BASIS OF BEARING IS N 0° 37'00" W (GLO RECORDED)
 BEARING, BETWEEN THE SW CORNER AND THE W1/4 CORNER
 OF SAID SECTION 8.

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ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NO. 145656 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE TRACT OF GROUND SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Evan E. Hansen July 9, 2001
 EVAN E. HANSEN DATE

NW4 SW4 SEC. 8, T 20 S, R 7 E, S.L.B.& M.

Empire Engineering, Inc.

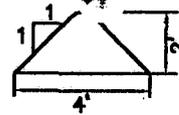
1665 E. Sagewood Rd. Price, Utah 84501

ALKER EXPLORATION NO. 1

Drawn By: EH	Approved By: EEH	Drawing No. EEOG-07-01
Date: 07-05-2001	Scale: 1"=1000'	SHEET 1 OF 3

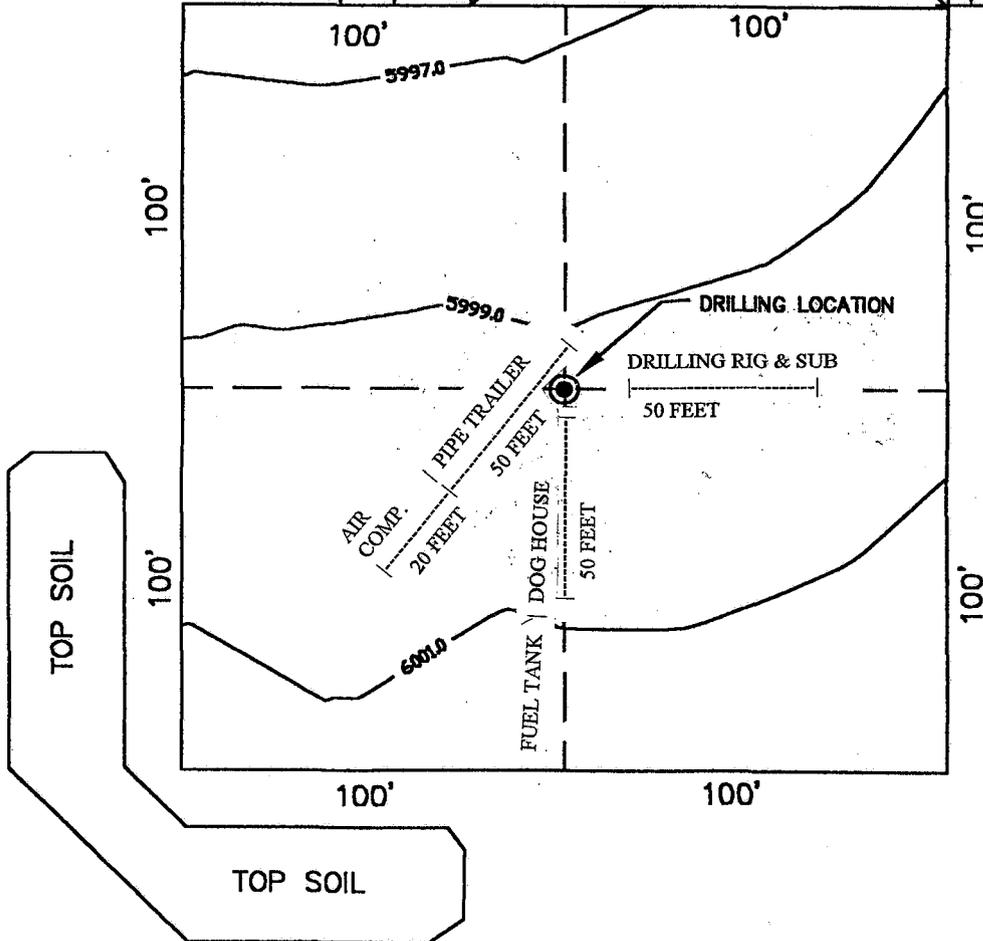
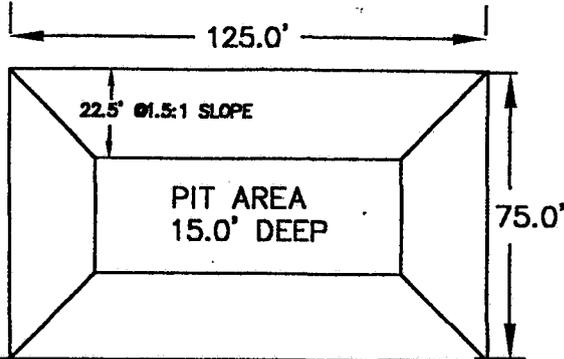


SCALE: 1" = 50'



TYP. BERM SURROUNDING PAD
5/8" X 24" REBAR WITH 4' LATH SET ON ALL CORNERS

PROPOSED 14' ACCESS ROAD



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ALKER EXPLORATION L.L.C.

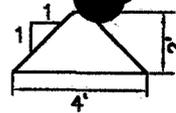
ALKER EXPLORATION NO.1

NW1/4 SW1/4 SEC. 8, T 20 S, R 7 E, S.L.B.& M.

LOCATION LAY OUT

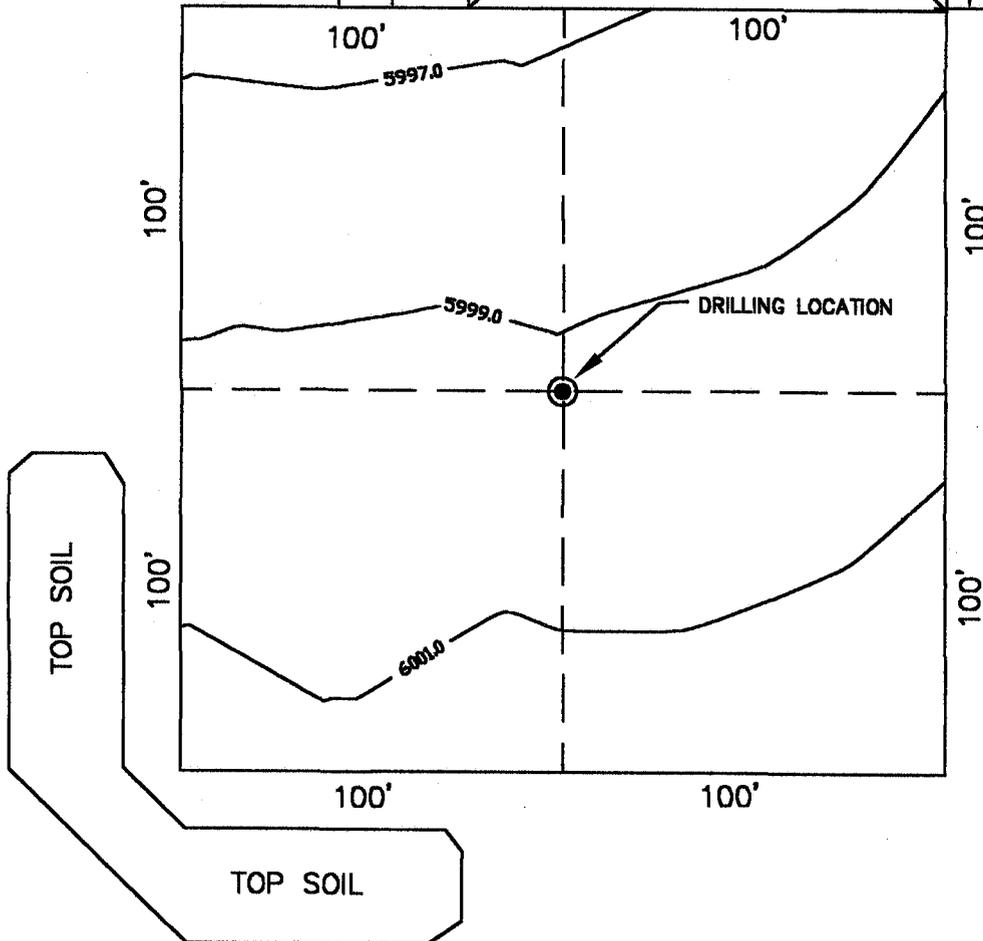
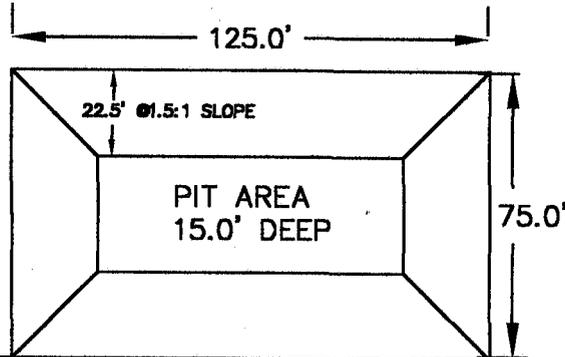


SCALE: 1" = 50'



TYP. BERM
SURROUNDING PAD
5/8" X 24" REBAR WITH 4"
LATH SET ON ALL CORNERS

PROPOSED 14' ACCESS ROAD



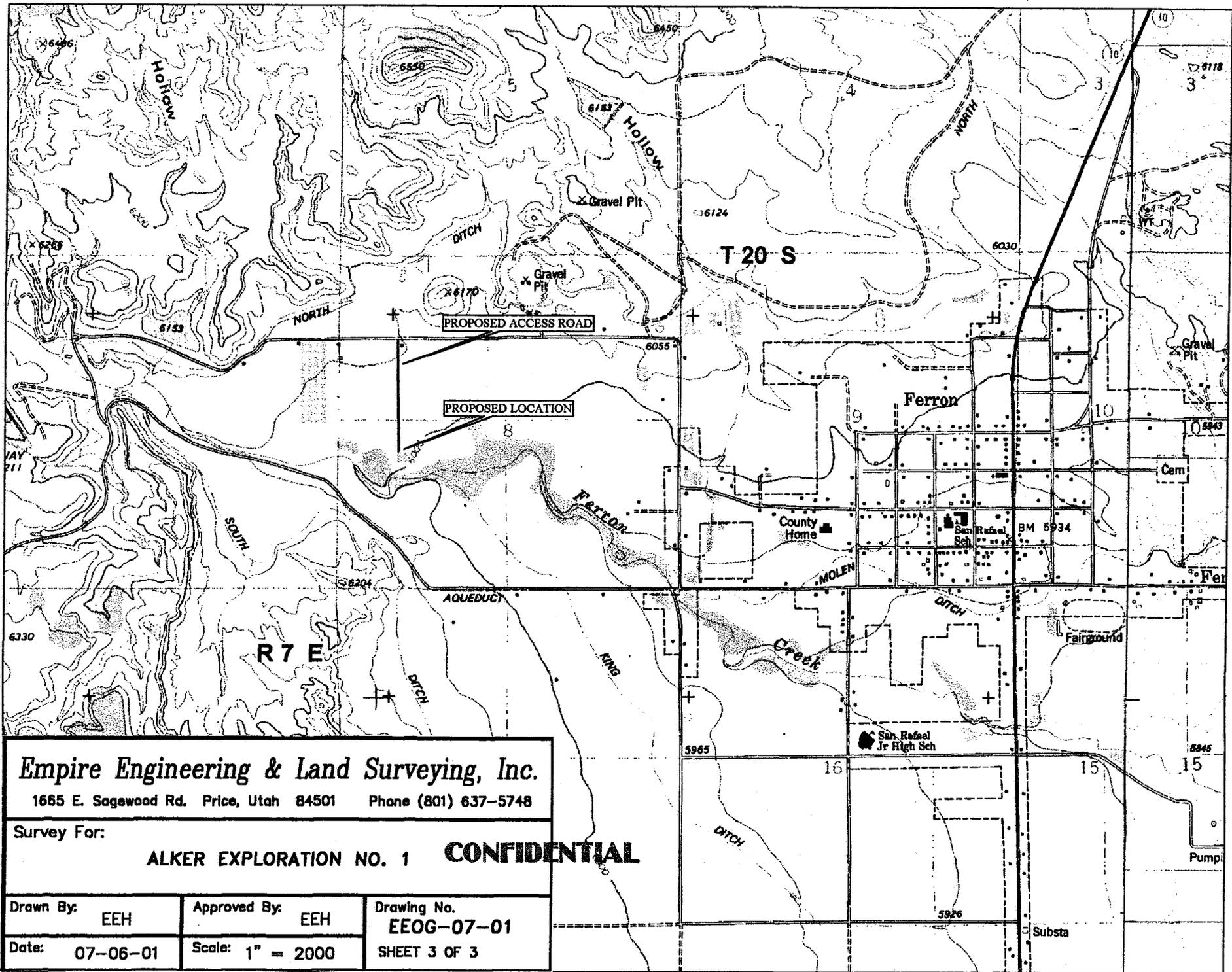
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Empire Engineering, Inc.
1665 E. Sagewood Rd. Price, Utah 84501

ALKER EXPLORATION NO.1
NW1/4 SW1/4 SEC. 8, T 20 S, R 7 E, S.L.B.& M.

Drawing No.
EEOG-07-01
SHEET 2 OF 3



Empire Engineering & Land Surveying, Inc.

1665 E. Sagewood Rd. Price, Utah 84501 Phone (801) 637-5748

Survey For:

ALKER EXPLORATION NO. 1 CONFIDENTIAL

Drawn By:

EEH

Approved By:

EEH

Drawing No.

EEOG-07-01

Date:

07-06-01

Scale:

1" = 2000

SHEET 3 OF 3

DRILLING PROGRAM

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OPERATOR: ALKER EXPLORATION L.L.C.
LEASE NAME: ALKER EXPLORATION #1
LEASE NUMBER: FEE
LOCATION: ~~2022' FSL - 911' FWL~~ SECTION 8 - T20S - R7E, SLB&M, EMERY CO., UT.

IF THE WELL IS UNPRODUCTIVE / NON-COMMERCIAL IT WILL BE PLUGGED ACCORDING TO STATE OF UTAH REQUIRMENTS, AND THE SURFACE WILL BE RESTORED ACCORDING TO LAND OWNERS REQUIRMENTS

1. **ESTIMATED TOPS OF GEOLOGIC MARKER:**

THE ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS ARE AS FOLLOWS:

<u>FORMATION</u>	<u>DEPTH (FT)</u>	<u>SUBSEA (FT.)</u>
BLUEGATE SHALE	50	+6280
FERRON FM.	1550	+4780
T.D.	2100	+4230

2. **ESTIMATED DEPTHS OF ANTICIPATED OIL, GAS, WATER, OR OTHER MINERAL BEARING ZONES**

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>DEPTH (FT.)</u>
WATER, GAS	FERRON COALS	1550
GAS	FERRON SANDSTONES	1550
OIL	N/A	
OTHER MINERALS	N/A	

ALL FRESH WATER AND PROSPECTIVLEY VALUABLE MINERALS ENCOUNTERED DURING DRILLING, WILL BE RECORDED BY DEPTH AND ADEQUATLEY PROTECTED. ALL OIL AND GAS SHOWS WILL BE TESTED TO DETERMINE COMMERCIAL POTENTIAL.

ALL WATER SHOWS AND WATER -BEARING SANDS WILL BE REPORTED TO THE STATE OF UTAH, ON FORM OGC-8-X

3. CASING PROGRAM

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THE PROPOSED CASING PROGRAM WILL BE AS FOLLOWS:

<u>PROPOSE</u>	<u>DEPTH (FT.)</u>	<u>HOLE (IN.)</u>	<u>O.D. (IN.)</u>	<u>WEIGHT (#./FT.)</u>	<u>GRADE</u>
SURFACE	0-300	11	8-5/8	24	K-55
PRODUC.	0-2100	7-7/8	5-1/2	17	N-80

4. CEMENT PROGRAM

THE CEMENT PROGRAM WILL BE AS FOLLOWS:

SURFACE TYPE AND AMOUNT

0-300' CEMENT TO SURFACE WITH 145 SKS OF CLASS "G" CEMENT *1.15 yield*

PRODUCTION TYPE AND AMOUNT

0-2100' CEMENT TO SURFACE WITH 135 SKS OF 50/50 POZ CEMENT. *14.3 ppg 1.27 cf/sk*
FOLLOWED WITH 175 SKS OF CLASS "G" CEMENT WITH FRICTION
REDUCER AND RETARDER ADDITIVES. *15.6 ppg 1.18 cf/sk*

*Per Steve Lund 8/17/10
DSD*

5. DRILLING FLUIDS

ALL WATER WILL BE PURCHASED FROM THE CITY OF FERRON, UTAH OR FROM THE LAND OWNER.

THE PROPOSED CIRCULATING MEDIUMS TO BE EMPLOYED IN DRILLING ARE AS FOLLOWS:

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>MUD WT. (PPG)</u>	<u>VISC.</u>
0-1550'	AIR	---	---
1550 -1750'	FRESH WATER GEL	8.4 - 8.8	---
1750 - 2100'	AIR	---	---

6. TESTING, LOGGING AND CORING

THE ANTICIPATED TYPE AND AMOUNT OF TESTING, LOGGING AND CORING ARE AS FOLLOWS:

A. NO DRILL STEM TEST ARE PLANNED

- B. THE LOGGING PROGRAM WILL CONSIST OF A GR-LDT-CNL LOG FROM 1000' – 2100'. AN SP-SFL-DIL LOG WILL BE RUN FROM T.D. TO 500'. A SONIC-LOG WILL BE RUN FROM T.D. TO SURFACE.
- C. NO CORES ARE PLANNED

7. SPUD DATE/DRILLING TIME

- A. DRILLING IS PLANNED TO COMMENCE UPON APPROVAL OF THE APD. THE ESTIMATED SPUD DATE IS **SEPTEMBER 1, 2001**. DRILLING WILL CONTINUE AFTER SPUDDING UNTIL T.D. IS REACHED.
- B. IT IS ANTICIPATED THAT DRILLING WILL TAKE APPROXIMATELY 10 DAYS.

8. ROAD USE / WATER SOURCE

- A. ALL ACCESS IS LOCATED ON STATE OR PRIVATE ROADS.
- B. AT THE REQUEST OF THE SURFACE OWNER, ANY ACCRESS ROADS CONSTRUCTED ON PRIVATE LANDS WILL BE LEFT AFTER THE DRILLING OF THE WELL, AND WILL NOT BE RECLAIMED IF THE WELL ECONOMICALLY PRODUCES OIL OR GAS. IF THE WELL IS NOT PRODUCTIVE, THE WELL PAD AND ACCESS ROAD WILL BE RECLAIMED TO ITS ORIGINAL CONDITION.
- C. SINCE THE WELL IS BEING DRILLD PRIMARILY BY AIR, LIMITED QUANTIES OF WATER WILL BE NECESSARY. WATER FOR DRILLING WILL BE OBTAINED FROM A LOCAL WATER HAULER, WHO WILL OBTAIN IT FROM LOCAL SOURCES.

9. BOP EQUIPMENT

BOP MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL EQUIPMENT ARE AS FOLLOWS:

RAM TYPE: 11" HYDRAULIC DOUBLE, 2000 PSI W.P.

RAM TYPE PREVENTERS AND ASSOCIATED EQUIPMENT SHALL BE TESTED TO APPROVED STACK WORKING PRESSURE IF ISOLATED BY TEST PLUG OR 70 PERCENT OF INTERNAL YIELD PRESSURE OF CASING. PRESSURE SHALL BE MAINTAINED FOR AT LEAST 10 MINUTES OR UNTIL REQUIRMENTS OF TEST ARE MET, WHICHEVER IS LONGER. IF A TEST PLUG IS UTILIZED, NO BLEED-OFF PRESSURE IS ACCEPTABLE. FOR A TEST NOT UTILIZING A TEST PLUG, IF A DECLINE IN PRESSURE OF MORE THAN 10 PERCENT IN 30 MINUTES OCCURS, THE TEST SHALL BE CONSIDERED TO HAVE FAILED. A VALVE ON THE CASING HEAD BELOW TEST PLUG SHALL BE OPEN DURING THE BOP STACK TEST.

AS A MINNIMUM, THE ABOVE TEST SHALL BE PERFORMED:

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- A. WHEN INITIALLY INSTALLED
- B. WHENEVER ANY SEAL SUBJECT TO TEST PRESSURE IS BROKEN
- C. FOLLOWING RELEATED REPAIRS
- D. AT 30 DAY INTERVALS

VALVES SHALL BE TESTED FROM WORKING PRESSURE SIDE DURING BOPE TESTS WITH ALL DOWNSTREAM VALVES OPEN.

WHEN TESTING THE KILL LINE VALVE(S), THE CHECK VALVE SHALL BE HELD OPEN OR THE BALL REMOVED.

PIPE AND BLIND RAMS SHALL BE ACTIVATED EACH TRIP, HOWEVER, THIS FUNCTION NEED NOT BE PERFORMED MORE THAN ONCE A DAY.

A BOPE PIT LEVEL DRILL SHALL BE CONDUCTED WEEKLY FOR EACH DRILLING CREW.

PRESSURE TESTS SHALL APPLY TO ALL RELATED WELL CONTROL EQUIPMENT.

ALL OF THE ABOVE DESCRIBED TESTS AND/OR DRILLS SHALL BE RECORDED IN THE DRILLING LOG. TEST CHARTS, WITH INDIVIDUAL TEST RESULTS IDENTIFIED SHALL BE MAINTAINED ON LOCATION WHILE DRILLING AND SHALL BE MADE AVAILBALE TO A STATE OR BLM REPRESENTATIVE UPON REQUIEST. PRESSURE TESTS SHALL APPLY TO ALL RELATED WELL CONTROL EQUIPMENT.

BOP SYSTEMS SHALL BE CONSISTENT WITH API RP53. PRESSURE TESTS WILL BE CONDUCTED BEFORE DRILL ING OUT FROM UNDER CASING STRINGS WHICH HAVE BEEN SET AND CEMENTED IN PLACE. BLOWOUT PREVENTER CONTROLS WILL BE INSTALLED PRIOR TO DRILLING THE SURFACE CASING PLUG AND WILL REMAIN IN USE UNTIL THE WELL IS COMPLETED OR ABANDONED. PREVENTERS WILL BE INSPECTED AND OPERATED AT LEAST DAILY TO ENSURE GOOD MECHANICAL WORKING ORDER, AND THIS INSPECTION WILL BE RECORDED ON THE DAILY DRILLING REPORT. PEVENTERS WILL BE PRESSURE TESTED BEFORE DRILLING CASING CEMENT PLUGS.

- A. THE SIZE AND RATING OF THE BOP STACK IS SHOWN ON THE ATTACHED DIAGRAM. THE RIG CHOSEN TO DRILL THIS WELL IS EQUIPED WITH AN 11" - 2000 PSI WORKING PRESSURE BLOWOUT PREVENTER. IF THE RIG'S BOP FAILS THE ABOVE TESTING PROCEDURES A BOP WILL BE LEASED FROM A SERVICE COMPANY THAT WILL BENCH TEST THE BOP STACK PRIOR TO SHIPPING IT TO THE DRILLING LOCATION. THE RENTED BOP WILL THEN BE SUBJECTED TO THE ABOVE TESTING PROCEDURES

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- B. A CHOKE LINE AND A KILL LINE ARE TO BE PROPERLY INSTALLED. "THE KILL LINE IS NOT TO BE USED AS A FILL UP LINE."
- C. THE ACCUMULATOR SYSTEM SHALL HAVE A PRESSURE CAPACITY TO PROVIDE FOR REPEATED OPERATION OF HYDRAULIC PREVENTORS.
- D. DRILL STRING SAFETY VALVES, TO FIT ALL TOOLS IN THE DRILL STRING ARE TO BE MAINTAINED ON THE RIG FLOOR WHILE DRILLING OPERATIONS ARE IN PROGRESS.

10. **ABNORMAL PRESSURES AND H₂S GAS**

- A. NO ABNORMAL CONDITIONS ARE ANTICIPATED: FORMATION IS SLIGHTLY OVER-PRESSURED. THE ESTIMATED BOTTOM-HOLE PRESSURE IS 1000 PSI. NO ABNORMAL TEMPERATURES ARE ANTICIPATED.
- B. NO HYDROGEN SULFIDE GAS IS ANTICIPATED, HOWEVER, WIND DIRECTION FLAGGING WILL BE USED TO DETERMINE CURRENT WIND DIRECTION.

11. **SURFACE OWNERSHIP**

THE SURFACE OWNER FOR THIS DRILLSITE IS:

IRMA P. SNOW TRUSTEE
P.O. BOX 69
FERRON, UT. 84523

12. **LESSEE'S OR OPERATORS REPRESENTATIVE**

PERMIT MATTERS

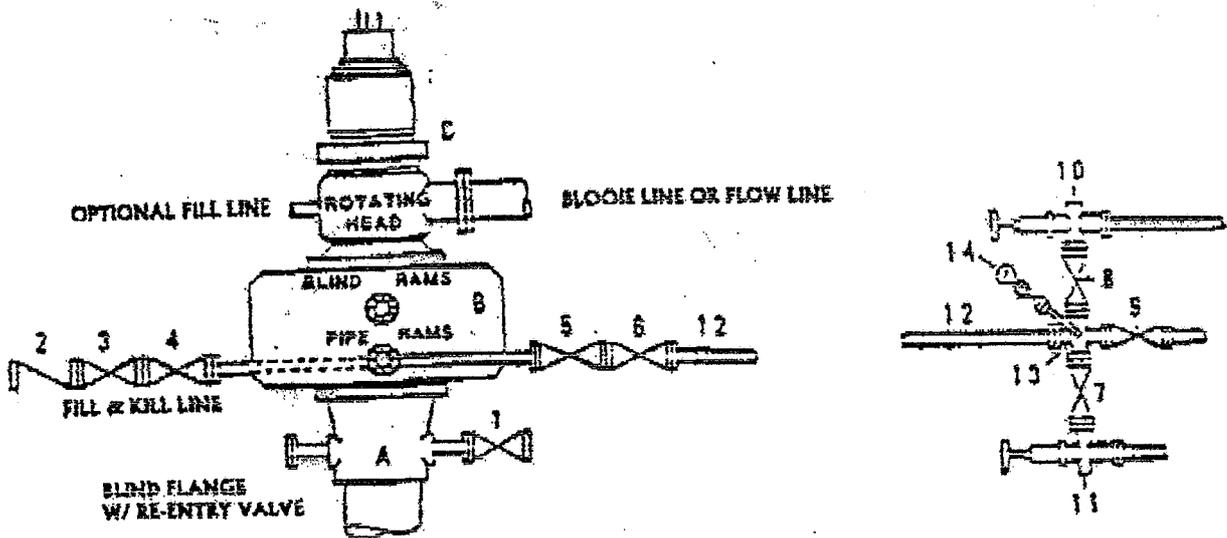
HENRY ALKER
155 MONTGOMERY STREET,
SUITE 504
SAN FRANCISCO, CA 94104
OFFICE: (415) 981 - 0769
FAX: (415) 788 - 6544

DRILLING AND COMPLETIONS MATTERS

STEVEN J. LUND
97 NORTH MAIN
MANTI, UTAH 84642
OFFICE: (435) 835 - 4248
MOBILE: (435) 650 - 0270

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ALKER EXPLORATION L.L.C.
TYPICAL 2000 p.s.i.
BLOWOUT PREVENTER SCHEMATIC
FOR AIR DRILLING



DRILLING CONTROL

MATERIAL LIST*

- A Texaco Wellhead.
- B 2000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 2000# W.P. control lines (where sub-structure height is adequate, 2 - 2000# W.P. single ram type preventers may be utilized).
- C Rotating head with rammed Bleed Line (optional fill up outlet).
- 1, 3, 4 2" minimum 2000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
- 2 2" minimum 2000# W.P. back pressure valve.
- 5, 6, 9 2" minimum 2000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve.
- 12 2" minimum schedule 80, Grade "B", seamless line pipe.
- 13 2" minimum x 2" minimum 2000# W.P. flanged cross.
- 10, 11 2" minimum 2000# W.P. adjustable choke bodies.
- 14 Cameron Mud Gauge or equivalent (location optional in choke line).
- 15 2" minimum 2000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve.

*(OR EQUIVALENT)

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THIRTEEN POINT SURFACE USE PLAN

OPERATOR: ALKER EXPLORATION L.L.C.
LEASE NAME: ALKER EXPLORATION #1
LEASE NUMBER: FEE
LOCATION: ~~2022-2 FSL-944-2~~ FWL SEC. 8, T20S, R7E, SLPM, EMERY CO., UT.

1. EXISTING ROADS.

- A. THE PROPOSED WELL SITE IS LOCATED APPROXIMATELY 2.3 MILES WEST OF FERRON, UTAH
- B. DIRECTIONS FROM FERRON ARE AS FOLLOWS:
FROM MAIN STREET TURN WEST ON TO 100 NORTH MILL ROAD, PROCEED WEST APPROXIMATELY 1 MILE. TURN RIGHT (NORTH) ONTO 800 WEST AND PROCEED 0.4 MILES NORTH TO A 90 DEGREE TURN. 800 NORTH TURNS IN TO MILL ROAD AT THIS 90 DEGREE TURN. PROCEED WEST ON MILL ROAD 0.9 MILES. THE ACCESS ROAD BEGINS WEST OF THE FERRON WATER TREATMENT BUILDING. THE ACCESS ROAD FOR THIS WELL WILL REQUIRE 2000 FEET OF NEW ACCESS ROAD.
- C. MINOR IMPROVMENTS, GRADING ETC. WILL BE NECESSARY ON EXISTING ACCESS ROAD.
- D. THE EXISTING ACCESS ROAD WILL BE MAINTAINED IN GOOD REPAIR DURING ALL DRILLING AND COMPLETION OPERATIONS ASSOCIATED WITH THIS WELL.
- E. EXISTING ROADS AND THE EXISTING ACCESS ROAD UNDER THE JURISDICTION OF ANY SURFACE MANAGING AGENCY SHALL BE MAINTAINED IN ACCORDANCE WITH THE STANDARDS OF S.M.A
- F. A SURFACE USE AGREEMENT WITH IRMA P. SNOW TRUSTEE AND TRACY BEHLING AND JOHN LEMON, SURFACE OWNERS, HAS BEEN NEGOTIATED FOR RIGHT OF WAY USE OF THE EXISTING ACCESS ROAD.

2. PLANNED ACCESS ROAD

- A. APPROXIMATELY 2000 FEET OF ACCESS ROAD ON FEE GROUND IS PLANNED FOR THE SUBJECT WELL. THE ROAD WILL BE FLATBLADED WITH A RUNNING SURFACE OF APPROXIMATELY 14 FEET. IF NECESSARY APPROPRIATE WATER CONTROL CULVERTS WILL BE

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INSTALLED TO CONTROL EROSION. CONSTRUCTION WILL NOT CHANGE THE EXISTING DRAINAGE. 1.5 FEET OF ADDITIONAL DIRT WILL BE LAYED OVER ALL UNDER GROUND WATER SUPPLY AND GAS SUPPLY LINES CROSSING THE ACCESS ROAD.

- B. THE ROAD WILL BE UPGRADED AND MAINTAINED AS REQUIRED BY THE S.M.A.
- C. MAXIMUM GRADE WILL BE 8%
- D. TURNOUTS WILL BE CONSTRUCTED AS REQUIRED BY S.M.A.
- E. LOW WATER CROSSINGS WILL BE INSTALLED ALONG THE ACCESS WHERE NEEDED
- F. SURFACING MATERIAL WILL BE DEPENDENT UPON S.M.A. REQUIREMENTS
- G. GATES WILL BE INSTALLED AS NECESSARY, AS PER SURFACE USE AGREEMENT WITH SURFACE OWNER
- H. SURFACE DISTURBANCE AND VEHICULAR TRAVEL WILL BE LIMITED TO THE APPROVED LOCATION AND APPROVED ACCESS ROUTE. ANY ADDITIONAL AREA NEEDED WILL BE APPROVED IN ADVANCE

3. **LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION**

- A. WATER WELLS: NONE
- B. INJECTION WELLS: NONE
- C. PRODUCING WELLS: 1: FERRON CREEK #2 (SOW)
- D. DRILLING WELLS: NONE

4. **LOCATION OF TANK BATTERIES AND PRODUCTIN FACILITIES**

- A. ALL PERMANENT STRUCTURES (ONSITE FOR SIX MONTHS OR LONGER) CONSTRUCTED OR INSTALLED (INCLUDING OIL WELL PUMP JACKS) WILL BE PAINTED A NEUTRAL COLOR TO BLEND WITH THE SURROUNDING ENVIRONMENT. FACILITIES REQUIRED TO COMPLY WITH THE OCCUPATIONAL SAFETY AND HEALTH ACT (OSHA) WILL BE EXCLUDED.
- B. IF STORAGE FACILITIES/TANK BATTERIES ARE CONSTRUCTED ON THIS LEASE, THE FACILITY/BATTERY OR WELLPAD SHALL BE SURROUNDED BY A CONTAINMENT DIKE. THIS CONTAINMENT DIKE

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WILL BE OF SUFFICIENT CAPACITY TO CONTAIN AT A MINIMUM, THE ENTIRE CONTENT OF THE LARGEST TANK WITHIN THE FACILITY/BATTERY, UNLESS MORE STRINGENT PROTECTIVE REQUIREMENTS ARE DEEMED NECESSARY AND APPROPRIATE BY THE AUTHORIZED OFFICER.

- C. ALL LOADING LINE WILL BE PLACED INSIDE THE BERM SURROUNDING THE TANK BATTERY.
- D. GAS MEASUREMENT DEVICES WILL BE LOCATED IN ACCORDANCE WITH THE REGULATORY BODY.
- E. ALL METER MEASUREMENT FACILITIES WILL CONFORM WITH ONSHORE OIL AND GAS ORDER NO. 4 FOR LIQUID HYDROCARBONS AND ONSHORE OIL AND GAS ORDER NO. 5 FOR NATURAL GAS MEASUREMENT.
- F. A SUNDRY NOTICE WILL BE SUBMITTED SHOWING PLACEMENT OF ALL PRODUCTION FACILITIES PRIOR TO CONSTRUCTION.
- G. ALL NECESSARY PITS WILL BE PROPERLY FENCED TO PREVENT ANY DOMESTIC ANIMALS OR WILDLIFE ENTRY
- H. ALL SITE SECURITY GUIDELINES IDENTIFIED IN 43 CFR 3162.7 WILL BE ADHERED TO
- I. ALL OFF-LEASE STORAGE, OFF LEASE MEASUREMENT, OR COMINGLING ON-LEASE OR OFF LEASE WILL HAVE PRIOR WRITTEN APPROVAL FROM THE AUTHORIZED OFFICER AND LAND OWNER.
- J. ALL ACCESS ROADS WILL BE MAINTAINED AS NECESSARY TO PREVENT EROSION AND ACCOMMODATE YEAR-ROUND TRAFFIC
- K. THE ROAD WILL BE MAINTAINED IN A SAFE USEABLE CONDITION
- L. WATER PRODUCED DURING THE TEST PHASE OF THIS WELL WILL BE STORED IN STORAGE TANKS ON LOCATION AND HAULED TO AN APPROVED DISPOSAL SITE. IF THE PROJECT IS VIABLE BASED ON TEST RESULTS, A DISPOSAL METHOD WILL BE SUBMITTED.

5. **LOCATION AND TYPE OF WATER SUPPLY**

- A. ALL WATER REQUIRED FOR DRILLING PURPOSES WILL BE OBTAINED FROM A LOCAL SOURCE.

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- B. WATER WILL BE HAULED TO THE LOCATION OVER THE ACCESS ROAD MARKED ON ATTACHED MAPS
- C. NO WATER WELL IS TO BE DRILLED ON THIS LEASE, WITHOUT PROPER APPROVAL OF DIVISION OF WATE RIGHTS IN PRICE, UTAH.
- D. ALL APPROPRIATE PERMITS WILL BE FILED WITH THE DIVISION OF WATER RIGHTS IN PRICE, UTAH.

6. **SOURCE OF CONSTRUCTION MATERIALS**

- A. SURFACE AND SUBSOIL MATERIALS IN THE IMMEDIATE AREA WILL BE UTILIZED.
- B. ANY GRAVEL USED WILL BE OBTAINED FROM A COMERCIAL SOURCE

7. **METHOD OF HANDLING WASTE DISPOSAL**

- A. THE PROPOSED WELL WILL BE AIR-DRILLED, THEREFORE ONLY A SMALL RESERVE PIT WILL BE NECESSARY. THE RESERVE PIT WILL BE CONSTRUCTED SO AS NOT TO LEAK, BREAK, OR ALLOW DISCHARGE. THE RESERVE PIT WILL BE LINED IF DETERMINED NECESSARY AT THE TIME OF CONSTRUCTION.
- B. IF THE PIT IS LINED, A PLASTIC NYLON REINFORCED LINER WILL BE USED. IT WILL BE A MINIMUM OF 12 MIL THICKNESS WITH SUFFICIENT BEDDING (EITHER STRAW OR DIRT) TO COVER ANY ROCKS. THE LINER WILL OVERLAP THE PIT WALLS AND BE COVERED WITH DIRT AND / OR ROCKS TO HOLD IT IN PLACE. NO TRASH, SCRAP PIPE, ETC. THAT COULD PUNCTURE THE LINER WILL BE DISPOSED OF IN THE PIT.
- C. ALL TRASH WILL BE CONTAINED IN A TRASH CAGE. ITS CONTENTS REMOVED PERIODICALLY AND AT THE END OF DRILLING OPERATIONS AND HAULED TO AN APPROVED DISPOSAL SITE.
- D. AFTER FIRST PRODUCTION, PRODUCED WATER WILL BE CONFINED TO A 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 APPROVAL
- E. IF THE WELL IS COMMERCIAL DRILL CUTTINGS ARE TO BE CONTAINED AND BURIED IN THE RESERVE PIT. IF THE WELL IS

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PLUGGED AND ABANDONED THE DRILL CUTTINGS WILL BE HAULED TO AN APPROVED DISPOSAL SITE.

- F. 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.
- G. SEWAGE WILL BE PLACED IN A PORTABLE CHEMICAL TOILET OR HOLDING TANK AND DISPOSED OF IN ACCORDANCE WITH STATE AND COUNTY REGULATIONS.
- H. THE PRODUCED FLUIDS WILL BE PRODUCED INTO A TEST TANK UNTIL SUCH TIME AS CONSTRUCTION OF PRODUCTIN FACILITES IS COMPLETED. ANY SPILLS OF OIL, GAS, SALT- WATER OR OTHER PRODUCED FLUIDS WILL BE PROMPTLY CLEANED UP.

8. **ANCILLARY FACILITIES**

- A. THERE ARE NO AIRSTRIPS, CAMPS, OR OTHER FACILITES PLANNED DURING THE DRILLING OF THE PROPOSED WELL.

9. **WELL SITE LAYOUT**

- A. THE RESERVE PIT WILL BE LOCATED ON THE NORTH SIDE OF THE LOCATION
- B. THE STOCKPILED TOPSOIL (FIRST SIX INCHES) WILL BE STORED ALONG THE WEST AND SOUTH SIDE OT THE WELLPAD AS SHOWN ON THE RIG LAYOUT
- C. SEE LOCATION LAYOUT FOR ORIENTATION OF RIG, NO CUT AND FILLS WILL BE NEEDED. THE LOCATION IS IN A CORN FIELD.
- D. THE LOCATION OF MUD TANKS, RESERVE PIT, TRASH CAGE, PIPE RACKS, LIVING FACILITES AND SOIL STOCKPILES ARE SHOWN ON THE LOCATION LAYOUT.
- E. ALL PITS WILL BE FENCED TO PREVENT DOMESTIC ANIAML AND WILDLIFE ENTRY.
- F. THE RESERVE PIT FENCING WILL BE ON THREE SIDES DURING OPERATIONS AND ON THE FOURTH SIDE WHEN THE RIG MOVES OFF LOCATION. PITS WILL BE FENCED AND MAINTAINED UNTILL CLEANUP.

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10 **PLANS FOR RESTORATION OF SURFACE**

PRODUCING LOCATION

- A. IMMEDIATELY UPON WELL COMPLETION, THE LOCATION AND SURROUNDING AREA WILL BE CLEARED OF ALL UNUSED TUBING, EQUIPMENT, DEBRIS, MATERIALS, TRASH AND JUNK, NOT REQUIRED FOR PRODUCTION.
- B. IMMEDIATELY UPON WELL COMPLETION, ANY HYDROCARBONS ON THE PIT SHALL BE REMOVED IN ACCORDANCE WITH 43 CFR 3162.7-1.
- C. IF THE WELL IS COMMERCIAL THE PLASTIC NYLON REINFORCED LINER SHALL BE TORN AND PERFORATED BEFORE BACKFILLING OF THE RESERVE PIT. IF THE WELL IS PLUGGED AND ABANDONED THE PLASTIC NYLON REINFORCED LINER SHALL BE REMOVED WITH THE DRILL CUTTINGS AND DISPOSED OF AT AN APPROVED DISPOSAL SITE.
- D. ONCE THE RESERVE PIT IS DRY, THE RESERVE PIT AND THAT PORTION OF THE LOCATION NOT NEEDED FOR PRODUCTION FACILITIES/OPERATIONS WILL BE RECONTOURED TO THE APPROXIMATE NATURAL CONTOURS AND MADE AVAILABLE TO THE LAND OWNER.
- E. THE LOCATION WILL BE RECLAIMED AND RESEEDED AS REQUESTED BY THE LAND OWNER.

DRYHOLE

- F. AT SUCH TIME AS THE WELL IS PLUGGED AND ABANDONED, THE OPERATOR SHALL SUBMIT A SUBSEQUENT REPORT OF ABANDONMENT AND WILL RECLAIM LANDS AS REQUESTED BY LAND OWNER

11 **SURFACE OWNERSHIP**

- A. ACCESS ROADS: ALL EXISTING IMPROVED ROADS ARE FERRON CITY OR EMERY COUNTY MAINTAINED.

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B. WELLPAD: THE WELLPAD IS LOCATED ON LANDS OWNED BY: IRMA P. SNOW TRUSTEE

12 **OTHER INFORMATION**

- A. ALL LEASE AND/OR UNIT OPERATIONS WILL BE CONDUCTED IN SUCH A MANNER THAT FULL COMPLIANCE IS MADE WITH ALL APPLICABLE LAWS, REGULATIONS, ONSHORE OIL AND GAS ORDERS, THE APPROVED PLAN OF OPERATIONS, AND ANY APPLICABLE NOTICE TO LESSEES. THE OPERATOR IS FULLY RESPONSIBLE FOR THE ACTIONS OF HIS SUBCONTRACTORS. A COPY OF THESE CONDITIONS WILL BE FURNISHED TO THE REPRESENTATIVE TO INSURE COMPLIANCE.
- B. A COMPLETE COPY OF THE APPROVED APD SHALL BE ON LOCATION DURING CONSTRUCTION OF THE LOCATION AND DRILLING ACTIVITIES.
- C. THERE WILL BE NO DEVIATION FROM THE PROPOSED DRILLING AND/OR WORKOVER PROGRAM WITHOUT PRIOR APPROVAL FROM THE STATE OF UTAH DOGM. SAFE DRILLING AND OPERATING PRACTICES MUST BE OBSERVED, ALL WELLS WHETHER DRILLING, PRODUCING, SUSPENDED, OR ABANDONED WILL BE EVIDENTIFIED IN ACCORDANCE WITH 43 CFR 3162.3-2.H.
- D. "SUNDRY NOTICE AND REPORT ON WELLS" WILL BE FILED FOR APPROVAL FOR ALL CHANGES OF PLANS AND OTHER OPERATIONS IN ACCORDANCE WITH 43 CFR 3162.3-2.
- E. THIS PERMIT WILL BE VALID FOR A PERIOD OF ONE YEAR FROM THE DATE OF APPROVAL. AN EXTENSION PERIOD MAY BE GRANTED, IF REQUESTED, PRIOR TO THE EXPIRATION OF THE ORIGINAL APPROVAL PERIOD.

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LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION**PERMIT MATTERS**

HENRY ALKER
 155 MONTGOMERY STREET,
 SUITE 504
 SAN FRANCISCO, CA 94104
 OFFICE: (415) 981 - 0769
 FAX: (415) 788 - 6544

DRILLING AND COMPLETIONS MATTERS

STEVEN J. LUND
 97 NORTH MAIN
 MANTI, UTAH 84642

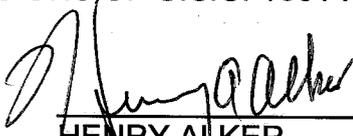
OFFICE: (435) 835 - 4248
 MOBILE: (435) 650 - 0270

CERTIFICATION

I HEREBY CERTIFY THAT I, OR PERSONS UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE PROPOSED DRILLSITE AND ACCESS ROUTE. THAT I AM FAMILIAR WITH THE CONDITIONS WHICH PRESENTLY EXIST. THAT THE STATEMENTS MADE IN THIS PLAN ARE, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT; AND, THAT THE WORK ASSOCIATED WITH THE OPERATIONS PROPOSED HEREIN WILL BE PERFORMED BY ALKER EXPLORATION L.L.C. AND ITS CONTRACTORS AND SUBCONTRACTRS IN CONFORMITY WITH THE PLAN AND THE TERMS AND CONDITIONS UNDER WHICH IT IS APPROVED.

THIS STATEMENT IS SUBJECT TO THE PROVISIONS OF U.S.C. 1001 FOR THE FILING OF A FALSE STATEMENT.

DATE: 7/29/01


 HENRY ALKER
 ALKER EXPLORATION L.L.C.

CONFIDENTIAL

002

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/03/2001

API NO. ASSIGNED: 43-015-30255

WELL NAME: ALKER EXPLORATION 1
OPERATOR: ALKER EXPLORATION LLC (N1880)
CONTACT: STEVEN LUND

PHONE NUMBER: 415-981-0769

PROPOSED LOCATION:

NWSW 08 200S 070E
SURFACE: ~~2022 FSL 0911 FWL~~ 2004 FSL 106 FWL
BOTTOM: ~~2022 FSL 0911 FWL~~ 2004 FSL 106 FWL
EMERY
WILDCAT Undesignated (- 1 -) 002

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	<u>DLJ</u>	<u>8/17/01</u>
Geology		
Surface		

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

PROPOSED FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[4]
(No. 2014747919 eff. 18-30-01)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: Comments due 8-22-01)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

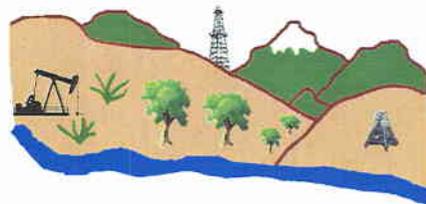
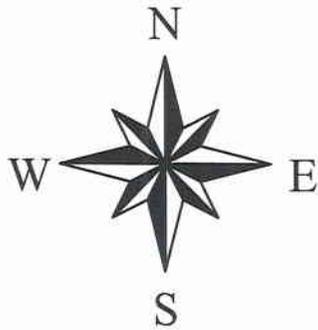
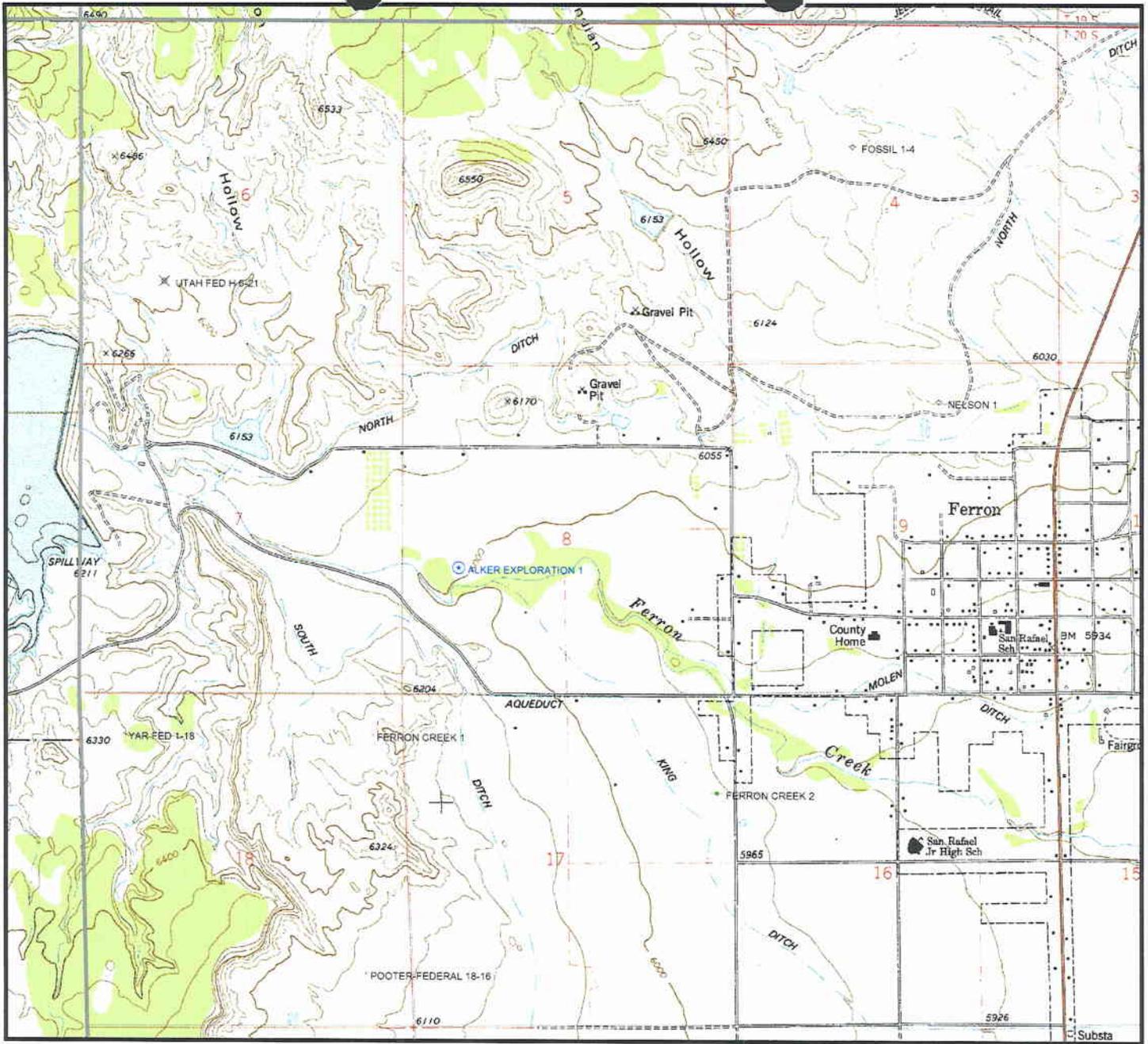
- R649-2-3. Unit _____
- R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS:

Need Presite. (11-30-02)
Need "Ex Loc" info. (Rec'd 2-6-02)

STIPULATIONS:

1-Statement of basis
2-Spacing Stip.

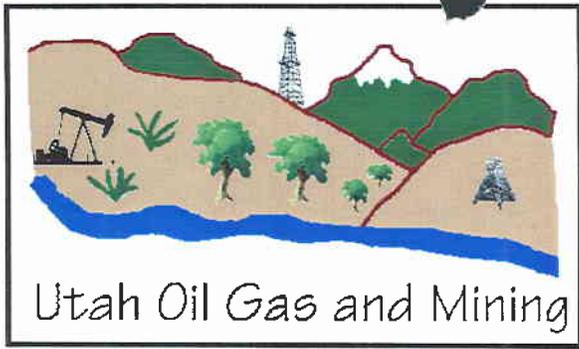


Utah Oil Gas and Mining

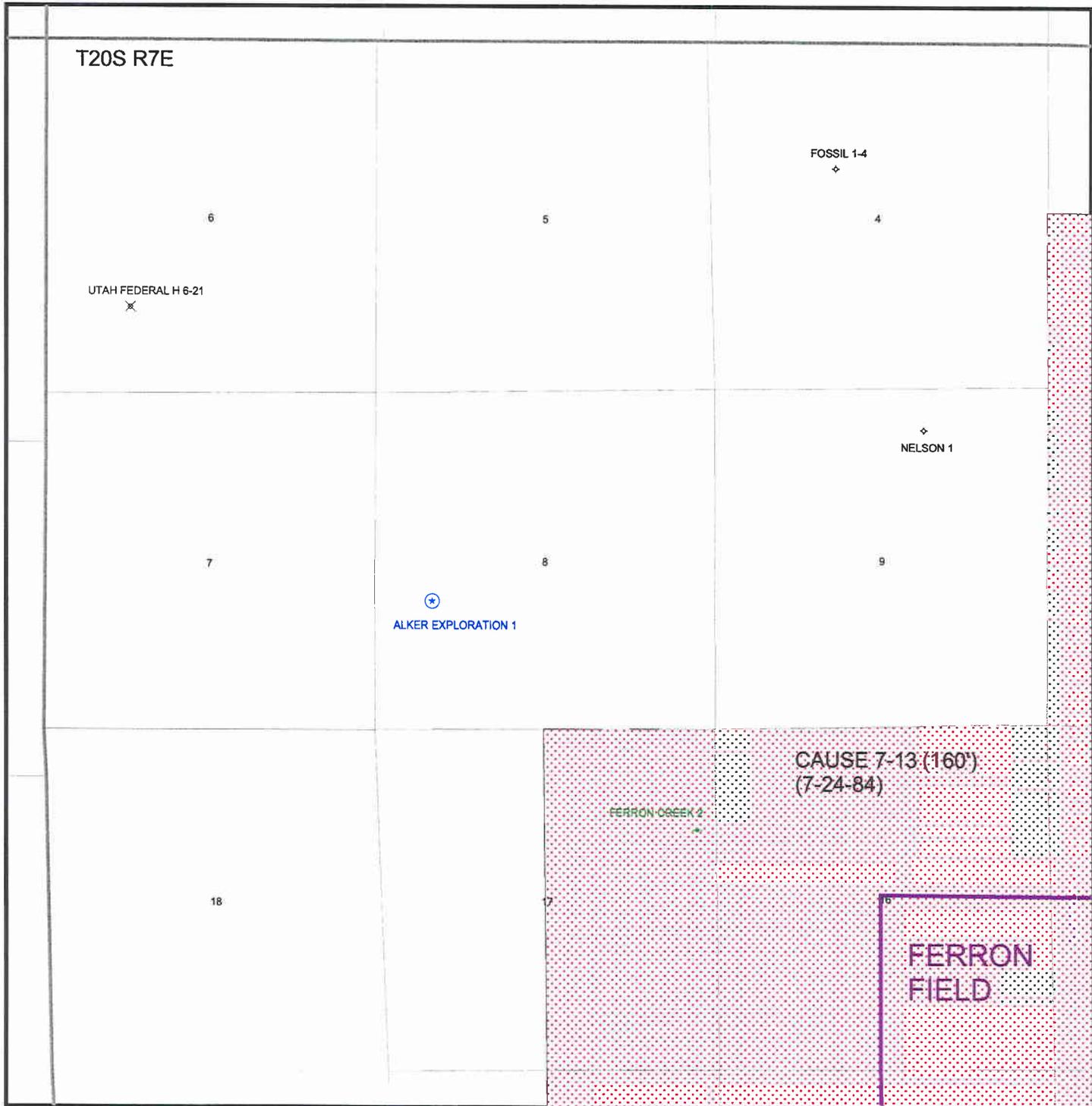
- Well Status**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL
 - Sections.shp
 - Township.shp

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

**ALKER EXPLORATION #1
SEC. 8, T20S, R7E
EMERY COUNTY UNDESIGNATED**



OPERATOR: ALKER EXPLORATION LLC (N1880)
SEC. 8, T20S, R7E
FIELD: WILDCAT (001)
COUNTY: EMERY SPACING: R649-3-3/EX LOC



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

OPERATOR: Alker Exploration L.L.C.
WELL NAME & NUMBER: Alker Exploration #1
API NUMBER: 43-015-30255
LOCATION: 1/4, 1/4 NWSW **Sec:** 8 **TWP:** 20S **RNG:** 7E 2004 FSL 106 FWL

Geology/Ground Water:

This well is being drilled in the flood plain of Ferron Creek and could encounter water at any depth between surface and the top of the Ferron formation. There are 57 points of diversion within a mile of the location all of which are along the course of Ferron Creek. One spring near the spillway of Millsite Reservoir contributes water to the creek and is one of the major points of diversion. It is just under one mile from the site. There are only 4 known culinary wells in Emery County, and the subsurface water resources in this area of the County is unknown. Soils in the area are quaternary alluvium and will consist of sand and clay derived from the rock layers of the Upper Member of Bluegate Shale, and Castlegate and Black Hawk Sandstones. The Upper, Middle, and Lower members of the Ferron Sand will be penetrated in this well before the well reaches TD. Alker Exploration has proposed 300' of surface casing, which should be enough, however any water flow encountered below the surface casing should be sampled and tested. In this area the formations will dip gently toward the west where they rise to form the Wasatch Plateau, and lie in an erosional valley of the San Rafael River and Ferron Creek Drainages, as they flow through the San Rafael Swell to the East.

Reviewer: K. Michael Hebertson **Date:** 17 January 2002

Surface:

The nearest running surface waters are ~ 5' North in Ferron Creek, which runs seasonally in the spring. There are no nearby culinary or irrigation water supply wells. Precipitation will be deflected around the location with berms and culverts. The site was characterized and photographed on 11/30/2001. Provisions were made to ensure site rehabilitation, litter and waste control, preservation of drainage patterns and the integrity of local infrastructure, groundwater and other resources.

Reviewer: Mark L. Jones **Date:** December 4, 2001

Conditions of Approval/Application for Permit to Drill:

1. Culverts sufficient to manage expected runoff, standing and surface water in crossed drainages.
2. A berm shall be placed around the location and reserve pit.
3. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
4. A fence shall be placed around the reserve pit.
5. Rip-rap (rocks) shall be placed along the North side of location.
6. Water encountered below the surface casing shall be sampled and tested.

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

OPERATOR: Alker Exploration L.L.C.

WELL NAME & NUMBER: Alker Exploration L.L.C.

API NUMBER: 43-015-30255

LEASE: Fee **FIELD/UNIT:** _____

LOCATION: 1/4,1/4 NWSW **Sec:** 8 **TWP:** 20S **RNG:** 7E 2004 **FSL** 106 **FWL**

LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F **1/4,1/4 LINE;** 920 F **ANOTHER WELL.**

GPS COORD (UTM): X=485,416 E; Y=4,326,977 N

SURFACE OWNER: Irma P. Snow Trustee.

PARTICIPANTS

M. Jones (DOGM), S. Lund (Alker), J. Leacock (Dolar Energy), B. Anderson (Emery County), B. Larson (surface).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

The proposed location lies approximately 1 mile West of Ferron, UT. Ferron Creek lies North of the proposed location ~ 5'. Terrain is sloping to the North and access will come from the South. A nearby dwelling lies to the SW ~200-300'.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and farming activities.

PROPOSED SURFACE DISTURBANCE: 200' X 200' pad. Approximately 500' of new access road will be build on fee land extending North from existing county maintained road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: None.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Production facilities will remain on location pipelines will follow proposed access road?

SOURCE OF CONSTRUCTION MATERIAL: Any necessary construction materials needed will be obtained locally from a private source.

ANCILLARY FACILITIES: N/A.

WASTE MANAGEMENT PLAN:

Portable chemical toilets, which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into dumpsters and eventually emptied in approved landfill. Drilling fluid, completion/frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Used oil from drilling and support operations will be hauled to a used oil recycler. Produced water will be stored on location in tanks and hauled to approved water disposal facility.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Ferron Creek runs North of the proposed location ~5'. Ferron Creek usually runs in the spring seasonally. Ferron Creek dumps into the San Rafael River and then the Green River.

FLORA/FAUNA: cottonwoods, willows, sagebrush, native grasses, deer, small game, various fowl.

SOIL TYPE AND CHARACTERISTICS: Low permeable silty clay.

EROSION/SEDIMENTATION/STABILITY: stable

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout small pit for tailings. An enclosed metal pit will be on hand for any mudding-up that may be required.

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

SURFACE RESTORATION/RECLAMATION PLAN

As per landowners stipulations.

SURFACE AGREEMENT: Yes.

CULTURAL RESOURCES/ARCHAEOLOGY: None required by landowner.

OTHER OBSERVATIONS/COMMENTS

None

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

November 30, 2001 / 4:30 pm
DATE/TIME

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

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

Final Score 50 (Level I Sensitivity)

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



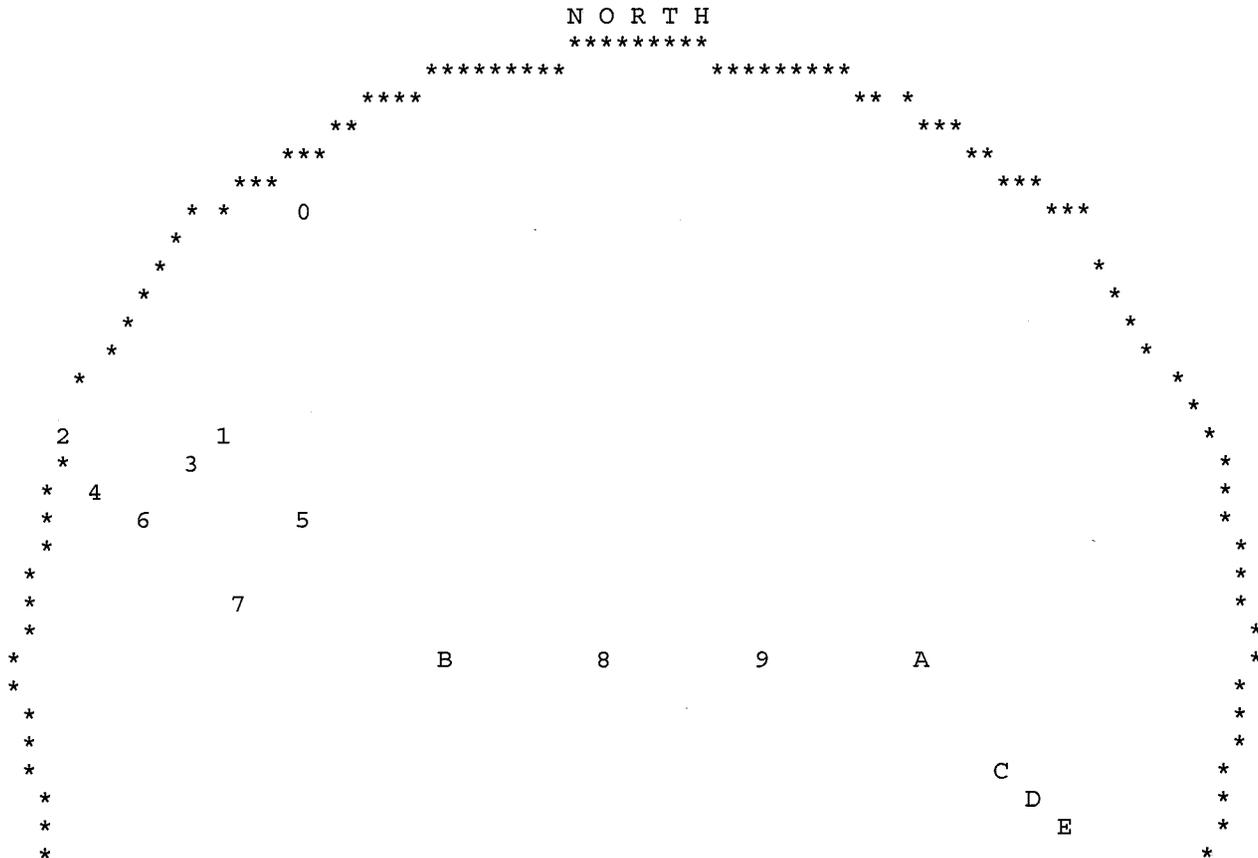


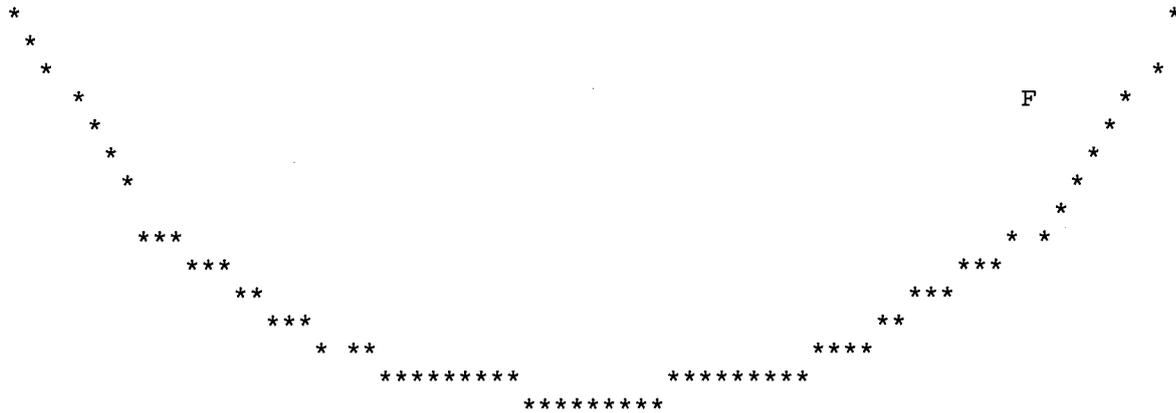


UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED THU, JAN 17, 2002, 4:19 PM
PLOT SHOWS LOCATION OF 57 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
N 2022 FEET, E 911 FEET OF THE SW CORNER,
SECTION 8 TOWNSHIP 20S RANGE 7E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET





UTAH DIVISION OF WATER RIGHTS
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS	AND/OR AC-FT	SOURCE DESCRIPTION or WELL INFO	POINT OF DIVERSION DESCRIPTION
				DIAMETER DEPTH YEAR LOG	NORTH EAST CNR SEC TWN RNG B&M
0	93 3429	.0000	.00	Unnamed Tributary to Ferron Cr	
		WATER USE(S): STOCKWATERING			PRIORITY DATE: 00/00/18'
		USA Bureau of Land Management (Price Fie 125 South 600 West			Price
1	93 3447	21.5000	.00	Diversion Hollow	S 1400 E 10 N4 7 20S 7E SL
		WATER USE(S): IRRIGATION DOMESTIC STOCKWATERING MUNICIPAL OTHER			PRIORITY DATE: 00/00/19'
		Ferron Canal and Reservoir Company			Ferron
2	93 282	.0000	70.00	Ferron Creek	S 1440 E 1370 NW 7 20S 7E SL
		WATER USE(S):			PRIORITY DATE: 00/00/19'
		Ferron Canal and Reservoir Company Attn: Ellis Wild			Ferron
2	93 908	53.0000	.00	Ferron Creek	S 1440 E 1370 NW 7 20S 7E SL
		WATER USE(S):			PRIORITY DATE: 00/00/19'

		State of Utah Board of Water Resources 1594 West North Temple, Ste 310			Salt Lake City		
2	<u>93 28</u>	.0000	575.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S): IRRIGATION DOMESTIC STOCKWATERING MUNICIPAL POWER OTHER						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company C/O Ellis Wild						Ferron
2	<u>93 249</u>	.0000	95.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company Attn: Ellis Wild						Ferron
2	<u>93 288</u>	.0000	55.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company Attn: Ellis Wild						Ferron
2	<u>93 273</u>	.0000	30.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company Attn: Ellis Wild						Ferron
2	<u>93 903</u>	100.0000	.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/18
	State of Utah Board of Water Resources 1594 West North Temple, Ste 310						Salt Lake City
2	<u>93 251</u>	.0000	20.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company c/o Ellis Wild						Ferron
2	<u>93 984</u>	.0000	954.05	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 12/15/19
	Ferron Canal and Reservoir Company						Ferron
2	<u>93 982</u>	.0000	227.90	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 05/11/19
	Ferron Canal and Reservoir Company						Ferron
2	<u>93 284</u>	.0000	25.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company Attn: Ellis Wild						Ferron
2	<u>93 247</u>	.0000	115.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/19
	Ferron Canal and Reservoir Company c/o Ellis Wild						Ferron
2	<u>93 901</u>	225.0000	.00	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 00/00/18
	State of Utah Board of Water Resources 1594 West North Temple, Ste 310						Salt Lake City
2	<u>93 920</u>	.0000	182.10	Ferron Creek	S 1440 E 1370	NW 7 20S 7E SL	
	WATER USE(S):						PRIORITY DATE: 11/23/19

		Ferron Canal and Reservoir Company							Ferron
		State of Utah Division of Wildlife Resou	1594 West North Temple, Ste 2110						Salt Lake City
2	<u>93 837</u>	.0000	266.38 Wrigley Spring Fork of Slide C	S	1440	E	1370	NW 7 20S 7E SL	
		WATER USE(S):						PRIORITY DATE: 07/25/19	Ferron
		Ferron Canal and Reservoir Company	C/O Gardell Snow, President						
2	<u>93 1066</u>	.0000	15124.00 Ferron Creek	S	1440	E	1370	NW 7 20S 7E SL	
		WATER USE(S):						PRIORITY DATE: 10/16/19	Salt Lake City
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310						
2	<u>93 256</u>	.0000	15.00 Ferron Creek	S	1440	E	1370	NW 7 20S 7E SL	
		WATER USE(S):						PRIORITY DATE: 00/00/19	Ferron
		Ferron Canal and Reservoir Company	c/o Ellis Wild						
2	<u>93 245</u>	.0000	250.00 Tributary to Little Horse Cree	S	1440	E	1370	NW 7 20S 7E SL	
		WATER USE(S):						PRIORITY DATE: 00/00/19	Ferron
		Ferron Canal and Reservoir Company	C/O Ellis Wild						
2	<u>93 1026</u>	.0000	300.00 Ferron Creek	S	1440	E	1370	NW 7 20S 7E SL	
		WATER USE(S):						PRIORITY DATE: 09/29/19	Salt Lake City
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310						
2	<u>93 1023</u>	.0000	2876.00 Ferron Creek	S	1440	E	1370	NW 7 20S 7E SL	
		WATER USE(S):						PRIORITY DATE: 06/21/19	Salt Lake City
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310						
3	<u>93 3447</u>	21.5000	.00 Diversion Hollow	S	1640	W	180	N4 7 20S 7E SL	
		WATER USE(S):	IRRIGATION DOMESTIC STOCKWATERING MUNICIPAL OTHER					PRIORITY DATE: 00/00/19	Ferron
		Ferron Canal and Reservoir Company							
4	<u>93 3455</u>	.0000	.00 Ferron Creek						PRIORITY DATE: 00/00/18
		WATER USE(S):	STOCKWATERING						Ferron
		Nelson, Roxie W.	P.O. Box 176						
5	<u>93 3456</u>	.0000	.00 Ferron Creek						PRIORITY DATE: 00/00/18
		WATER USE(S):	STOCKWATERING						Ferron
		Conover, Eva W.	P. O. Box 258						
6	<u>93 3455</u>	.0000	.00 Ferron Creek						PRIORITY DATE: 00/00/18
		WATER USE(S):	STOCKWATERING						Ferron
		Nelson, Roxie W.	P.O. Box 176						
7	<u>93 3456</u>	.0000	.00 Ferron Creek						PRIORITY DATE: 00/00/18
		WATER USE(S):	STOCKWATERING						Ferron
		Conover, Eva W.	P. O. Box 258						
7	<u>93 3457</u>	.0000	.00 Ferron Creek						

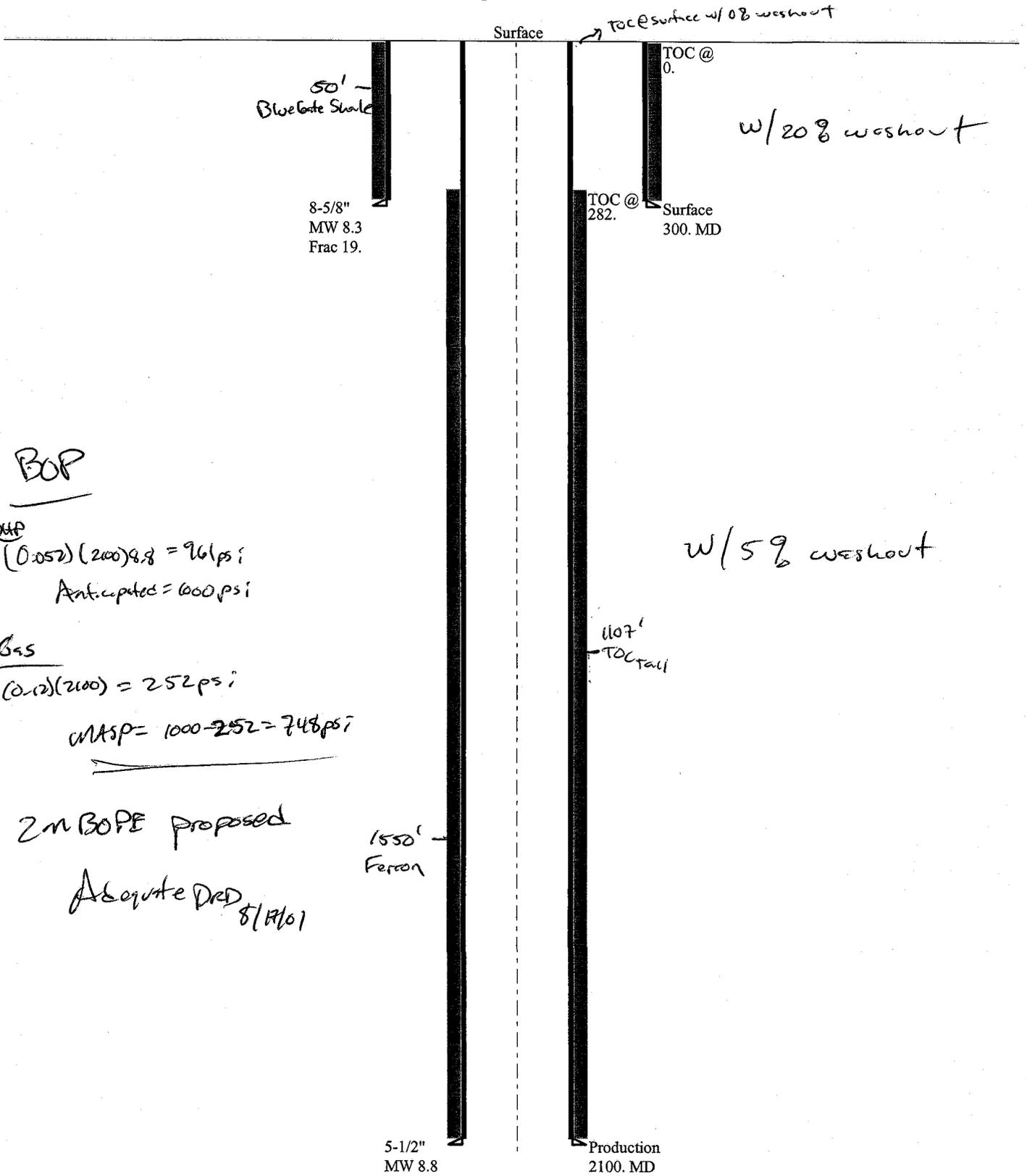
	WATER USE(S): STOCKWATERING								PRIORITY DATE: 00/00/18'
	Behling, Clyde		P.O. Box 203						Ferron
8	<u>93 3458</u> .0000 .00	Ferron Creek							PRIORITY DATE: 00/00/18'
	WATER USE(S): STOCKWATERING								Ferron
	Snow, Irma P.		P.O. Box 69						
9	<u>93 3458</u> .0000 .00	Ferron Creek							PRIORITY DATE: 00/00/18'
	WATER USE(S): STOCKWATERING								Ferron
	Snow, Irma P.		P.O. Box 69						
A	<u>93 3459</u> .0000 .00	Ferron Creek							PRIORITY DATE: 00/00/18'
	WATER USE(S): STOCKWATERING								Ferron
	Lemon, Ralph		P.O. Box 134						
B	<u>93 3457</u> .0000 .00	Ferron Creek							PRIORITY DATE: 00/00/18'
	WATER USE(S): STOCKWATERING								Ferron
	Behling, Clyde		P.O. Box 203						
C	<u>93 3460</u> .0000 .00	Ferron Creek							PRIORITY DATE: 00/00/18'
	WATER USE(S): STOCKWATERING								Ferron
	Lemon, Arthur		P.O. Box 287						
C	<u>93 3459</u> .0000 .00	Ferron Creek							PRIORITY DATE: 00/00/18'
	WATER USE(S): STOCKWATERING								Ferron
	Lemon, Ralph		P.O. Box 134						
D	<u>93 28</u> .0000 575.00	Ferron Creek		N 760 W 980	SE 8 20S 7E SL				PRIORITY DATE: 00/00/19'
	WATER USE(S): IRRIGATION DOMESTIC STOCKWATERING MUNICIPAL POWER OTHER								Ferron
	Ferron Canal and Reservoir Company		C/O Ellis Wild						
D	<u>93 273</u> .0000 30.00	Ferron Creek		N 760 W 980	SE 8 20S 7E SL				PRIORITY DATE: 00/00/19'
	WATER USE(S):								Ferron
	Ferron Canal and Reservoir Company		Attn: Ellis Wild						
D	<u>93 920</u> .0000 182.10	Ferron Creek		N 760 W 980	SE 8 20S 7E SL				PRIORITY DATE: 11/23/19'
	WATER USE(S):								Ferron
	Ferron Canal and Reservoir Company								Salt Lake City
	State of Utah Division of Wildlife Resou 1594 West North Temple, Ste 2110								
D	<u>93 282</u> .0000 70.00	Ferron Creek		N 760 W 980	SE 8 20S 7E SL				PRIORITY DATE: 00/00/19'
	WATER USE(S):								Ferron
	Ferron Canal and Reservoir Company		Attn: Ellis Wild						
D	<u>93 288</u> .0000 55.00	Ferron Creek		N 760 W 980	SE 8 20S 7E SL				PRIORITY DATE: 00/00/19'
	WATER USE(S):								Ferron
	Ferron Canal and Reservoir Company		Attn: Ellis Wild						

D	<u>93 247</u>	.0000	115.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company	c/o Ellis Wild									PRIORITY DATE: 00/00/19
												Ferron
D	<u>93 249</u>	.0000	95.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company	Attn: Ellis Wild									PRIORITY DATE: 00/00/19
												Ferron
D	<u>93 984</u>	.0000	954.05 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company										PRIORITY DATE: 12/15/19
												Ferron
D	<u>93 982</u>	.0000	227.90 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company										PRIORITY DATE: 05/11/19
												Ferron
D	<u>93 908</u>	53.0000	.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310									PRIORITY DATE: 00/00/19
												Salt Lake City
D	<u>93 251</u>	.0000	20.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company	c/o Ellis Wild									PRIORITY DATE: 00/00/19
												Ferron
D	<u>93 901</u>	225.0000	.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310									PRIORITY DATE: 00/00/18
												Salt Lake City
D	<u>93 284</u>	.0000	25.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company	Attn: Ellis Wild									PRIORITY DATE: 00/00/19
												Ferron
D	<u>93 903</u>	100.0000	.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310									PRIORITY DATE: 00/00/18
												Salt Lake City
D	<u>93 837</u>	.0000	266.38 Wrigley Spring Fork of Slide C	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company	C/O Gardell Snow, President									PRIORITY DATE: 07/25/19
												Ferron
D	<u>93 1066</u>	.0000	15124.00 Ferron Creek	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		State of Utah Board of Water Resources	1594 West North Temple, Ste 310									PRIORITY DATE: 10/16/19
												Salt Lake City
D	<u>93 245</u>	.0000	250.00 Tributary to Little Horse Cree	N	760	W	980	SE	8	20S	7E	SL
		WATER USE(S):										
		Ferron Canal and Reservoir Company	C/O Ellis Wild									PRIORITY DATE: 00/00/19
												Ferron

D	<u>93 1026</u>	.0000	300.00	Ferron Creek	N	760	W	980	SE	8	20S	7E	SL	
	WATER USE(S):													
	State of Utah Board of Water Resources 1594 West North Temple, Ste 310													
	PRIORITY DATE: 09/29/19'													
	Salt Lake City													
D	<u>93 1023</u>	.0000	2876.00	Ferron Creek	N	760	W	980	SE	8	20S	7E	SL	
	WATER USE(S):													
	State of Utah Board of Water Resources 1594 West North Temple, Ste 310													
	PRIORITY DATE: 06/21/19'													
	Salt Lake City													
D	<u>93 256</u>	.0000	15.00	Ferron Creek	N	760	W	980	SE	8	20S	7E	SL	
	WATER USE(S):													
	Ferron Canal and Reservoir Company c/o Ellis Wild													
	PRIORITY DATE: 00/00/19'													
	Ferron													
E	<u>93 3460</u>	.0000	.00	Ferron Creek										
	WATER USE(S): STOCKWATERING													
	Lemon, Arthur P.O. Box 287													
	PRIORITY DATE: 00/00/18'													
	Ferron													
F	<u>93 3461</u>	.0000	.00	Ferron Creek										
	WATER USE(S): STOCKWATERING													
	Nelson, James Rulon													
	PRIORITY DATE: 00/00/18'													
	Ferron													
F	<u>93 3461</u>	.0000	.00	Ferron Creek										
	WATER USE(S): STOCKWATERING													
	Nelson, James Rulon													
	PRIORITY DATE: 00/00/18'													
	Ferron													

08-01 Alker Exploration

Casing Schematic



2M BOPE proposed
 Absolute DTD 8/1/01

Well name:	08-01 Alker Exploration #1	
Operator:	Alker Exploration, LLC	
String type:	Surface	Project ID: 43-0015-30255
Location:	Carbon County	

Design parameters:

Collapse

Mud weight: 8.330 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.457 psi/ft
Calculated BHP: 137 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: 262 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 69 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top:

Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 2,100 ft
Next mud weight: 8.800 ppg
Next setting BHP: 960 psi
Fracture mud wt: 19.000 ppg
Fracture depth: 350 ft
Injection pressure: 345 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)	Est. Cost ()
1	300	8.625	24.00	K-55	ST&C	300	300	7.972	2514
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	130	1370	10.56	137	2950	21.52	7	263	36.54 J

Prepared by: Dustin Doucet
Utah Dept. of Natural Resources

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

Date: August 17, 2001
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 300 ft, a mud weight of 8.33 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:	08-01 Alker Exploration #1		
Operator:	Alker Exploration, LLC		
String type:	Production	Project ID:	43-0015-30255
Location:	Carbon County		

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.457 psi/ft
 Calculated BHP 960 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: 1,820 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 94 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 250 ft

Cement top:

282 ft
 surface/08
 WD

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	2100	5.5	17.00	N-80	LT&C	2100	2100	4.767	15064
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	960	6290	6.55	960	7740	8.06	36	348	9.75 J

Prepared by: Dustin Doucet
 Utah Dept. of Natural Resources

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

Date: August 17, 2001
 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 2100 ft, a mud weight of 8.8 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.

From: Frances Bernards
To: Lisha Cordova
Date: 9/4/01 11:29AM
Subject: wildcat wells

The following proposed wildcat well projects may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating at the site. A permit application, known as a Notice of Intent (NOI) should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order. These requirements apply to: TD-3; Dry Valley State 11-12 on State Lease NI46873; Dry Valley State 14-23 on State Lease MI47338; White River State 15-32 on State Lease MI46874; Dry Valley State 15-34 on State Lease MI47338; Pugh #3; Pugh #6, Pugh #12; Pugh #18, Alker #1, Pugh #19, and Pugh #22.

If you have any questions, feel free to contact Frances Bernards at (801) 536-4056.

Frances Bernards, Planner
Utah Division of Air Quality
fbernard@deg.state.ut.us
(801) 536-4056

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

FORM 3
AMMENDED REPORT

APPLICATION FOR PERMIT TO DRILL

CONFIDENTIAL

5 LEASE DESIGNATION AND SERIAL NUMBER:

FEE

1A. TYPE OF WORK: DRILL REENTER DEEPEN

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

B. TYPE OF WELL: OIL GAS OTHER SINGLE ZONE MULTIPLE ZONE

7. UNIT or CA AGREEMENT NAME:

N/A

2. NAME OF OPERATOR:

ALKER EXPLORATION L.L.C.

8. WELL NAME and NUMBER:

Alker Exploration #1

3. ADDRESS OF OPERATOR 155 MONTGOMERY, SUITE 504
CITY SAN FRANCISCO STATE CA ZIP 94104

PHONE
(415) 981-0769

9. FIELD AND POOL, OR WILDCAT:

Ferron

4. LOCATION OF WELL (FOOTAGES)

AT SURFACES: 2022' FSL - 911' FWL

4326977N
485673E

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

NW/4 SW/4 Sec 8 - T20S - R7E SLB&M

13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:

APPROX. 1 MILE WEST OF FERRON, UTAH

11. COUNTY 12. STATE

EMERY UTAH

14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)

670'

15. NUMBER OF ACRES IN LEASE:

120

16. NUMBER OF ACRES ASSIGNED TO THIS WELL:

40

17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)

APPROX. 1 MILE

18. PROPOSED DEPTH:

2100.00 FEET

19. BOND DESCRIPTION:

CASH

20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):

6000'

21. APPROXIMATE DATE WORK WILL START:

9/1/2001

22. ESTIMATED DURATION:

10 DAYS

23 **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE	GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE,	QUALITY, YIELD, AND SLURRY WEIGH
--------------	-------------	----------------------------	---------------	--------------	----------------------------------

* SEE ATTACHED DRILLING PROGRAM

* ALL WATER USED TO DRILL WILL BE PURCHASD FROM THE CITY OF FERRON, UTAH OR THE LAND OWNER. IF WATER IS PURCHASED FROM LAND OWNER THE WATER RIGHTS APPROPRIATION NUMBER SHALL BE SUPPLIED

RECEIVED

24 **ATTACHMENTS**

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

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER

COMPLETE DRILLING PLAN

EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE WATER

FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

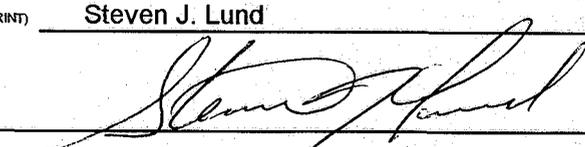
AUG 03 2001

DIVISION OF
OIL, GAS AND MINING

NAME (PLEASE PRINT) Steven J. Lund

TITLE consultant / engineer

SIGNATURE



DATE

7/26/01

(THIS SPACE FOR STATE USE ONLY)

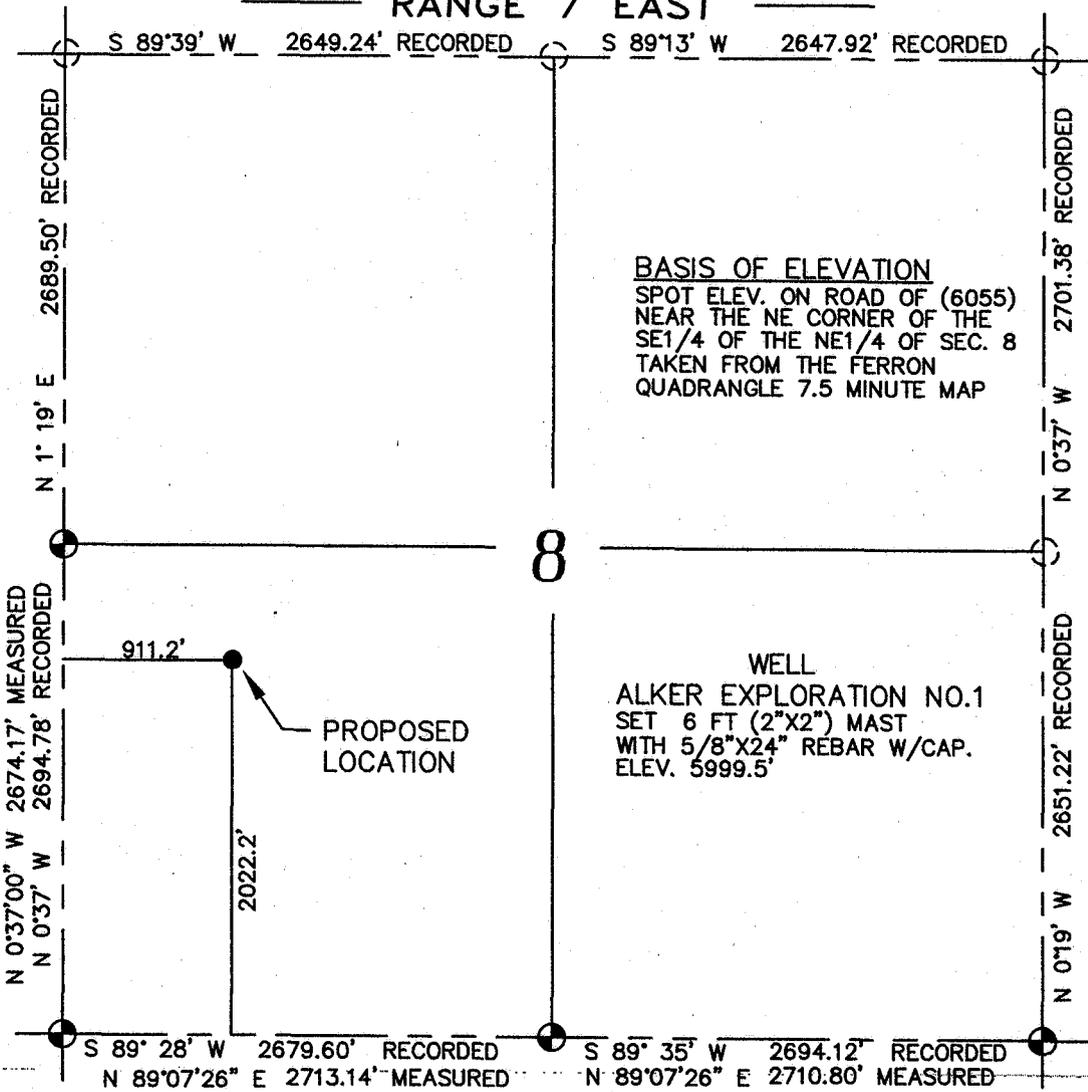
API NUMBER ASSIGNED

43-015-30255

APPROVAL:

RANGE 7 EAST

TOWNSHIP 20 SOUTH



LEGEND

- FOUND BRASS CAP OR WITNESS CORNERS
- CORNERS NOT SEARCHED FOR

BASIS OF BEARING

BASIS OF BEARING IS N 0° 37'00" W (GLO RECORDED)
 BEARING, BETWEEN THE SW CORNER AND THE W1/4 CORNER
 OF SAID SECTION 8.

CONFIDENTIAL



ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NO. 145656 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE TRACT OF GROUND SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

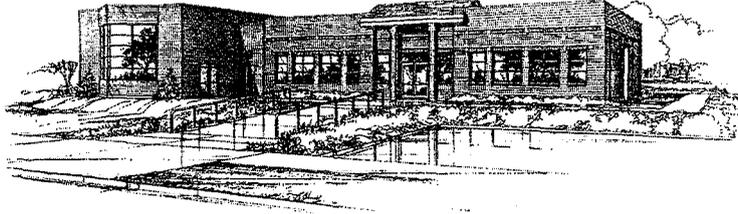
Evan E. Hansen JULY 9, 2001
 EVAN E. HANSEN DATE

NW4 SW4 SEC. 8, T 20 S, R 7 E, S.L.B.& M.		
Empire Engineering, Inc. 1665 E. Sagewood Rd. Price, Utah 84501		
ALKER EXPLORATION NO. 1		
Drawn By: EH	Approved By: EEH	Drawing No. EEOG-07-01
Date: 07-05-2001	Scale: 1"=1000'	SHEET 1 OF 3

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Bill Redd
CHAIRMAN

William D. Howell
EXECUTIVE DIRECTOR



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

AREA WIDE CLEARINGHOUSE REVIEW

Federal Action _____ State Action _____ Approved () Yes () No

Other (indicate) _____

Applicant Address:

Oil, Gas and Mining

1594 West North Temple, Suite 1210

Salt Lake City, Utah 84114-5801

Phone Number: 801-538-5296

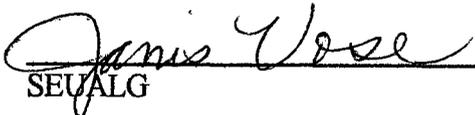
Title/Project Description Wildcat well on a fee lease approximately one (1) mile

West of Ferron. Seeking oil or gas. (Alka Exploration #1)

[] No Comment

[X] See comment below

Comments: Approved at Executive Board Meeting August 16, 2001


SEUALG

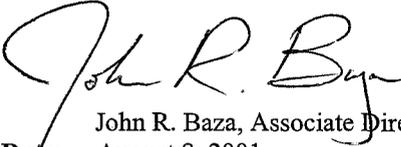
8-16-01
DATE

RECEIVED

AUG 20 2001

DIVISION OF
OIL, GAS AND MINING

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

1. Administering State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. State Application Identifier Number: (assigned by State Clearinghouse)
3. Approximate date project will start: Upon Approval	
4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments	
5. Type of action: // Lease <input checked="" type="checkbox"/> // Permit // License // Land Acquisition // Land Sale // Land Exchange // Other _____	
6. Title of proposed action: Application for Permit to Drill	
7. Description: Alker Exploration, LLC proposes to drill the Alker Exploration #1 well (wildcat) on a Fee lease, Emery County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
8. Land affected (site location map required) (indicate county) NW/4, SW/4, Section 8, Township 20 South, Range 7 East, Emery County, Utah	
9. Has the local government(s) been contacted? No	
10. Possible significant impacts likely to occur: Degree of impact is based on the discovery of oil or gas in commercial quantities.	
11. Name and phone of district representative from your agency near project site, if applicable: 	
12. For further information, contact: Lisha Cordova Phone: (801) 538-5296	13. Signature and title of authorized officer  John R. Baza, Associate Director Date: August 8, 2001

DOLAR ENERGY L.L.C.



Phone: (801) 561-3121
Fax: (801) 561-3133

935 East South Union Avenue
Suite D-202
Midvale, UT 84047-2393

December 19, 2001

Lynn J. Anderson and Joan B. Anderson
P. O. Box 744
Ferron, Utah 84523

RE: Alker Exploration Well #1
Township 20 South, Range 7 East, SLB&M
Section 8
Emery County, Utah



**well within 300'
of house owned
by Lynn & Joan
Anderson.*

Dear Mr. Anderson:

Pursuant to our conversation this afternoon, please be advised that Alker Exploration has given Dolar Energy, L.L.C. the authority to offer you a one-half of one percent (1/2 of 1%) overriding royalty interest on production associated with the Alker Exploration #1 well, in the event the well is productive. The overriding royalty assignment will be rendered to you as compensation for your signature to allow the well to be drilled at the proposed site in Section 8.

It also shall be agreed and understood that in the event of production, Alker Exploration agrees to cover any surface facilities it may place on the location to assist in noise reduction and safety and that Alker shall agree to make accommodations necessary as to your request concerning facilities placed on the location site.

As you are aware, the location will not be approved by the State unless you are in agreement with the location. Also, we will include the language on the lease proposed to you to state that "Lessee shall not enter on the surface of said lands for any reason and this lease shall solely be construed as a lease to participate in production in the event a well is drilled within a spacing order approved by the Utah State Division of Oil, Gas and Minerals."

Should the foregoing meet your approval, please sign one copy of this letter and return in the self-enclosed envelope. A new lease is also enclosed for your signature and notarization containing the above statements. Please return it upon completion to my attention.

Sincerely yours,

DOLAR ENERGY, L.L.C.

Mark S. Dolar
Mark S. Dolar - CPL/ESA
MSD/kvw

1/5/02
Approved and agreed upon this _____
day of December 2001.

X *[Signature]*
Lynn J. Anderson, husband
X *[Signature]*
Joan B. Anderson

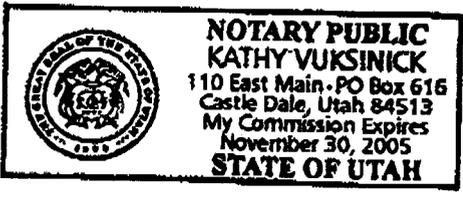
A- It shall also be agreed that Alker Exploration & or DOLAR ENERGY, L.L.C. shall pay \$1,000.00 bonus rendered to me, Lynn J. Anderson as

STATE OF UTAH)
)
) :ss
County of Emery)

On this 8TH day of January, 2002, personally appeared before me Lynn J. Anderson and Joan B. Anderson, personally known to me (or proved on the basis of satisfactory evidenced to be the person(s) whose name is subscribed on this instrument, and acknowledged that they executed the same.

Witness my hand and official seal.

Notary: Kathy Vuksinick
My commission expires 11-30-2005



ALKER EXPLORATION L.L.C.

155 MONTGOMERY, SUITE 504
SAN FRANCISCO, CA 94104

OFFICE: (415) 981-0769
FAX: (415) 788-6544

February 1, 2002

Lisha Cordova

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

RE: **Amended Application for Permit to Drill (APD)** the Alker exploration #1, changing the
Location to: 2003.5' FSL – 106.4' FWL, nw/4 sw/4 Sec 8 – T20S – R7E SLB&M
Emery County, Utah

Request for location exception for the Alker Exploration #1

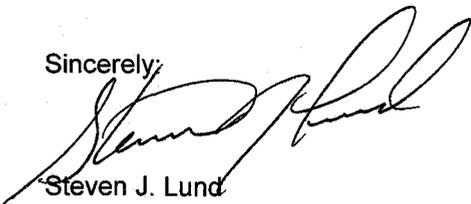
Dear Lisha

Alker Exploration L.L.C. has moved the location for this well to comply with the land owner's request to re-locate the well. Alker Exploration requests confidential status of this well and all information pertaining to it. Attached are 2 copies of the amended APD.

Enclosed also is a Sundry Notice requesting a location exception.

If you require any additional information or have any questions concerning the approval of this APD contact Steve Lund at (435) 650-0270

Sincerely,

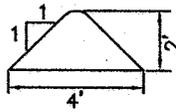

Steven J. Lund

CC: Henry Alker

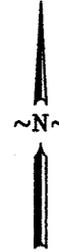
RECEIVED

FEB 06 2002

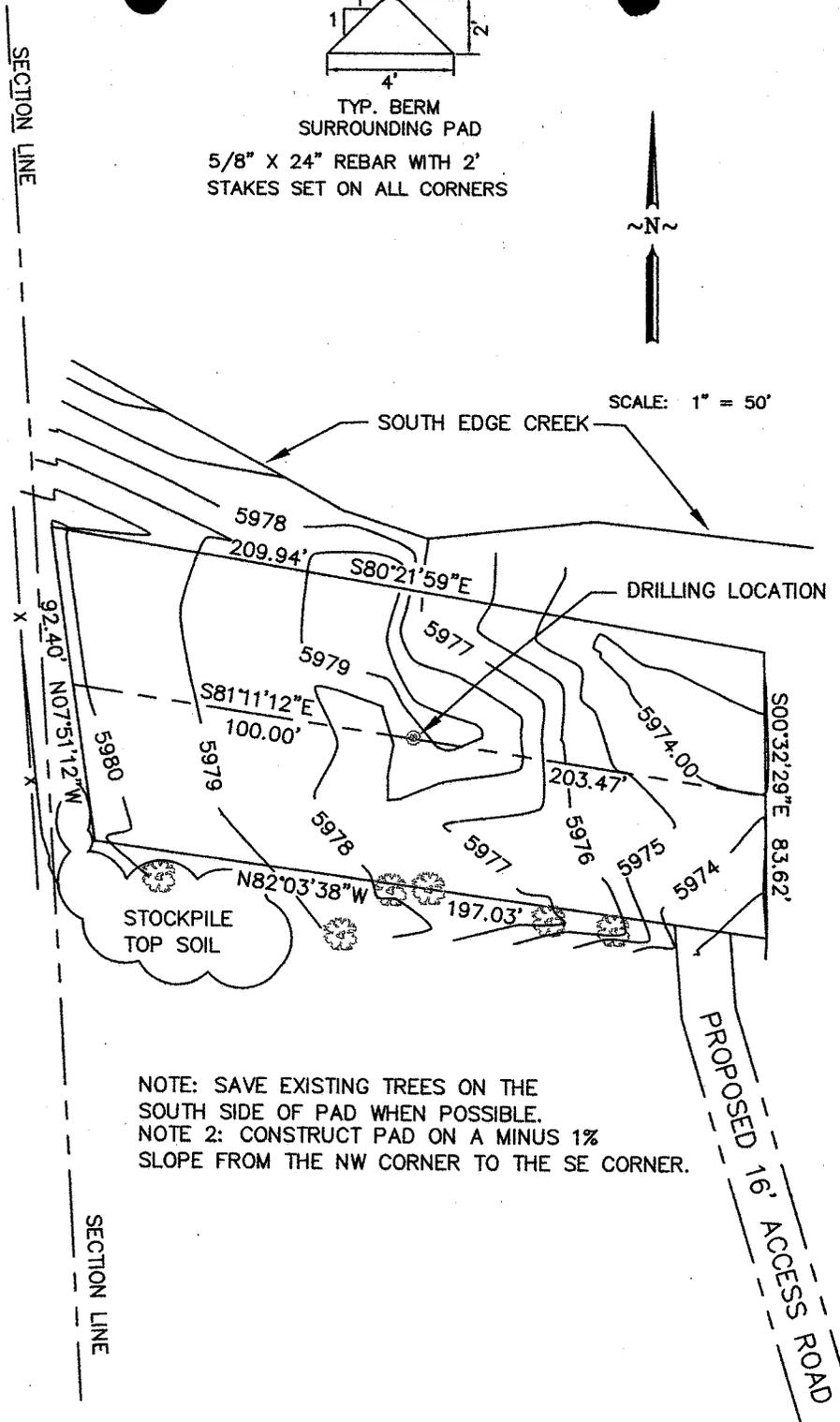
DIVISION OF
OIL, GAS AND MINING



TYP. BERM
SURROUNDING PAD
5/8" X 24" REBAR WITH 2'
STAKES SET ON ALL CORNERS



SCALE: 1" = 50'



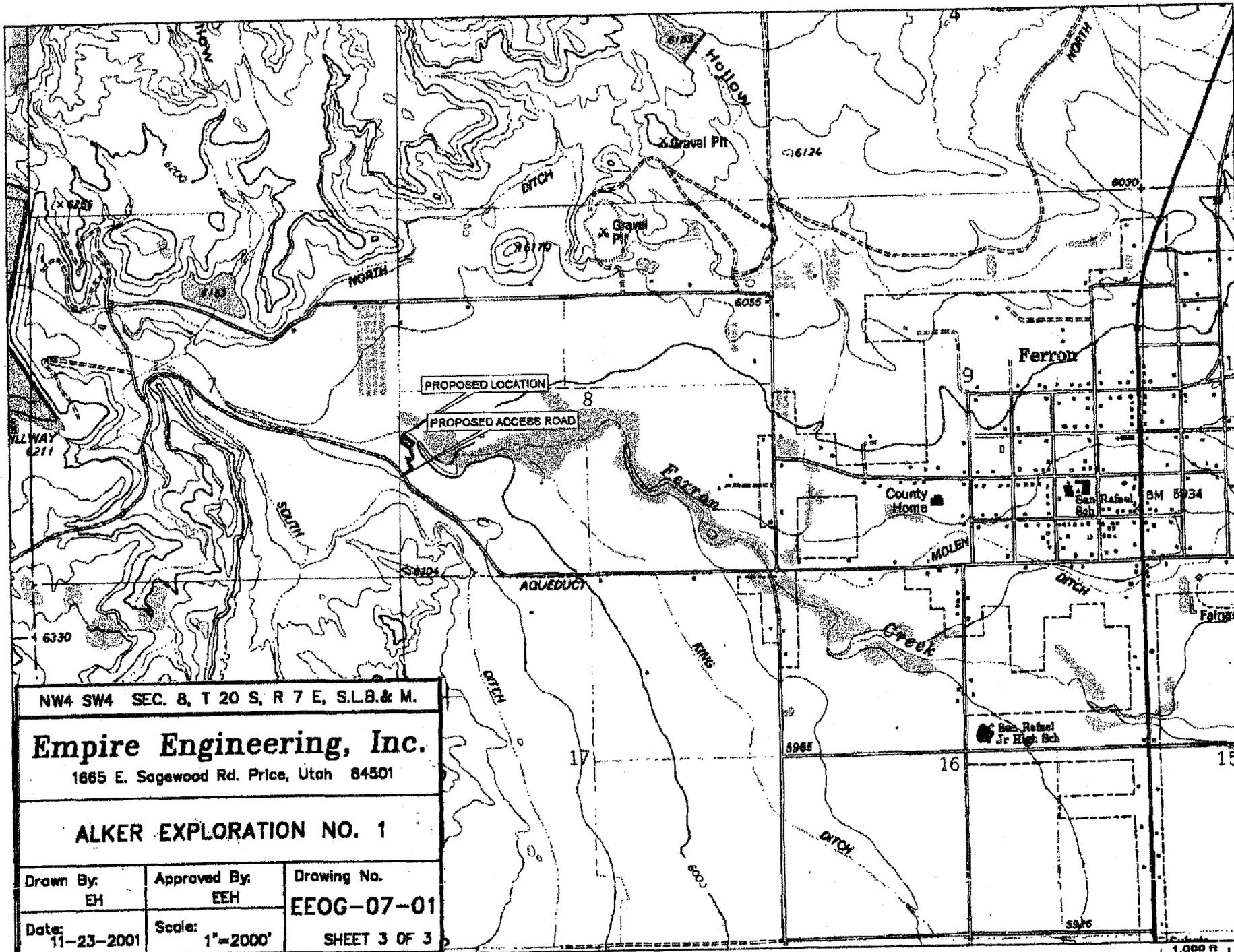
NOTE: SAVE EXISTING TREES ON THE SOUTH SIDE OF PAD WHEN POSSIBLE.
NOTE 2: CONSTRUCT PAD ON A MINUS 1% SLOPE FROM THE NW CORNER TO THE SE CORNER.

C:\EMPIRE\2001\GAS WELLS\ALKER EXPLORATION NO.1 PAD.dwg 07/06/01 10:57 wh

Empire Engineering, Inc.
1665 E. Sagewood Rd. Price, Utah 84501

ALKER EXPLORATION NO.1
NW1/4 SW1/4 SEC. 8, T 20 S, R 7 E, S.L.B.& M.

Drawing No.
EEOG-07-01
SHEET 2 OF 3



NW4 SW4 SEC. 8, T 20 S, R 7 E, S.L.B. & M.

Empire Engineering, Inc.
 1865 E. Sagewood Rd. Price, Utah 84501

ALKER EXPLORATION NO. 1

Drawn By: EH	Approved By: EEH	Drawing No. EEOG-07-01
Date: 11-23-2001	Scale: 1"=2000'	SHEET 3 OF 3

© 2001 DeLorme. XMap®. Data copyright of content owner.
 Scale: 1 : 22,400 Zoom Level: 19-0 Datum: WGS84 Map Rotation: 0° Magnetic Declination: 12.8°E

CONFIDENTIAL

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

FORM 3
AMMENDED REPORT

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL REENTER DEEPEN

B. TYPE OF WELL: OIL GAS OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR:
ALKER EXPLORATION L.L.C.

3. ADDRESS OF OPERATOR
155 MONTGOMERY, SUITE 504
CITY SAN FRANCISCO STATE CA ZIP 94104 PHONE (415) 981-0769

4. LOCATION OF WELL (FOOTAGES)
AT SURFACES: 2003.5' FSL - 106.4' FWL
AT PROPOSED PRODUCING ZONE:

13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:
APPROX. 1 MILE WEST OF FERRON, UTAH

14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)
670'

15. NUMBER OF ACRES IN LEASE:
120

16. NUMBER OF ACRES ASSIGNED TO THIS WELL:
40

17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)
APPROX. 1 MILE

18. PROPOSED DEPTH:
2100.00 FEET

19. BOND DESCRIPTION:
CASH

20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):
6000'

21. APPROXIMATE DATE WORK WILL START:
9/1/2001

22. ESTIMATED DURATION:
10 DAYS

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE	GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE,	QUALITY, YIELD, AND SLURRY WE
* SEE ATTACHED DRILLING PROGRAM * ALL WATER USED TO DRILL WILL BE PURCHASD FROM THE CITY OF FERRON, UTAH OR THE LAND OWNER. IF WATER IS PURCHASED FROM LAND OWNER THE WATER RIGHTS APPROPRIATION NUMBER SHALL BE SUPPLIED					

RECEIVED

24. ATTACHMENTS

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

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER

COMPLETE DRILLING PLAN

EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE WATER

FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

FEB 06 2002

DIVISION OF OIL, GAS AND MINING

NAME (PLEASE PRINT) Steven J. Lund

TITLE consultant / engineer

SIGNATURE *Steven J. Lund*

DATE 2/01/02

(THIS SPACE FOR STATE USE ONLY)

API NUMBER ASSIGNED

43-015-30255

Approved by the Utah Division of Oil, Gas and Mining

Approved by the Utah Division of Oil, Gas and Mining

Date: 02-11-02

By: *[Signature]*

Date: 11-27-02
By: *[Signature]*

RESUBMITTED
04-09-02

CONFIDENTIAL

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:

FEE

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

7. UNIT or CA AGREEMENT NAME:

N/A

8. WELL NAME and NUMBER:

ALKER EXPLORATION #1

9. API NUMBER

10. FIELD AND POOL, OR WILDCAT

FERRON

COUNTY EMERY

STATE UTAH

1. TYPE OF WELL: OIL GAS OTHER _____

2. NAME OF OPERATOR:
ALKER EXPLORATION L.L.C.

3. ADDRESS OF OPERATOR: 155 MONTGOMERY, SUITE 504
CITY SAN FRANCISCO STATE CA ZIP 94104 PHONE (415) 981-0769

4. LOCATION OF WELL
FOOTAGE AT SURFACE: 2003.5' FSL 106.4' FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NW/4 SW/4 8 - T20S - R7E SLB&M

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

TYPE OF SUBMISSION

NOTICE OF INTENT
(Submit in Duplicate)
Approximate date work will start:

SUBSEQUENT REPORT
(Submit Original Form Only)
Date of work completion:

- ACIDIZE
- ALTER CASING
- CASING REPAIR
- CHANGE TO PREVIOUS PLANS
- CHANGE TUBING
- CHANGE WELL NAME
- CHANGE WELL STATUS
- COMMINGLE PRODUCING FORMATIONS
- CONVERT WELL TYPE

- DEEPEN
- FRACTURE TREAT
- NEW CONSTRUCTION
- OPERATOR CHANGE
- PLUG AND ABANDON
- PLUG BACK
- PRODUCTION (START/RESUME)
- RECLAMATION OF WELL SITE
- RECOMPLETE - DIFFERENT FORMATION

- REPERFORATE CURRENT FORMATION
- SIDETRACK TO REPAIR WELL
- TEMPORARILY ABANDON
- TUBING REPAIR
- VENT OR FLARE
- WATER DISPOSAL
- WATER SHUT-OFF
- OTHER CHANGE OF WELL LOCATION

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

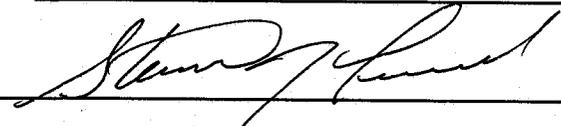
JUSTIFICATION FOR LOCATION EXCEPTION

- * The land owner has requested the location be changed, because of the need of an access road that would run through a cultivated field
- * **EXPLORATION JUSTIFICATION:** Alker Exploration used conventional geologic exploration techniques, a Kelsh Plotter Photogeologic interpretation and Electrotelluric Sounding Data to identify a narrow fairway running in a Northeast - Southwest direction. The location of the Alker Exploration #1 is believed to be the optimum distance east of a fault that controls the potential trap.
- * The new location is closer to the original electro-telluric surveys. The geologic potential is equally good.
- * No reserve pit will be dug on this location. The well will be drilled with air. If there becomes a need to mud up an enclosed self contained closed mud pit will be set on the south side of the location.
- * Alker Exploration's oil and gas leases extend well beyond a radius of 460 feet from this new location.

RECEIVED
FEB 16 2002

NAME (PLEASE PRINT) Steven J. Lund

TITLE Consultant DIVISION OF OIL, GAS AND MINING

SIGNATURE 

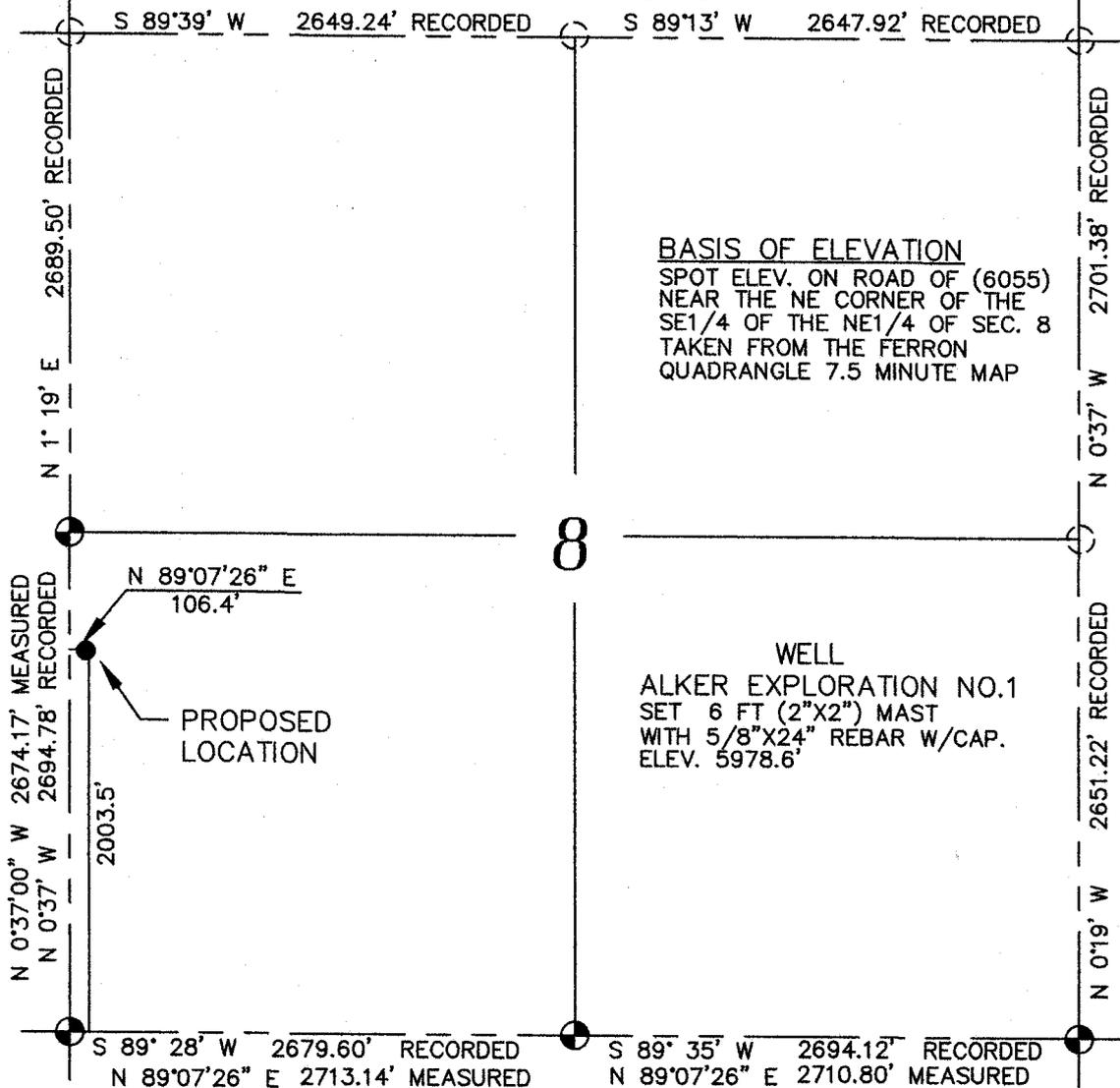
DATE 02/01/02

(THIS SPACE FOR STATE USE ONLY)
API NUMBER ASSIGNED _____ APPROVAL: _____

009

RANGE 7 EAST

TOWNSHIP 20 SOUTH



BASIS OF ELEVATION

SPOT ELEV. ON ROAD OF (6055)
 NEAR THE NE CORNER OF THE
 SE1/4 OF THE NE1/4 OF SEC. 8
 TAKEN FROM THE FERRON
 QUADRANGLE 7.5 MINUTE MAP

WELL

ALKER EXPLORATION NO.1
 SET 6 FT (2"X2") MAST
 WITH 5/8"X24" REBAR W/CAP.
 ELEV. 5978.6'



LEGEND

- ⊕ FOUND BRASS CAP OR WITNESS CORNERS
- CORNERS NOT SEARCHED FOR

BASIS OF BEARING

BASIS OF BEARING IS N 0° 37'00" W (GLO RECORDED)
 BEARING, BETWEEN THE SW CORNER AND THE W1/4 CORNER
 OF SAID SECTION 8.



ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NO. 145656 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE TRACT OF GROUND SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Evan E. Hansen
 EVAN E. HANSEN

11/15/2001
 DATE

revised 11-07-2001

NW4 SW4 SEC. 8, T 20 S, R 7 E, S.L.B.& M.

Empire Engineering, Inc.

1665 E. Sagewood Rd. Price, Utah 84501

ALKER EXPLORATION NO. 1

Drawn By: EH	Approved By: EEH	Drawing No. EEOG-07-01
Date: 11-07-2001	Scale: 1"=1000'	
		SHEET 1 OF 3



Phone: (801) 561-3121
Fax: (801) 561-3133

DOLAR ENERGY L.L.C.

935 East South Union Avenue
Suite D-202
Midvale, UT 84047-2393

FACSIMILE TRANSMITTAL COVER SHEET

TO: Lasha Cordova

RECEIVED

FACSIMILE NUMBER: 359-3940

FEB 08 2002

FROM: Mark S. Dolar

DIVISION OF
OIL, GAS AND MINING

DATE: 2/8, 2002 TIME SENT: 9:30

NUMBER OF PAGES: 5 (Including cover sheet)

MESSAGE: Lasha - The signature pages
of Henry Aker are
attached to this Easement
and Surface Use Agreement.
Finally received it this A.M.
Kathy/mack

If documents described above are not properly received, please call (801) 561-3121. Our fax number is (801) 561-3133

EASEMENT AND SURFACE USE AGREEMENT

This Agreement dated the 29 day of NOVEMBER, 2001, by and between Beth Larsen, also known as Beth Black, as Trustee of the Irma P. Snow Family Trust, dated May 24, 1990, hereinafter referred to as Grantor, whose address is 470 West Mill Road, Ferron, Utah 84523, and Alker Exploration L.L.C., hereinafter referred to as Grantee, whose address is 155 Montgomery Street, Suite 504, San Francisco, California 94104.

584 It is understood that the Grantee intends to drill the Alker #8-1 well located in the NW1/4 SE1/4 of Section 8, Township 20 South, Range 7 East, S.L.M., Emery County, Utah. Grantee agrees to pay to Grantor, as consideration for surface damages, Two Thousand Dollars (\$2,000.00) for a location not exceeding two (2) acres. The proposed well will be accessed, during the initial drilling phase, by the existing farm road. At such time that the well is placed into production, Grantee, at its sole cost and expense, shall construct an access road at such location as is acceptable to Grantor, along the western boundary of Grantor's property, and Grantee shall pay as consideration to Grantor, for an easement and right of way for road access and for the laying of production pipeline, the sum of Three Thousand Dollars (\$3,000.00). Payment of the \$5,000.00 (\$2,000 + \$3,000) shall be delivered to Grantor prior to commencement of any activities on said land by Grantee.

Grantor does hereby lease to Grantee a two acre location site, and grants to Grantee a non-exclusive right of way and easement, with full right of ingress and egress across the surface of the land owned by Grantor in Section 8, Township 20 South, Range 7 East, S.L.M., Emery County, Utah, for the purpose of drilling one well, building one 30' wide road, and installing pipelines as necessary for production, and for the maintenance of the access roadway, and pipeline for the life of the production of the well.

Grantor shall be indemnified and held harmless by Grantee from any damages caused by operations on Grantor's land conducted by Grantee. The pit site will be lined and a fence built around the pit to keep livestock out. Dust will be controlled by Grantee at its sole cost and expense on an as need basis and/or upon request by Grantor, by applying water to the access road and well site. A Powder River type cattle guard of a size acceptable to Grantor, together with cement abutments, will be installed by Grantee, at its sole cost and expense, at a location acceptable to Grantor, at the entry of Grantor's property. A lockable gate across the said cattle guard will also be installed by Grantee and the parties shall agree upon a padlock or a combination lock or locks to be installed. At all times relevant hereto, and unless otherwise agreed upon in writing by the parties, this gate and any other gates on Grantor's property designated for closure shall remain closed at all times.

In the event of production, and upon commencement thereof, Grantor will be assigned, and paid on a monthly basis, a one percent (1%) overriding royalty from the Alker #8-1 well to serve as further compensation for the perpetual right-of-way and for damages caused by Grantee. This shall in no way release the Grantee's obligation for plugging and abandoning the well pursuant to the rules and regulations of the Utah Division of Oil, Gas and Mining.

If the well is a dry hole or at the time of abandonment of said well, whichever event first occurs, Grantee agrees to reseed and reclaim the surface to its original conditions, as nearly as possible, within ninety (90) days of abandonment. All materials used at the site will be removed at the time of abandonment, including rock used for road building and improvements.

The parties hereby agree to honor and abide by the terms and conditions set forth in Exhibit "A", entitled Special Stipulation, which is attached hereto and by this reference is made a part hereof.

Attached to and made a part of that certain Easement and Surface Use Agreement effective the 29 day of NOVEMBER, 2001, by and between Beth Larsen, also known as Beth Black, as Trustee as the Irma P. Snow Family Trust, dated May 24, 1990, as Grantor and Aiker Exploration L.L.C, as Grantee.

1. Each pipeline (and power line if installed underground) installed hereunder shall be constructed not less than thirty-six (36) inches below the surface elevation of said land at the time of construction.
2. A memorandum of this agreement may be executed by Grantee and Grantor making reference to this agreement for recording purposes.
3. The said thirty (30) foot road shall be constructed with appropriate ditches and drain culverts to allow proper drainage off of said road and also to prevent water from backing up along said road, all at the sole expense of Grantee.
4. It is specifically understood that, notwithstanding provisions herein to the contrary, Grantee shall remain liable to Grantor for any and all losses, injuries and damages to the surface of the lands described herein and to any appurtenances or improvements thereon caused by or arising out of the gross negligence or willful misconduct of the Grantee, its employees, agents, contractors, or subcontractors.
5. Grantee agrees to limit its operations to the herein described rights-of-way. Grantee will be responsible for any damages caused by its operations on lands outside of the herein described rights-of-way.

Signed for Identification

Beth Larsen
Beth Larsen, also known as Beth Black, Trustee of
the Irma P. Snow Family Trust, dated May 24, 1990

Aiker Exploration, L.L.C.

By: [Signature]
Its: President

part hereof.

This Agreement shall be binding upon the parties herein, their respective executors, administrators, successors and assigns, and shall inure to the benefit of the parties herein for the purposes set forth above.

Accepted and agreed to this 29 day of NOVEMBER, 2001.

Beth A. Larsen
Beth Larsen, also known as Beth Black, Trustee of the Irma P. Snow Family Trust, dated May 24, 1990

ALKER EXPLORATION L.L.C.

By: Henry D. Alker
Title: President

INDIVIDUAL ACKNOWLEDGMENT

STATE OF UTAH)
)ss.
COUNTY OF ~~CARBON~~)
Emery

I hereby certify, that on the 29 day of November, 2001, personally appeared before me Beth Larsen, also known as Beth Black, as Trustee of the Irma P. Snow Family Trust, dated May 24, 1990, to me known to be the person described herein and who executed the foregoing instrument and acknowledged before me that, being informed of the contents of the same, voluntarily signed and delivered the within and foregoing instrument on the day and year herein mentioned.



Natalie Zeeman
Notary Public
My commission expires: 05-10-05
Address: 1802 N main st. SF, UT 84600

CORPORATE ACKNOWLEDGMENT

STATE OF California
COUNTY OF San Francisco)
SS.

On this 7th day of February, 2002, personally appeared before me,
Henry A. Alker of ALKER EXPLORATION L.L.C., a
corporation duly organized, incorporated and existing under and by virtue of the laws of the State
of California, personally known to me to be such officer, and personally known to me to
be the same person who executed, as such officer, the within instrument for the purposes and
consideration therein expressed, in the capacity stated and on behalf of said corporation, and such
person duly acknowledged the execution of the same to be the act and deed of said corporation.



Notary Public
My commission expires: 11.13.2005
Address: 268 Bush St. San Francisco, CA 94104

003



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

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 11, 2002

Alker Exploration LLC
155 Montgomery, Suite 504
San Francisco CA 94104

Re: Alker Exploration 1 Well, 2004' FSL, 106' FWL, NW SW, Sec. 8, T. 20 South, R. 7 East, Emery 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 43-015-30255.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza".

John R. Baza
Associate Director

er

Enclosures

cc: Emery County Assessor

Operator: Alker Exploration LLC
Well Name & Number Alker Exploration 1
API Number: 43-015-30255
Lease: FEE

Location: NW SW **Sec.** 8 **T.** 20 South **R.** 7 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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

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

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

3. Reporting Requirements

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

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

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

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.

FROM :

FAX NO. :

Oct. 28 2000 10:17PM P2

004

43-015-30253 209; MEJ
3-8

ALKER EXPLORATION, I.L.C.

5360 Vine Hill Road
Sebastopol, CA 95472
707/829-0331

155 Montgomery Street, Ste #504
San Francisco, CA 94104
415/981-0769 FAX 415/788-6544

Henry A. Alker Managing Member

Conf.

March 8, 2002

To Whom It May Concern:

As my attorney Tom Clawson, is authorized to conduct business on my behalf in the South State of Utah. He should be granted access to any information about any business by any and all government agencies.

Sincerely,


Henry A. Alker

005



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

43-015-30255

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

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

April 9, 2002

Alker Exploration LLC
155 Montgomery, Suite 504
San Francisco, CA 94104

Thomas W. Clawson
VAN COTT, BAGLEY, CORNWALL & McCARTHY
Attorneys for Alker Exploration LLC
50 South Main Street, Suite 1600
P.O. Box 45340
Salt Lake City, UT 84145

Re: Alker Exploration 1 Well, 2004' FSL, 106' FWL, NW SW Sec. 8, T. 20 South, R. 7 East,
Emery County, Utah

Gentlemen:

The Division of Oil, Gas and Mining ("the Division") hereby rescinds its approval to the drill the referenced well (API # 43-015-30255) that was issued to Alker Exploration LLC ("Alker") on February 11, 2002. This rescission is based on Alker's filing, dated March 11, 2002, of a Request for Agency Action ("Request") with the Board of Oil, Gas and Mining ("the Board") that asserts the following on page 2 and 3 of the Request:

"9. A subsequent title examination has shown that Alker has not obtained all of the necessary written consents to the exception well location from all of the 'Owners,' as that term is defined at Rule R649-1-1, within a 460-foot radius of the exception well location for the Subject Well. In spite of Alker's attempts to do so, as of this date, Alker has not been able to obtain written consents from all of the necessary Owners within a 460-foot radius of the proposed wellsite for the Subject Well as required by Rule R649-3-3."

With Alker's filing of the Request, the Division finds that Alker has failed to submit proper written application to the Division for approval of an exception well location as required by Rule R649-3-3, Exception to Location and Siting of Wells. Therefore, the Division rescinds drilling approval for the well until the exception location is granted by either the Board or the

Page 2
Alker Exploration LLC
April 9, 2002

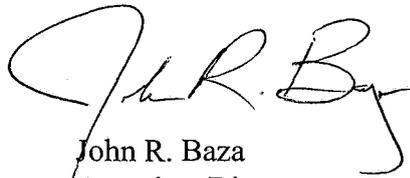
Division. As described by Rule R649-3-3, the Request from Alker represents the procedure of presenting the matter to the Board upon the Division failing to approve the exception location.

Please note that if Alker obtains written consent from applicable owners as required by rule, a Board hearing may not be necessary as the Division can exercise its administrative authority granted by Rule R649-3-3 to approve the exception location and reinstate approval to drill the referenced well. If written consent cannot be obtained and the matter proceeds to hearing before the Board, then Alker should be prepared to present information related to the following:

1. Explain more fully why the subsequent title search differed from the information submitted with Alker's Amended APD, and especially if there was a substantial change of circumstances after the Division granted the approval.
2. Describe Alker's good faith attempts to obtain written consents from all necessary Owners.
3. Indicate whether Alker has accomplished personal service, sufficient to comply with due process of law, under Rule R641-106-200.

The Division is prepared to cooperate fully with Alker to resolve this matter administratively. Pending resolution, however, the Division must rescind the drilling approval that was previously granted.

Sincerely,



John R. Baza
Associate Director

cc: Well file

THOMAS W. CLAWSON
Direct Dial: 801.237.0352
email:
tclawson@vancott.com

November 6, 2002

VIA HAND-DELIVERY

Elise L. Erler, Chairman
Board of Oil, Gas and Mining
1594 West North Temple, #1210
Box 145801
Salt Lake City, Utah 84114-5801

FILED

NOV 06 2002

**SECRETARY, BOARD OF
OIL, GAS & MINING**

Attention: Mary Potter, Secretary to the Board

**Re: Alker Exploration L.L.C.
Alker Exploration #1 Well
Docket No. 2002-009, Cause No. 249-01**

Dear Mary:

Please find enclosed for filing in the above-referenced cause a certified copy of the Order Determining Heirs and of Distribution of Property entered in the Matter of the Estate of Albert L. Hunter, Seventh Judicial District Court of Emery County, State of Utah, Probate No. 0237000120T on November 6, 2002. This Order constitutes evidence that the Probate Court distributed the Albert L. Hunter Mineral Interests to the Reva Hunter Heirs.

If you have any questions or need further information, please do not hesitate to contact me.

Very truly yours,

Van Cott, Bagley, Cornwall & McCarthy



Thomas W. Clawson

TWC:cw
Enclosures

RECEIVED

NOV 06 2002

**DIVISION OF
OIL, GAS AND MINING**

1. Albert L. Hunter died intestate on March 6, 1975, leaving his spouse, Reva Hunter (now deceased), as his sole heir at law pursuant to Utah Code Ann. § 74-4-5(3) (1975).

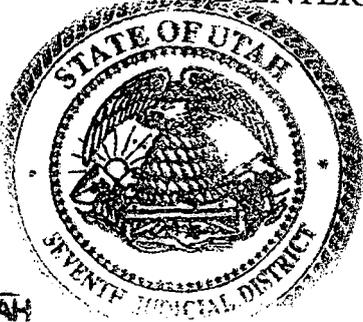
2. Any right, title and interest the said Albert L. Hunter may have had in the following Emery County lands, including but not limited to an undivided 50% interest in the oil, gas and other minerals in, on or underlying said lands:

Township 20 South, Range 7 East, SLM

Section 8: N½SW¼ and SE¼SW¼,

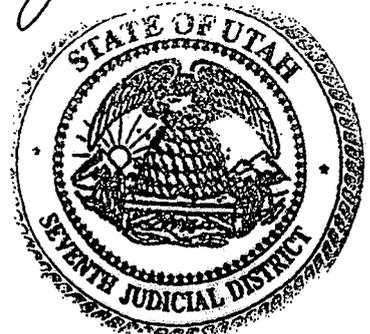
as well as all of his right, title and interest in any other Utah property not now known and hereafter discovered, vested upon his death (on March 6, 1975) solely and absolutely in the said Reva Hunter as his sole heir at law.

MADE AND ENTERED this 6th day of November, 2002.



BY THE COURT:

Bryce K. Bryner
Bryce K. Bryner, District Judge



STATE OF UTAH
County of Emery

I hereby certify that the document to which this certificate is attached is a full, true and correct copy of the original filed and now in my custody.

WITNESS my hand and seal this 6th day of November, 2002
SEVENTH DISTRICT COURTS
Emery County, Utah

[Signature]

007

RECEIVED

NOV 04 2002

DIVISION OF OIL, GAS AND MINING

BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

FILED

NOV 07 2002

IN THE MATTER OF THE REQUEST)
 FOR AGENCY ACTION OF ALKER)
 EXPLORATION L.L.C. FOR)
 APPROVAL OF AN EXCEPTION)
 WELL LOCATION FOR THE ALKER)
 EXPLORATION #1 WELL LOCATED)
 IN SECTION 8, TOWNSHIP 20 SOUTH,)
 RANGE 7 EAST, S.L.B. & M., EMERY)
 COUNTY, UTAH)

SECRETARY, BOARD OF OIL, GAS & MINING

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER OF APPROVAL

Docket No. 2002-009
Cause No. 249-01

This cause came on regularly for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, October 23, 2002, at the hour of 10:00 a.m. in the Board Room of the Department of Natural Resources, 1594 West North Temple, Suite 1050, Salt Lake City, Utah. The following Board members were present at the hearing: Elise L. Erler, Chairman; Stephanie B. Cartwright; J. James Peacock; Robert J. Bayer; Kent R. Peterson; and Douglas E. Johnson. Lowell Braxton, Director, and John Baza, Associate Director, Oil and Gas, were present for the Division of Oil, Gas and Mining (the "Division"). Steven F. Alder and Kurt E. Seel, Assistant Attorneys General and counsel to the Division and the Board, respectively, also were present. The petitioner, Alker Exploration LLC ("Alker"), was represented by Thomas W. Clawson of Van Cott, Bagley, Cornwall & McCarthy. Mark S. Dolar, Consulting Landman, and Steven J. Lund, Consulting Petroleum Engineer, testified on behalf of Alker. Although Janice F. Ciarus filed letters with the Board regarding petitioner's request, Ms. Ciarus did not appear at or otherwise participate at the October 23, 2002 hearing. Except for Ms. Ciarus' letters,

Alker's Request for Agency Action was unopposed. After considering the testimony introduced at the October 23, 2002 hearing, the Board unanimously approved Alker's Request for Agency Action, subject to the conditions stated in the Order contained herein.

NOW, THEREFORE, the Board having fully considered the testimony adduced at the October 23, 2002 hearing, and being fully advised, and good cause appearing, hereby makes the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. Notices of the time, place, and purpose of the October 23, 2002 hearing were mailed to all known interested parties by first-class mail, postage prepaid, and were duly published in the Salt Lake Tribune, Deseret News, and The Emery County Progress pursuant to the requirements of Utah Administrative Code Rule R641-106-100. Copies of the Request for Agency Action were mailed to each person known to have a direct interest in the Request for Agency Action pursuant to Rule R641-104-135.

2. Alker Exploration LLC is a California limited liability company in good standing, having its principal place of business in Sebastopol, California, and is qualified to do, and is doing, business in Utah.

3. The Board has jurisdiction of the parties and subject matter of Alker's Request for Agency Action, pursuant to Section 40-6-5 of the Utah Code Annotated and Rule R649-3-3 of the Utah Administrative Code.

4. Alker's Request for Agency Action seeks an order by the Board approving an exception well location for the Alker Exploration #1 Well (the "Subject Well") located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8, Township 20 North, Range 7 East, S.L.M., in Emery County, Utah (the "Subject Lands").

5. Alker will be the operator of the Subject Well.
6. No spacing order of the Board as contemplated by Section 40-6-6 of the Utah Code Annotated exists with respect to the Subject Lands. Accordingly, pursuant to Utah Administrative Code Rule R649-3-2, the Subject Well should be located at the center of a 40-acre quarter-quarter section, or a substantially equivalent lot, with a tolerance of 200 feet in any direction from the center location.
7. The surface of the Subject Lands is owned by the Irma P. Snow Family Trust dated May 24, 1990. Alker and the surface owner have entered an Easement and Surface Use Agreement permitting Alker to conduct oil and gas operations for the Subject Well upon the Subject Lands.
8. Alker seeks a location exception to Rule R649-3-2 for the Subject Well to accommodate the existing surface uses of the Subject Lands and other adjacent lands and because of geologic considerations.
9. To accommodate for these considerations, Alker proposes to drill the Subject Well in subject Section 8 outside the 400-square foot "window" as provided under Rule R649-2-2(1). The proposed surface location is a point located 106.4 feet from the west line and 2003.5 feet from the south line in Section 8, Township 20 North, Range 7 East, S.L.M., Emery County, Utah. (The proposed surface location is shown on Exhibit "A" attached to the Request for Agency Action.) Alker's proposal is reasonably necessary to accommodate the surface owner's existing surface uses and will fulfill the purposes of Chapter 6 of Title 40 of the Utah Code Annotated.
10. The minerals in the lands embraced within the Subject Lands are privately owned and some of the mineral interests are subject to fee oil and gas leases.

Subsequent to the filing of the Request for Agency Action, a title examination revealed that the ownership of fifty percent of the mineral interests in the Subject Lands is "clouded" because the estate of Albert L. Hunter (the prior owner of the fifty percent mineral interest) has never been probated (the "Albert L. Hunter Mineral Interests"). The remaining fifty percent mineral interests in the Subject Lands are subject to fee oil and gas mineral leases which are held by Alker.

11. To clear the "cloud on title," the Albert L. Hunter Mineral Interests are being adjudicated in a probate proceeding currently pending in the Seventh Judicial District Court of Emery County, State of Utah, in Castle Dale, Utah (Case No. 023700012 OT) (the "Probate Court"). A hearing in that matter for an order to determine Albert L. Hunter's heirs and to distribute the property of the Estate of Albert L. Hunter is set for November 6, 2002, at 9:00 a.m., before Judge Bryner, at which time it is anticipated that the heirs of Albert L. Hunter will be established and the Albert L. Hunter Mineral Interests will be distributed.

12. Most, but not all, of the possible heirs of Albert L. Hunter received notice of the October 23, 2002. (Some of the possible heirs are unlocatable.) The possible heirs of Albert L. Hunter include Janice F. Ciarus and Doris D. Lindsey (collectively, the "Reva Hunter Heirs"), both of whom received mailed and published notice of the Request for Agency Action and the October 23, 2002 hearing. Alker has obtained an oil and gas lease from Doris D. Lindsey.

13. Contingent upon the ruling by the Probate Court, with the exception of Janice F. Ciarus, Alker has obtained written consents to the exception well location and/or leases covering all of the oil and gas rights within a 460-foot radius of the proposed

well location, including from the mineral owners in the relevant portions of the E $\frac{1}{2}$ E $\frac{1}{2}$ of adjacent Section 7, Township 20 South, Range 7 East, S.L.M. Contingent upon the ruling by the Probate Court, Janice F. Ciarus is the only "Owner," as defined by the Division's general rules at Rule R649-1-1, from which Alker has not been able to obtain a lease or written consent for the exception well location as required by Rule R649-3-3(1.2).

12. The proposed plan of development for the Subject Well will allow for the orderly development of the Subject Lands, will protect correlative rights, will prevent waste, and will result in the greatest recovery of hydrocarbon substances from the Subject Lands.

CONCLUSIONS OF LAW

1. Due and regular notice of the time, place, and purpose of the October 23, 2002 hearing was given to all known interested parties in the form and manner and within the time required by law and the Rules and Regulations of the Board. Due and regular notice of the filing of the Request for Agency Action was given to all persons known to have a direct interest in the Request for Agency Action in the form and manner and within the time required by law and the Rules and Regulations of the Board.

2. The Board has jurisdiction of the parties and subject matter of the Request for Agency Action, pursuant to Section 40-6-5 of the Utah Code Annotated and Rule R649-3-3 of the Utah Administrative Code, and has the power and authority to make and promulgate the order herein set forth insofar as the Subject Lands and the hydrocarbons beneath them are concerned.

3. Approval of the proposed exception well location for the Subject Well is in the public interest and will adequately protect the correlative rights of all

interested parties. The proposed exception well location will promote conservation, increase ultimate recovery, and will prevent waste. Accordingly, the plan of development for the Subject Well as proposed by Alker is just and reasonable under the circumstances.

4. Alker's Request for Agency Action satisfies all statutory and regulatory requirements for the relief sought therein and should be granted.

5. The proposed exception well location for the Subject Well is necessary to foster conservation and to encourage and promote the development, production, and utilization of oil and gas and to prevent waste; to provide for the operation and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas may be obtained; and to provide protection of the correlative rights of all Owners.

6. The proposed exception well location for the Subject Well is reasonably necessary to fulfill the purposes of Chapter 6, Title 40 of the Utah Code Annotated and is in the public interest.

ORDER

Based upon Alker's Request for Agency Action, the testimony adduced, the Findings of Fact and Conclusions of Law set forth above, and good cause appearing, IT IS HEREBY ORDERED:

1. Alker's Request for Agency Action in this cause is granted subject to the Probate Court distributing the Albert L. Hunter Mineral Interests to the Reva Hunter Heirs.

2. This Order is expressly made contingent upon Alker filing with the Board evidence that the Probate Court distributed the Albert L. Hunter Mineral Interests to

the Reva Hunter Heirs. Accordingly, this Order will become effective immediately upon the filing of such evidence.

3. Pursuant to Utah Administrative Code R641 and Utah Code Ann. § 63-46b-6 to -10, the Board has considered and decided this matter as a formal adjudication.

4. This Findings of Fact, Conclusion of Law, and Order (“Order”) is based exclusively on evidence of record in the adjudicative proceeding or on facts officially noted, and constitutes the signed written order stating the Board’s decision and the reasons for the decision, all as required by the Utah Administrative Procedures Act, Utah Code Ann. § 63-46b-10 and Utah Administrative Code R641-109.

5. Notice re Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63-46b-10(e) to -10(g), the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order issued. Utah Code Ann. § 63-46b-14(3)(a) and -16. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63-46b-13, entitled, “Agency review - Reconsideration,” states:

(1)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Id. The Board also hereby notifies the parties that Utah Administrative Code R641-110-100, which is part of a group of Board rules entitled, "Rehearing and Modification of Existing Orders," states:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

Id. See Utah Administrative Code R641-110-200 for the required contents of a petition for Rehearing. If there is any conflict between the deadline in Utah Code Ann § 63-46b-13 and the deadline in Utah Administrative Code R641-110-100 for moving to rehear this matter, the Board hereby rules that the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

6. The Board retains continuing jurisdiction over all the parties and over the subject matter of this Cause, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this Order by the Utah Supreme Court.

7. For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

ISSUED this 7th day of November, 2002.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

By Elise E. Erler
Elise E. Erler, Chairman

011



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

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

November 27, 2002
*Amended December 6, 2002

Alker Exploration LLC
155 Montgomery, Suite 504
San Francisco, CA 94104

Re: Alker Exploration #1 Well, 2004' FSL, 106' FWL, NW SW, Sec. 8, T. 20 South,
R. 7 East, *Emery 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 43-015-30255.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

John R. Baza
Associate Director

pb
Enclosures
cc: Emery County Assessor

Operator: Alker Exploration LLC
Well Name & Number Alker Exploration #1
API Number: 43-015-30255
Lease: Fee

Location: NW SW Sec. 8 T. 20 South R. 7 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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

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

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

3. Reporting Requirements

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

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

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

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.

Memo to Files

December 13, 2002

Alker Exploration 1
API 43-015-30255
APD approved 11/27/2002

Alker Exploration 1
API 43-015-30588
APD approved 2/11/2002
LA'd 4/9/2002

An APD for the Alker Exploration 1 was originally approved on February 11, 2002 under API number 43-015-30255. On April 9, 2002, the permit was rescinded by the division due to a failure on the operator's part to obtain written consents from all necessary owners required for an exception well location.

Once the matter was resolved, the division approved a second APD for the well on November 27, 2002. At that time, the same API number (43-015-30255) was used for the new permit.

The issuance of a second APD using the same API number as was used for a well permit that had previously been rescinded, created numerous record keeping headaches. Following discussions with Vicky Dyson (records manager) and Diana Mason (permit analyst), a decision was made to issue a new API number (43-015-30588) for the LA'd permit, separate the well file into two separate files (one containing the permit information up until the time of rescind, and the other containing the entire history of the well), and create a new database record showing the LA'd permit using the new API number. A new "NID" permit report was also run for the month of February 2002 and placed on the web to show the permit with the new API number. An "NID" completion report was also run for April 2002 to show the rescind. Comments were included in the well comments of the database to tie the two API records together.

Don Staley
12/13/2002



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

December 10, 2003

Henry Alker
Alker Exploration, LLC
155 Montgomery, Suite 504
San Francisco, CA 94104

RE: Alker Exploration I (API #43-015-30255) Bond and Intent with location and Behling 7-1 (API #43-015-30584) Bond

Dear Mr. Alker:

As we discussed today on the CD for the Alker Exploration I well, our file does not contain an original certificate for Wells Fargo Bank account 2014747919 in the amount of \$10,000. I was also trying to verify the current status of this account. Please provide such to my attention at the address shown here.

If you intend to abandon the location of the Alker Exploration I well, please send a letter stating you want the APD rescinded. At that point, with your authorization, I can transfer CD #2014747919 to bond the Behling 7-1 well.

Upon successful completion of the reclamation and inspection of the Behling 7-1, the CD can be released with your written request. I have looked at the inspection of the plugging of this well. That part looks good.

If you have questions, please call me at (801) 538-5336.

Sincerely,


Earlene Russell
Engineering Technician

cc: files



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT
Governor

OLENE S. WALKER
Lieutenant Governor

January 8, 2004

Henry A. Alker
Alker Exploration LLC
155 Montgomery Suite 504
San Francisco CA 94104

Re: APD Rescinded – Alker Exploration 1, Sec. 8, T. 20S, R. 7E
Emery County, Utah API No. 43-015-30255

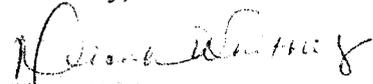
Dear Mr. Alker:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 11, 2002. On January 5, 2004, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 5, 2004.

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

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

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
Gil Hunt, Technical Services Manager