

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

FORM 3

AMENDED REPORT
(highlight changes)

| | | | | | |
|--|--|---|--|--|---------------------------|
| APPLICATION FOR PERMIT TO DRILL | | | | 5. MINERAL LEASE NO: FEE | 6. SURFACE Fee |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | | 8. UNIT or CA AGREEMENT NAME: N/A | |
| 2. NAME OF OPERATOR: XTO ENERGY INC. | | | | 9. WELL NAME and NUMBER: COP #16-8-7-43 | |
| 3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410 | | | PHONE NUMBER: (505) 333-3100 | 10. FIELD AND POOL, OR WILDCAT: Ferron Coal / <i>Wideal</i> | |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2198' FSL x 899' FEL AT PROPOSED PRODUCING ZONE: same | | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 7 16S 8E S | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 17 miles Northwest of Huntington, Utah | | | | 12. COUNTY: EMERY | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 4000' | | 16. NUMBER OF ACRES IN LEASE: 6707.23 | | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: Lse basis | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 3400' | | 19. PROPOSED DEPTH: 7,300 | | 20. BOND DESCRIPTION: UTB000138 | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 9401' Ground Elevation | | 22. APPROXIMATE DATE WORK WILL START: 4/28/2008 | | 23. ESTIMATED DURATION: 2 weeks | |

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | | | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT | | | |
|--------------|---|-------|-------|---------------|---|------------|-------------|----------|
| 14.75" | 10.75" | J-55 | 40.5# | 2,100 | CBM light wt-lead | +/- 375 sx | 4.15 ft3/sx | 10.5 ppg |
| 14.75" | 10.75" | J-55 | 40.5# | 2,100 | CBM light wt-tail | +/- 500 sx | 1.61 ft3/sx | 14.2 ppg |
| 9.875" | 5.5" | N-80 | 17# | 7,300 | CBM light wt-lead | +/- 90 sx | 4.15 ft3/sx | 10.5 ppg |
| 9.875" | 5.5" | N-80 | 17# | 7,300 | CBM light wt-tail | +/- 250 sx | 1.81 ft3/sx | 13.5 ppg |
| 9.875" | 7.625" | P-110 | 29.7# | 5,150 | CBM light wt-lead | +/- 276 sx | 4.15 ft3/sx | 10.5 ppg |
| 9.875" | 7.625" | P-110 | 29.7# | 5,150 | CBM light wt-tail | +/- 150 sx | 1.81 ft3/sx | 13.5 ppg |

ATTACHMENTS

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

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

NAME (PLEASE PRINT) Kyla Vaughan TITLE Regulatory Compliance
SIGNATURE *Kyla Vaughan* DATE _____

(This space for State use only)

API NUMBER ASSIGNED: 43-015-30738

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:

Date: 06-16-08
(See Instructions on Reverse Side)
By: *[Signature]*

RECEIVED

JAN 28 2008

DIV. OF OIL, GAS & MINING

Range 8 East

(S89°52'E - 5504.40')

(N00°03'50"W - 2634.79')

(NORTH - 5280.00')

(N00°04'37"E - 2636.95')

(N00°03'W - 5280.00')

(N89°52'E - 5501.76')

Township 16 South

Location:

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

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

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

Basis of Elevation:

Basis of Elevation of 9694.0' being at the Southeast corner of Section 36, Township 15 South, Range 7 East, Salt Lake Base & Meridian, as shown on the Hiawatha Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NE/4 SE/4 of Section 7, T16S, R8E, S.L.B.&M., being North 2197.84' from South line and West 898.78' from East line of Section 7, T16S, R8E, Salt Lake Base & Meridian.

Surveyor's Certificate:

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

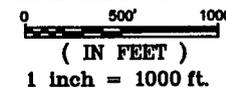
898.78'
CALC.
COP 16-8-7-43
ELEV. 9401.1'

UTM
N 4365954
E 494798

2197.84'
CALC.



GRAPHIC SCALE



Legend

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

NOTES:

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

LAT / LONG
39°26'42.018" N
111°03'37.634" W



TALON RESOURCES, INC.

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



COP 16-8-7-43
Section 7, T16S, R8E, S.L.B.&M.
Emery County, Utah

| | |
|---------------------------|------------------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J./A.J.S. |
| Drawing No. A-1 | Date: 12/11/07 |
| | Scale: 1" = 1000' |
| Sheet 1 of 4 | Job No. 3276 |

Once Recorded Please Return To:
Ryan M. O'Kelley
810 Houston Street
Fort Worth, Texas 76102

MEMORANDUM OF SURFACE USE AND DAMAGE AGREEMENT

COP 16-8-7-43 and COP 16-8-17-43

KNOW ALL MEN BY THESE PRESENTS:

That **C.O.P. Coal Development Company**, a Utah Corporation, whose address is 3212 South State Street, Salt Lake City, Utah, 84115-3825, ("**Grantor**") and **XTO Energy Inc.**, a Delaware Corporation, whose address is 810 Houston Street, Fort Worth, TX 76012-6298 ("**Grantee**") have entered into a Surface Use and Damage Agreement dated effective as of the 12th day of February, 2008 ("**Agreement**").

The Agreement, which is unrecorded and may be found in the files of Grantor and Grantee, is adopted herein and made a part hereof by reference to the same full extent as if all its provisions were copied in full in this Memorandum.

Pursuant to the terms of the Agreement, Grantor grants to Grantee and all of its parent, subsidiary, or other affiliated companies, their agents, employees and others authorized by them a nonexclusive private right of way upon and across Grantor's property located in the SE/4 of Section 7, and the N/2 & SE/4 of Section 17, Township 16 South, Range 8 East, S.L.B.&M., Emery County, Utah, in the location as approximately shown on **Exhibit A**, attached hereto and made a part hereof, for roads, gathering system pipelines, transmission pipelines, power lines, appurtenances, valves, metering equipment, cathodic protection, wires, conduits, cables, and associated facilities, related to its Operations ("**Property**"), for the purpose of access to and from mineral leases and rights it owns and operates underlying and in the vicinity of the Property ("**Leases**"), maintenance and operation of the Leases, production from the Leases and other purposes related to conducting oil and gas operations related to the Leases.

This Memorandum shall be binding on and inure to the benefit of Grantor and Grantee, their respective heirs, administrators, successors and assigns.

The parties hereto have executed this Memorandum as of the dates of the respective acknowledgements.

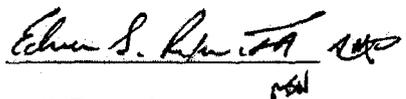
GRANTOR:
C.O.P. COAL DEVELOPMENT COMPANY
A Utah Corporation

By: 

J.O. Kingston,

President

GRANTEE:
XTO ENERGY INC.,
A Delaware corporation

By: 

Edwin S. Ryan, Jr.

Senior Vice President – Land
Administration

Producers 88
(3/2000) PAID-UP
Mississippi-Alabama-Florida

OIL GAS AND MINERAL LEASE

THIS AGREEMENT made and entered into this the 5th day of July, 2006, by and between C.O.P. Coal Development Company, a Utah corporation; whose address is 3212 South State Street, Salt Lake City, Utah 84115 hereinafter called Lessor (whether one or more) and XTO Energy Inc., a Delaware corporation, whose address is 810 Houston Street, Fort Worth, Texas 76102-6298, hereinafter called Lessee:

WITNESSETH, Lessor, in consideration of ten and No/100 (\$10.00) dollars, in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements contained in this lease, including the royalty provisions herein provided, hereby grants, leases and lets exclusively unto Lessee the lands hereinafter described for the purpose of investigating, exploring, prospecting, drilling and operating for and producing and owning oil, gas of whatsoever nature and kind (including gas well gas, casinghead gas, rockhane and gas from coal seams, carbon dioxide, and other gas, whether of commercial value or not, hereinafter referred to as "gas"), together with all associated hydrocarbons produced in a liquid or gaseous form, and sulfur, all such substances are hereinafter referred to as the "leased substances", and for injecting waters and other fluids, gas, air and other gaseous substances into subsurface strata, together with the right to make surveys on said land, lay pipelines, establishing and utilizing facilities for surface or subsurface disposal of salt water or formation water, whether such water comes from lands covered hereby or from other lands operated in conjunction therewith, construction of roads and bridges, digging canals, building tanks, power lines, telephone lines, and other structures and facilities thereon to produce, save, take care of, treat, process, store, and transport said leased substances and products manufactured therefrom, and when it relates to operations on or production from the leased premises or lands adjacent thereto, for the temporary housing and care of Lessee's employees, contractor, subcontractors, and agents, said leased premises are located in Carbon and Emery County, Utah, and described as follows, to-wit:

See Exhibit "A" attached hereto and made a part of Description.

See Addendum to Oil, Gas and Mineral Lease attached hereto and made a part of.

The rights granted Lessee to investigate, explore, and prospect (whether by geophysical, seismic, or other means), to drill, mine for, and produce leased substances, and all other rights of Lessee, shall be exclusive, and no other person shall have the right to conduct similar activities on the leased premises during the term of this lease. Said land shall be deemed to contain 6,707.23 acres, whether actually containing more or less, for purposes of calculating any payments due under the terms of this lease.

1. It is agreed that this lease shall remain in force for a primary term of five (5) years from July 30, 2006 and as long thereafter as leased substances are produced from the leased premises, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, leased substances are not being produced on the leased premises, but Lessee is then engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of leased substances on the leased premises, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from the date of cessation of production or from the date of completion of a dry hole. If leased substances shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as leased substances are being produced from the leased premises. The term "operations" as used herein shall include, in addition to those matters provided for in connection with developing coalbed gas and without limitation of other matters that would reasonably be embraced by the term, any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back, or repairing a well in search for or in an endeavor to obtain production of any leased substances, or producing any leased substances, whether or not in paying quantities. For the purpose of developing coalbed gas, the word "operations" shall mean, in addition to those matters covered elsewhere herein, (1) operations of said wells to remove water or other substances from the coalbed, or to dispose of such water or other substances, even though such operations do not result in the production of hydrocarbons in paying quantities, or (2) shutting-in or otherwise discontinuing production from said wells to allow for surface or underground mining affecting the drillsite or wellbore.

2. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases; and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal 18.75% part of all oil produced and saved from the leased premises.

2nd. To pay Lessor on gas produced from said land (1) when sold by Lessee, [redacted] of the net proceeds realized by Lessee at the well for such sale or (2) when used by Lessee in the manufacture of gasoline or other products, the market value, at the mouth of the well, of [redacted] of such gas; Lessor's interest, in either case, to bear [redacted] of all post-production costs, including, but not limited to, costs of compressing, dehydrating and otherwise treating such gas to render it marketable or usable and [redacted] of the cost of gathering and transporting such gas from the mouth of the well to the point of sale or use.

3rd. On all sulfur produced, mined, manufactured and marketed, the royalty shall be [redacted] for each long ton (2,240 pounds) of sulfur when marketed.

4th. Royalty payments shall be paid monthly unless Royalty due does not exceed \$100.00 and shall begin no later than the second month after production has commenced. For purposes of royalty amounts due and payable under this lease, this lease shall be considered in default if payments that are due and payable are not made within ninety (90) days of Lessee's receipt of written notice of non-payment. Such notice shall be mailed, certified, return receipt requested, to Lessee, or its successor in interest, XTO Energy Inc., at 810 Houston Street, Fort Worth, Texas 76102-6298, and XTO Energy Inc., Division Order Supervisor at 810 Houston Street, Fort Worth, Texas 76102-6298, or to any other address designated by Lessee, written notice of which shall be provided to Lessor. The lease shall not be considered in default, if, due to a defect in title, Lessee is directed, on the basis of an attorney's title opinion, to hold in suspense any royalty payments due under the terms of this lease.

Notwithstanding the foregoing provisions, Lessee shall have the right to use, free of cost, any leased substance produced, and any water produced by Lessee's drilling activities, except water from Lessor's springs, wells and ponds, from the leased premises for the Lessee's operations to the extent that the use of said water does not negatively impact, or reduce the flow, of Lessor's water that is not produced by Lessee.

4. If during or after the primary term one or more wells on the leased premises are capable of producing gas, but such well or wells are either shut-in or gas therefrom is not being sold or used, such well or wells shall nevertheless be deemed to be producing for purposes of maintaining this lease. If for a period of ninety (90) consecutive days such well or wells are shut-in or gas therefrom is not being sold or used, then Lessee shall pay or tender as royalty to the royalty owners fifteen dollars (\$15.00) per net mineral acre per year then retained hereunder, such payment or tender to be made on or before the anniversary date of the lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on or before the anniversary date of the lease during the period such well is shut-in; provided, however, that if such well or wells are shut-in or gas therefrom is not being sold or used during the primary term of this lease, no shut-in royalty shall be payable during the primary term (this being a PAID-UP lease). If at the end of the primary term such well or wells are still shut-in or gas therefrom is still not being sold or used, the first shut-in royalty payment shall be due ninety (90) days after the expiration of the primary term; provided further that if this lease is otherwise being maintained by operations, or if gas is being sold or used from another well or wells on the same 160-acre quarter section (or substantial equivalent combination of lots) of the leased premises, no shut-in royalty shall render Lessee liable for the amount due. For purposes of royalty amounts due and payable under this lease, this lease shall be considered in default if payments that are due and payable are not made within (90) days of Lessee's receipt of written notice of non-payment. Such notice shall be mailed, certified, return receipt requested, to Lessee, or its successor in interest, XTO Energy Inc., at 810 Houston Street, Fort Worth, Texas 76102-6298, and XTO Energy Inc., Division Order Supervisor at 810 Houston Street, Fort Worth, Texas 76102-6298, or to any other address designated by Lessee, written notice of which shall be provided to Lessor.

5. If said Lessor owns an interest in the leased premises less than the entire and undivided fee simple estate therein, then the rental and royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. When requested by Lessor, Lessee shall bury Lessee's pipeline(s) below plow depth.

7. No well shall be drilled nearer than two hundred (200) feet to the house or barn or other building now on said land without written consent of Lessor.

8. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

9. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing.

10. The rights of the Lessor and Lessee hereunder may be assigned in whole or part as to any mineral or horizon and shall inure to the benefit of the parties hereto, their respective heirs, successors, devisees, assigns and successive assigns. No change in ownership of Lessor's interest (by, assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

11. The leased lands shall not be pooled, communitized or unitized with any other lands without the express written permission of Lessor, which consent shall not be unreasonably withheld, unless such action is required to create a proration unit in conformance with a spacing order or regulation of the Utah Board of Oil, Gas and Mining. In such event, Lessee has the unilateral authority to execute on both its and Lessor's behalf a pooling or communitization agreement consistent with said order or regulation, and Lessee shall record and provide a copy of said agreement as recorded to Lessor. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the lands covered by any such agreement royalties only in proportion that the net mineral acres

covered by this lease and subject to said agreement bears to the total net mineral acres subject to said agreement. Production, drilling or reworking operations or a well shut-in on any lands covered by such an agreement shall be treated as if it were production, drilling or reworking operations or a well shut-in under this lease.

12. Lessor agrees that, should Lessee be prevented from complying with any expressed or implied covenant of this agreement (except payment of money to Lessor) by reason of scarcity of or inability to obtain or use labor, Water, equipment or material (including drilling rig), strike or differences with workmen, failure of carriers to transport or furnish facilities for transportation, Wars, fires, storms, storm Warnings, floods, riots, epidemics, compliance with or obedience to any Federal or State law or any regulation, rule or order of any governmental authority having jurisdiction, including but not limited to inability (except through Lessee's lack of reasonable diligence) to obtain any license, permit, or other authorization that may be required to conduct operations on or in connection with the leased premises or lands pooled or unitized therewith, or any cause whatsoever (other than financial), beyond its control, whether similar or dissimilar from those enumerated, any such reason shall be deemed an "event of force majeure" and then, while Lessee is so prevented, its obligation to comply with such covenant shall be suspended and excused and the period for performance and the term of this lease shall be extended for an additional period equal to the duration of the event of the force majeure, and Lessee shall not be liable in damages for failure to comply therewith. Upon the occurrence and upon the termination of the event of the force majeure, Lessee shall promptly notify Lessor. Lessee shall use reasonable diligence to remedy the event of force majeure, but shall not be required against its better judgment to settle any labor dispute or contest the validity of any law or regulation of any action or inaction of civil or military authority.

13. Lessor hereby warrants and agrees to defend the title to the land herein described against the claims of all persons whomsoever, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on said land, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves, and their heir, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made.

14. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more of all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assignors of Lessor and Lessee.

15. This is a PAID-UP LEASE. In consideration of the cash down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. In the event that payments are necessitated by other provisions of this lease, any such payments may be made by check or draft of Lessee deposited in the mail or delivered to Lessor or to Lessor's credit in the Pay Direct to Lessor at above address or its successors which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land, on or before the last date of payment. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part of all of said land or any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals or horizons under a portion of said land, the payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage bears to the acreage which was covered by this lease immediately prior to such release.

16. Lessee is aware that portions of the lease premises contain active coal mines. Any coal mining lease, whether it be for surface mining operations or underground operations, executed during the term of this lease, shall be expressly subject to the rights granted Lessee by this lease, especially including those set forth in paragraph 17. Furthermore, any subsequent coal mining lease shall expressly exclude occluded natural gas or methane in leased coal seams. Lessee expressly agrees to fully cooperate with surface and underground coal Lessees in an effort to maximize the development of natural resources in the leased premises, including the selection of the location of drill sites through active coal mines.

17. It is understood and agreed that in order to obtain maximum efficient recovery of coalbed gas, Lessee may treat and stimulate coal seams and adjacent strata in such manner as Lessee may determine in its sole discretion. Such treatment and stimulation may include, but is not limited to, hydraulic stimulation or the injection of gas, water, brine, or other fluids into the subsurface strata.

18. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both expressed and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder. Should it be asserted in any notice given to the Lessee under the provisions of this paragraph that Lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any such cause except after final judicial ascertainment that such failure exists and Lessee has then been afforded a reasonable time to prevent cancellation by complying with and discharging its obligations as to which Lessee has been judicially determined to be in fault. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than one hundred sixty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled or communitized unit or a unit, the jointor to which has been expressly authorized by the Lessor on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

This instrument is executed as of the date first above written.

[Signature]
I.O. Kingston, President of C.O.P. Coal Development Company

[Signature]
Edwin S. Ryan, Jr., Sr. Vice President - Land of XTO Energy Inc.

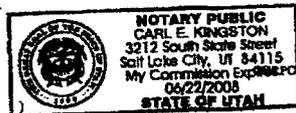
CORPORATE ACKNOWLEDGMENT

STATE OF Utah)
) ss.
COUNTY OF Salt Lake)

BEFORE ME, the undersigned authority, on this day personally appeared I.O. Kingston, known to be the person whose name is subscribed to the foregoing instrument as President of C.O.P. Coal Development Company a Utah corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and the act and deed of said corporation.

GIVEN under my hand and official seal, this the 6 day of July, 2006.

My commission expires:



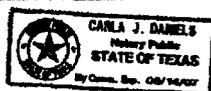
[Signature]
Notary Public

STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, on this day personally appeared Edwin S. Ryan, Jr., known to be the person whose name is subscribed to the foregoing instrument as Sr. Vice-President Land of XTO Energy Inc., a Delaware corporation of consideration therein expressed, in the capacity stated, and the act and deed of said corporation.

GIVEN under my hand and official seal, this the 5th day of July, 2006.

My commission expires:



[Signature]
Notary Public

Exhibit "A"

Attached to and made a part of that certain Oil, Gas and Mineral lease dated this the 5th day of July, 2006, between C.O.P. Coal Development Company as Lessor and XTO Energy Inc., as Lessee.

Located in Carbon and Emery County, Utah

Township 16 South, Range 7 East, SLM

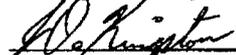
Section 14: W $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$
Section 15: E $\frac{1}{2}$ E $\frac{1}{2}$
Section 22: E $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
Section 23: All
Section 24: W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$
Section 25: W $\frac{1}{2}$
Section 26: NW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$

Township 16 South, Range 8 East, SLM

Section 6: Lots 11 (40.00 ac.), 12 (46.44 ac.), 13 (46.59 ac.), 14 (46.73 ac.), E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 7: Lots 1 (46.79 ac.) 2 (46.77 ac.), 3 (46.75 ac.), 4 (46.73 ac.) E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 8: SE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$, NW $\frac{1}{4}$
Section 16: All
Section 17: All
Section 18: Lots 1 (46.75 ac), 2 (46.81 ac.), 3 (46.87 ac.), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$
Section 20: NE $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$
Section 21: NW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$

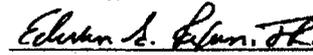
Signed for Identification:

C.O.P. Coal Development Company



J.O. Kingston, President of C.O.P.
Coal Development Company

XTO Energy Inc.



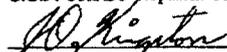
Edwin S. Ryan, Jr., Sr. Vice-President Land DCF

Addendum to Oil, Gas and Mineral Lease

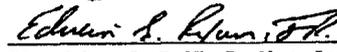
Attached to and made a part of that certain Oil, Gas and Mineral Lease dated the 5th day of July, 2006, between C.O.P. Coal Development Company, a Utah corporation, as Lessor and XTO Energy Inc., as Lessee.

1. As required by the "Oil and Gas conservation General Rules" then in effect, Lessee shall obtain drilling permits from the Utah Division of Oil, Gas and Mining prior to commencing drilling operations on leased lands or lands pooled therewith. Lessee shall provide Lessor with a copy of each drilling permit so obtained.
2. Lessee shall locate drill sites which shall be no larger than two (2) acres per well pad, unless drilling more than one well per said pad, in which case four acres will be allowed. Location, construction and operation of said drill sites will be done in a manner that will not unreasonably interfere with any proposed or existing coal mining operations or structures. Lessee shall pay to Lessor [REDACTED] per acre for each well pad constructed and [REDACTED] per rod for any new roads and right-of-ways on Lessor's property. Lessee shall secure Lessor's written consent prior to the construction of drilling locations and roads on the leased lands. Such consent shall be given in the form of a written surface use and damage agreement to be executed by both parties prior to the construction of any well pad or road. Such consent shall not be unreasonably or untimely withheld. If within 60 days of receipt of Lessee's request for approval of drilling location and roads on the leased lands Lessor does not respond to said request, Lessor shall be conclusively deemed to have consented to the requested locations and roads. Lessor shall provide Lessee with the name, address and phone number of a designated representative to act on its behalf with regards to the location of drill sites on the above described tracts.
3. Ninety (90) days following (1) the expiration of the primary term of this lease or (2) the cessation of the continuous drilling program as described in Paragraph 1 in the body of the lease, whichever is later, this lease shall terminate as to all of the leased premises that is not then (a) subject to a pooling or communitization agreement (executed in conformance with a spacing order entered by the Utah Board of Oil Gas and Mining) covering lands upon which a well is producing oil and/or gas; (b) included within a 160-acre quarter section (or substantial equivalent combination of lots) entirely covered by this lease and upon which a well is producing oil and/or gas; or (c) within a participating area of a unit, the joinder of the governing unit agreement to which has been authorized by the Lessor.
4. Lessee shall provide Lessor with a copy of any title opinion rendered after the date of this lease agreement, insofar as it covers lands described above.
5. Either party hereto shall have the right to construct fences and/or gates on the leased lands, as they deem necessary. The constructing party shall give notice to the other party prior to the onset of construction and shall provide the other party with the necessary keys or combinations to allow for ingress and egress.
6. Notwithstanding anything to contrary contained herein, until production is achieved on the leased lands or production is allocated to the leased lands, Lessee shall not assign its interest in the lease to any third party without the express written consent of the Lessor. Such consent shall not be unreasonably withheld. Once production is achieved on the leased lands or production is allocated to the leased lands, Lessee may freely assign its interest in the lease without the consent of the Lessor.
7. With regards to paragraph 13 in the body of the lease, the sole remedy available to Lessee in case of title failure to the leased lands, shall be reimbursement of the bonus consideration calculated in dollars per net acre, paid to Lessor.
8. No well shut in pursuant to the terms of paragraph 4 in the body of the lease may be continuously shut in for a period exceeding three (3) years. Once the three-year shut in limitation has been reached, this lease as it applies to the lands within the spacing unit (as defined by the Utah Board of Oil, Gas and Mining) or a unit, the joinder to which has been expressly authorized by the Lessor, held by the shut in well shall be deemed abandoned and subject to the terms of paragraphs 9 and 10 below.
9. Within 180 days after the execution of this lease, Lessor and Lessee shall execute a mutually acceptable Surface Use and Damage Agreement which shall, among other things, define the duties of Lessee to reclaim the leased premises upon termination of the lease.
10. At the time of abandonment of the leasehold, Lessee shall quietly and peaceably surrender possession to Lessor and execute and deliver to Lessor a release.
11. This lease covers only those depths from the surface of the earth to 200' below the base of the Ferron sand as seen at 3,578' (measured depth) on the electric log for the USA 24-444 located in Section 24, T15S-R8E, Carbon County, Utah.

C.O.P. Coal Development Company


 F.O. Kingston, President of C.O.P.
 Coal Development Company

XTO Energy Inc.


 Edwin S. Ryan, Jr., Sr. Vice President - Land of XTO Energy Inc.

DCF

Application for Permit to Drill Surface Use Plan

Company: XTO Energy, Inc
Well No: COP 16-8-7-43
Location: 2198' FSL & 899' FEL, Section 7, T16S, R8E

Thirteen Point Surface Use Plan

The dirt contractor will be provided an approved copy of the surface use plan of operations before starting construction.

1. Existing Roads

- a. Proposed route to location: The proposed route to location is shown on Exhibit "A" and is from the Hiawatha Quadrangle 7.5 minute series USGS quadrangle map.
- b. Location of proposed well in relation to town or other reference point: From Huntington, Utah, go North on State Hwy 10 1.9 miles to the intersection of CR 302 at Huntington Lake. Turn left and go 10.7 miles to the old Mohrland mine site and continue up canyon. Go 3.1 miles to the top of Gentry Mountain and turn left through the gate on the private road. Continue 1.2 miles to the well location. Location is on the right side of the road.
- c. Contact the County Road Department for use of County Roads: County road permits will be researched and submitted if required.
- d. Plans for improvement and/or maintenance of existing roads: All existing roads within 1 mile of the drill site are shown on Exhibit "B". All roads that will be used to the well location will be maintained to their current conditions or better.
- e. Other Comments: None

2. Planned Access Roads

- a. Location of Access Road: Starting from a point along an existing road in the SE/4 of Section 7, T16S, R8E.
- b. Length of New Road: 585' of road will need to be constructed to access this location. See Exhibit "C".
- c. Length of Existing Road to Upgrade: No existing roads should need upgrades to access this location.
- d. Maximum Disturbed Width: Typically new access roads require up to 60' of disturbed width which includes ROW for gas and water pipe lines and electric service.

- e. Travel Width of Access Road: 25' or less.
- f. Maximum Grade after Construction: Maximum grades will not exceed 10% after construction.
- g. Turnouts Planned: No Turnouts are planned at this time.
- h. Surface Materials: Only native materials will be used if additional construction is required. If necessary, gravel or rock may be purchased and used to improve road conditions and travel.
- i. Drainage (crowning, ditching, culverts, etc.): Roads will be re-crowned and bar ditches, if necessary, will be located on either side. 18"-24" culverts will be installed as necessary.
- j. Cattle Guards: No cattle guards are planned at this time. If necessary, cattle guards will be specified in the stipulations.
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM/State/Fee right of way is required: None.
- l. Other:
 - i. Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the State of Utah in Advance.
 - ii. If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.
 - iii. If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of the boundary adjustment. Rental fees, if appropriate, shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.
 - iv. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the State of Utah will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the State of Utah.

- v. If the well is not productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Field Office Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells:

- a. On a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each:
See Exhibit "B".

4. Location of Production Facilities:

- a. On-Site facilities: Typical on-site facilities will consist of a wellhead, gas flow line, water flow line, artificial lifting system (pumping unit), 2 phase separator, gas measurement, water measurement, electronics, a heated enclosure/building for weather and environmental protection and chemical injection equipment (as required). All production and measurement shall conform to the provisions of 43 CFR § 3162.7 and Onshore Oil and Gas Order No. 4, if applicable.
- b. All permanent (in place for six months or longer) structures constructed or installed on the well site location will be painted a flat, non reflective color to match the standard environmental colors, as specified by the COA's in the APD. All facilities will be painted within six months of installation. Facilities required complying with the Occupational Safety and Health Act (OSHA) may be excluded.
- c. Off-site facilities: Off-site facilities are located at the CDP station and include compression, processing, separation, tanks, pits, electronics, and produced water disposal (SWD) well.
- d. Pipelines: The well will be produced into gas and water pipelines (sizes to be determined) and transported to existing pipelines. See Exhibit "C" for the proposed pipeline route.
- e. Power lines: Power lines are located underground in the same ROW as the water and gas pipelines.

5. Location and Type of Water Supply:

- a. All water required for drilling will be purchased from local municipal water supply. If possible, currently produced coal well water may also be used after receiving any necessary permits. Water will be trucked to location by a third party trucking company who specializes in water hauling.
- b. Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of land.

6. Source of Construction Material:

- a. Pad construction material will be obtained from (if the source is Federally owned, show location on a map): All construction material will be purchased from private land owners or from a commercial gravel/materials pit. The use of materials will conform to 43 CFR § 3610.2-3, if applicable.
- b. The use of materials under State of Utah jurisdiction will conform to 43CFR § 3610.2-3, if applicable.

7. Methods of Handling Waste Disposal:

- a. Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc. The reserve pit will be located along the edge and within the boundaries of the designated well pad. The walls of the pit will be sloped at no greater than 2 to 1 and will be lined with a synthetic material of approximately 12 mills in thickness. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. The amount of time the pit way remain open will typically be specified by the COA's. Once dry, the liner will be cut and removed at the mud line and the pit will be covered and buried in place.
- b. Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than the completion of drilling operations.
- c. Sewage from trailers and chemical portable toilets will be removed on a regular basis by a third party contractor and disposed of at an authorized sanitary waste facility.
- d. Any and all chemicals used during the drilling and completion of the well will be kept to a minimum and stored within the boundaries of the well pad. The third party chemical contractor will be responsible for containment and clean-up and removal of all spilled chemicals on location.

8. Ancillary Facilities:

- a. No ancillary facilities will be required during the drilling or completion of the well.

9. Well Site Layout:

- a. Depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'. See Exhibit "D" & "E".
- b. All equipment and vehicles that will be used to drill and complete this well will remain within the boundaries of the approved well pad. Any equipment and or vehicles parked or stored off the location will be considered trespassing on federal lands and will NOT be tolerated.

- c. Materials obtained from the construction of the location, like topsoil and vegetation will be stock piled as indicated and permitted by the approved APD. The stock piles themselves may be outside the approved boundaries of the well pad.

10. Plans for Restoration of the Surface:

- a. The top 6 inches of topsoil material will be removed from the location and stockpiled separately on Adjacent Land or as specified by the approved APD.
- b. Topsoil along the access road will be reserved in place adjacent to the road.
- c. Within 30-45 days after completion of well, all equipment that is not necessary for production shall be removed.
- d. The reserve pit and that portion of the location not needed for production will be reclaimed 90-120 days after completion of the well.
- e. Before any dirt work to restore the location takes place, the reserve pit must be ready for burial.
- f. All road surfacing will be removed prior to the rehabilitation of roads.
- g. Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.
- h. All disturbed areas will be re-contoured to replicate the natural slope.
- i. The stockpiled topsoil will be evenly distributed over the disturbed area.
- j. Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.
- k. Seed will broadcast or drilled between September and November, or at a time specified by the BLM and or state. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.
- l. The following seed mixture will be used: As specified conditions of approval.
- m. If necessary, an abandonment marker will be one of the following, as specified by the State of Utah:
 - i. At least four feet above ground level,
 - ii. At restored ground level, or
 - iii. Below ground level.
 - iv. In any case the marker shall be inscribed with the following: operator name, lease number, well name and description (township, section, range, and either quarter-quarter or footages).
- n. Additional requirements: None

11. Surface and Mineral Ownership:

The Surface is owned by C.O.P. Coal Development Co., 3212 South State Stree, Salt Lake City, UT 84115-3719, contact person Charles Renyolds, 435-687-2450. The minerals are leased by XTO Energy. Surface Use Agreement has been decided upon by both parties.

12. Other Information:

- a. Archeological Concerns: An approved contractor will submit the appropriate reports to the agency as required. Special stipulations will be included in the COA's of the approved APD.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the State of Utah Field Office. Within five (5) working days, the State of Utah will inform the operator as to:
 - i. Whether the materials appear eligible for the National Register of Historic Places;
 - ii. The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - iii. A time frame for the State of Utah to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the State of Utah are correct and that mitigation is appropriate.
- c. If the operator wishes, at any time, to relocate activities to avoid the expenses of mitigation and/or the delays associated with this process, the State will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The State of Utah will provide technical and procedural guidelines for the conduct of mitigation. Upon Verification from the State of Utah that the required mitigation has been completed, the operator will then be allowed to resume construction.
- d. Threatened and Endangered Species Concerns:
 - i. An approved contractor will submit the appropriate reports as required. Special Stipulations will be included in the COA's of the approved APD.
- e. Wildlife Seasonal Restrictions: Current wildlife restrictions and closure dates are specified in the BLM's Environment Impact Statement.

13. The Drilling Program is attached: See Exhibit "F".

Operator Certification:

a. Permitting and Compliance:

Kyla Vaughan
Regulatory Compliance
XTO ENERGY INC.
382 CR 3100
AZTEC, NM 87410
505-333-3100

b. Drilling and Completions:

Brent Martin
XTO Energy Inc.
382 CR 3100
Aztec, NM 87410
505-333-3100

c. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by XTO Energy Inc. and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided by XTO Energy Inc. This statement is subject to provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Signature: _____

Kyla Vaughan 1/23/08
Kyla Vaughan

XTO Energy, Inc.

COP 16-8-7-43
Drilling Data for APD
January 24, 2008

Surface Location: 2198' FSL & 899' FEL, Sec. 7, T16S, R8E

Proposed TD: 7300'

Approximate Elevation: 9401'

Objective: Ferron Coal

KB Elevation: 9415'

1. Mud Program:

| Interval | 0'-2100' | 2100'-7300' |
|-------------------|-------------------------------------|------------------------------|
| Hole Size | 14.75" | 9.875" |
| Mud Type | Air/Fresh Water/Spud Mud | Air/LSND/Gel Chemical |
| Weight | N/A | 8.4-8.6 |
| Viscosity | N/A | 45-60 |
| Water Loss | N/A | 8-10 |

- a. Drill surface with Fresh Water/Spud Mud. If aeration becomes necessary, nipple up 20" rotating head.
- b. Air drill to TD using produced water for mist fluid unless excessive water flow (more than can be lifted using available booster capacity) is encountered. If mud is required, use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing. Produced water may be used as make-up water for mud after surface is set.
- c. The blooie line will be approximately 100' in length and will extend in a straight line from below the rotating head as indicated in the BOP schematic. An automatic spark-type igniter will be fixed to the end of the blooie line and set to provide a continuous spark to ignite and burn any produced hydrocarbons and/or gasses.
- d. If necessary, de-dusting will be accomplished with a small pump, waterline, and spray nipple positioned near the end of the blooie line to provide a continuous spray of water.
- e. Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonably be expected.

EXHIBIT F

- f. The BOP system will be consistent with API RP53 and Onshore Oil & Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment subject to pressure will be conducted before drilling the casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated daily. Annular preventers shall be inspected and operated weekly to ensure good mechanical working order. The inspections and tests shall be recorded in the drilling log and daily drilling report. See the attached BOP and choke manifold schematic.

2. Casing Program:

- a. Surface Casing set @ 2100' in a 14.75" hole.

| 10.75,40.5 #/ft, J-55, ST&C, New, (10.050" ID, 9.894" Drift) | | | | | |
|---|-------------|----------------|-------------|----------|------------|
| Collapse Press | Burst Press | Joint Strength | SF Collapse | SF Burst | SF Tension |
| 1580 | 3130 | 420 | 1.68 | 3.33 | 4.94 |

- b. Production Casing set @ 7300' in a 9.875" hole.

| 5.5", 17 #/ft, N-80, LT&C, New, (4.892" I.D., 4.767" Drift) | | | | | |
|--|-------------|----------------|-------------|----------|------------|
| Collapse Press | Burst Press | Joint Strength | SF Collapse | SF Burst | SF Tension |
| 6280 | 7740 | 348 | 1.92 | 2.37 | 2.80 |

- c. Contingency String Casing set @ 5150' in a 9.875" hole. (9.2 ppg mud)

| 7.625", 29.7#/ft, P-110, ST&C, New, (6.875" I.D., 6.750" Drift) | | | | | |
|---|-------------|----------------|-------------|----------|------------|
| Collapse Press | Burst Press | Joint Strength | SF Collapse | SF Burst | SF Tension |
| 5340 | 9470 | 940 | 2.17 | 3.84 | 6.15 |

Safety Factors based on vertical wellbore conditions with hydrostatic of fresh water with no backup used to calculate burst and collapse. Tension based on hanging weight in air.

If surface is set through mine workings, a DV/ECP tool will be used and the shoe will be tacked approximately two joints (85') below the mine floor and the second stage will be above the roof of the mine and cemented to surface.

Contingency string will be set if a fresh water flow is encountered that cannot be controlled with mud weight, or hole instability is encountered.

EXHIBIT F

3. Well Heads:

- a. Casing Head: Larkin Fig 92 (or equivalent), 11" nominal, 3,000 psig WP (6,000 psig test) with 10-3/4" 8rnd thread on bottom and 11" Flange. NU BOP and choke manifold (see attached schematic). Stack to consist of drilling spool with choke and kill lines, double rams with pipe rams on top, blind rams on bottom. Use cold water and test BOP to 250 psi low and 2,000 psi high. Record all tests on the IADC report. Inspect accumulator and closing unit to ensure that pre-charge pressures and oil levels are within API Specifications and report same on IADC report.
- b. Tubing Head: Larkin Fig 612 (or equivalent), 5,000 psig WP (5,000 psig test), 5 1/2" SOW (or API 8 rnd female thread) on bottom, 7 1/16" 5,000 psig flange on top with two 3" LPOs.

4. Cement Program:

- a. Surface:
 - i. Lead Cement: 375 sx of CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake mixed at 10.5 ppg and 4.15 ft³/sk.
 - ii. Tail Cement: 500 sx of Type V cement (or equivalent) containing 1% CaCl, 1/4 pps Flocele, and 10% Cal_Seal mixed at 14.2 ppg and 1.61 ft³/sk.
 - iii. Slurry Volume is 2357 ft³, 100% excess of calculated annular volume to 2100'.
- b. Production:
 - i. The production casing will be cemented using 2 (lead and tail) cement slurries. The lead cement (filler grade) volume will be calculated based on a maximum achievable top assuming formation pressure of 1,000 psi at the shoe. The tail cement will be calculated from TD to 300' above the Upper Ferron Sandstone as indicated on the formation tops table.
 - ii. Lead Cement: 90 sx of CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake mixed at 10.5 ppg and 4.15 ft³/sk.
 - iii. Tail Cement: 250 sx of CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake mixed at 13.5 ppg and 1.81 ft³/sk.
 - iv. Slurry volume is 826 ft³, 40% excess of calculated annular volume to 1,000 psi hydrostatic over formation pressure.

EXHIBIT F

- v. If fresh water is encountered in the Emery Sandstone, a DV/ECP tool will be run 50' below the logged base of the Emery Sandstone and it will be attempted to circulate the filler grade cement as used in the lead to surface from above the ECP.

c. Contingency String:

- i. Lead Cement: 276 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 10.5 ppg and 4.15 ft³/sk.
- ii. Tail Cement: 150 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 13.5 ppg and 1.81 ft³/sk.
- iii. Slurry volume is 1417 ft³, 40% excess of calculated annular volume.
- iv. Actual volumes will be determined by setting depth and reported to the proper reporting agency prior to setting string.

5. Logging Program

- a. Mud logger: The mud logger will come on after surface pipe is set and will remain until TD. The mud will be logged in 10' intervals.
- b. Run Array Induction (if wet), compensated neutron, density, GR, caliper, SP (if wet), and Pe from TD to the bottom of the surface casing.

6. Formation Tops:

| Formation | Well Depth |
|------------------------|------------|
| Blackhawk Fm | +740 |
| Top of Hiawatha Seam | +1675 |
| Star Point SS | +1700 |
| Upper Bluegate Shale | +1950 |
| Emery SS | +3335 |
| Lower Bluegate Shale | +4870 |
| Top of Upper Ferron SS | +6740 |
| Top of Lower Ferron SS | +7000 |
| Tununk Shale | +7200 |
| Total Depth | +7300 |

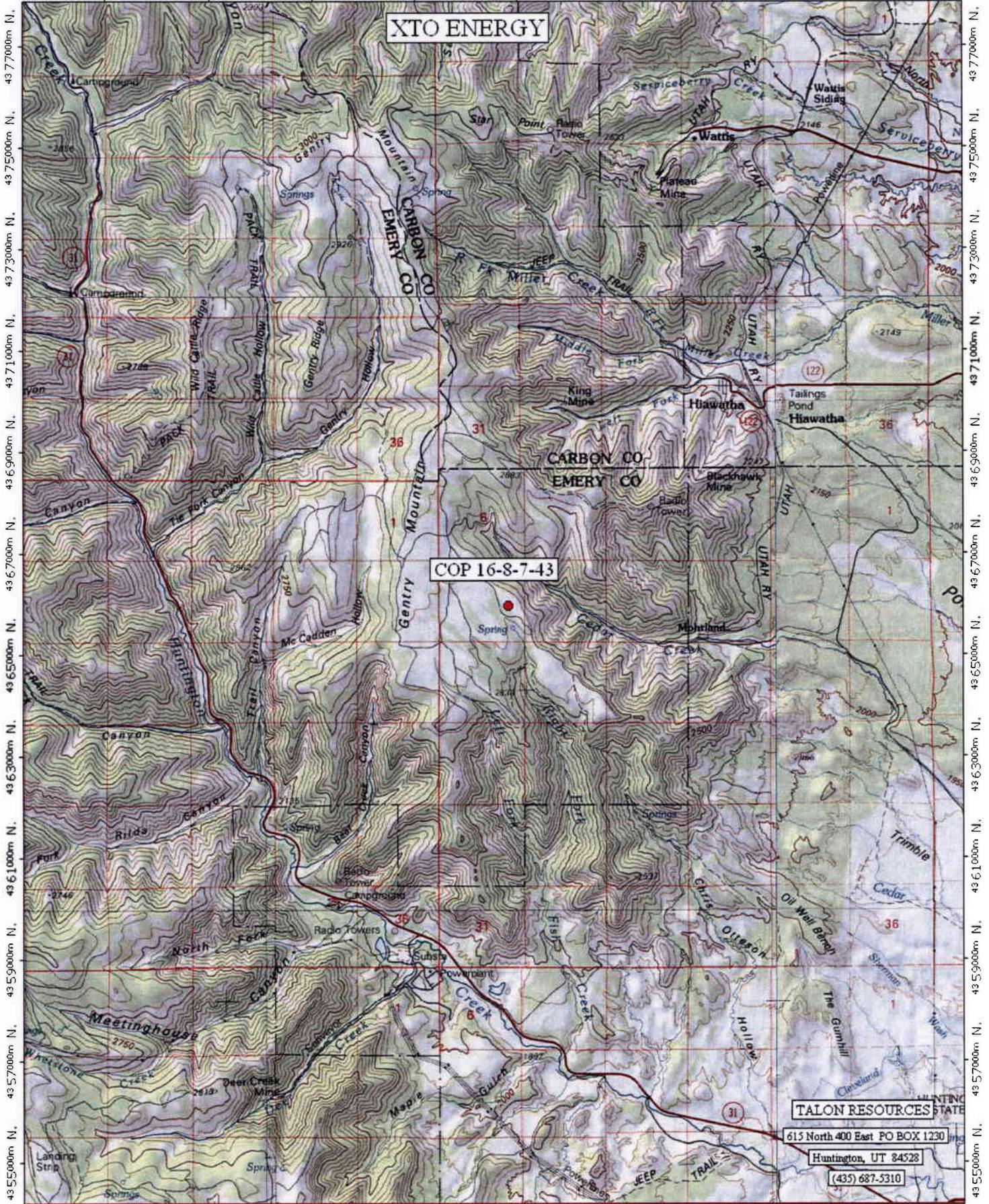
- a. No known oil zones will be penetrated.
- b. Gas bearing sandstones and coals will be penetrated from 6740' to 7300'.

- c. No known fresh water zones will be penetrated. The gas bearing sandstones and coals may contain in-situ water.
- d. The Hiawatha seam will be penetrated, potentially in a previously mined area.
- e. Any prospectively valuable minerals and all fresh water zones encountered during drill will be recorded, cased, and cemented (Please see contingency in cementing section). If possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to the appropriate agency.
- f. Maximum anticipated bottomhole pressure is anticipated to be less than 1,500 psi.
- g. No abnormal pressure, abnormal temperature, H2S, or other hazardous conditions are known to exist.

7. Company Personnel:

| Name | Title | Office Phone | Mobile Phone |
|-----------------|-------------------------|---------------------|---------------------|
| John Egelston | Drilling Engineer | 505.564.6734 | 505.330.6902 |
| Brent H. Martin | Drilling Manager | 505.333.3110 | 505.320.4074 |
| Jerry Lacy | Drilling Superintendent | 505.566.7914 | 505.320.6543 |
| Joshua Stark | Project Geologist | 817.885.2240 | 817.565.7158 |
| Leonard West | Reservoir Engineer | 817.885.2800 | |

487000mE. 489000mE. 491000mE. 493000mE. 495000mE. 497000mE. 499000mE. NAD27 Zone 12S 503000mE.



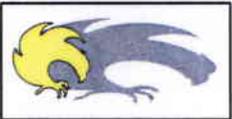
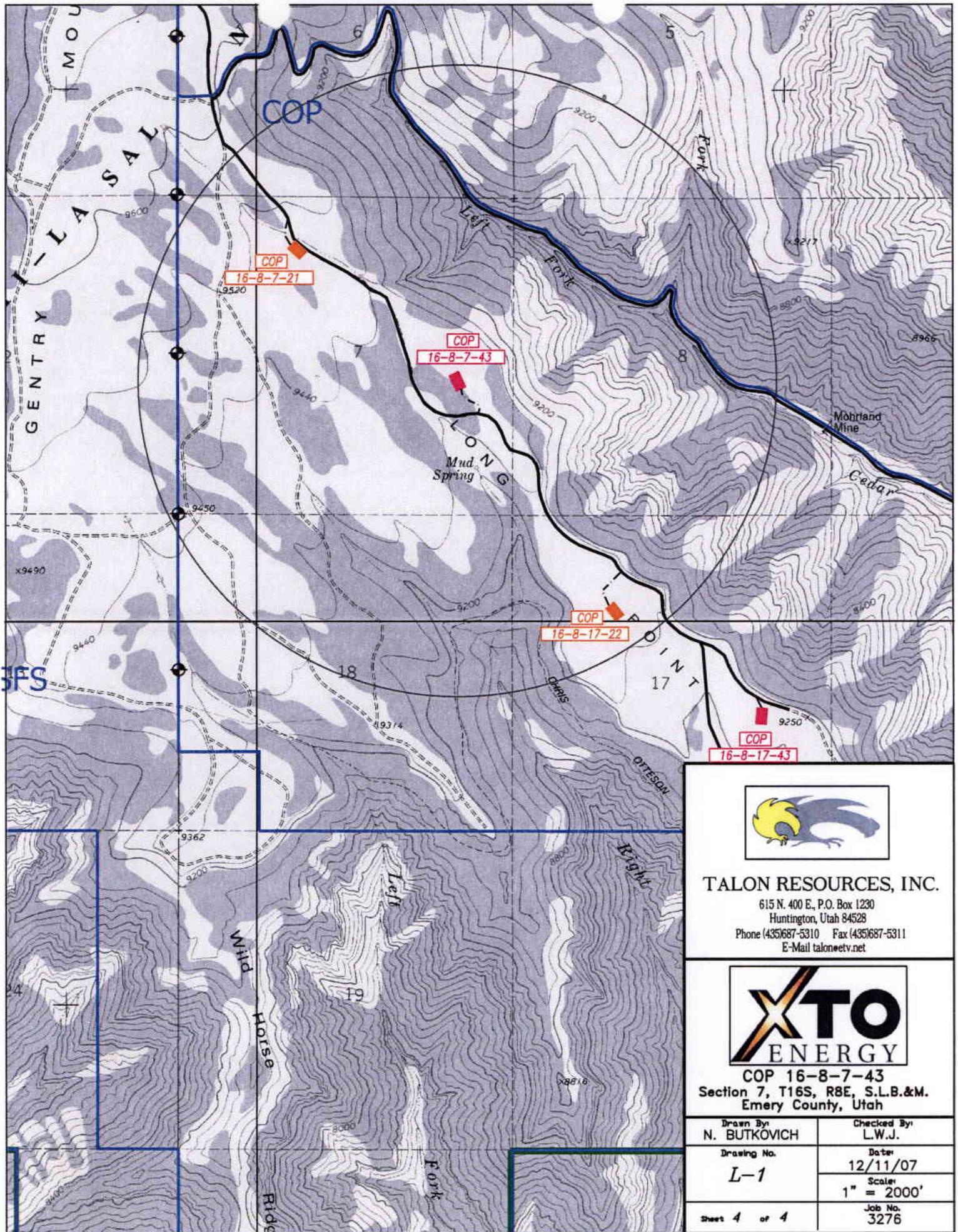
TN
12°

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

Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

EXHIBIT A

TALON RESOURCES
615 North 400 East PO BOX 1230
Huntington, UT 84528
(435) 687-5310



TALON RESOURCES, INC.

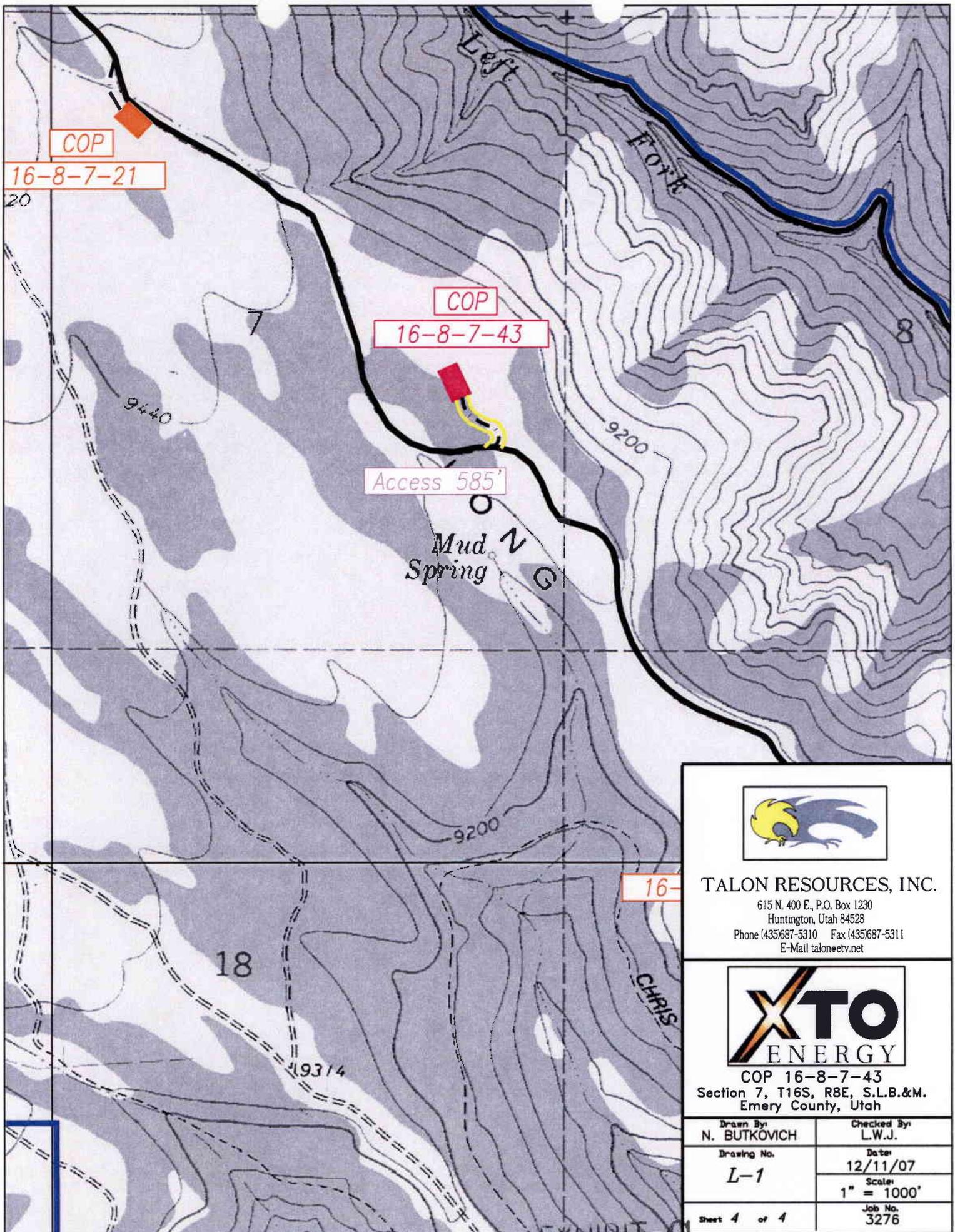
615 N. 400 E., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@etv.net



COP 16-8-7-43
 Section 7, T16S, R8E, S.L.B.&M.
 Emery County, Utah

| | |
|---------------------------------|-----------------------------|
| Drawn By N. BUTKOVICH | Checked By L.W.J. |
| Drawing No. L-1 | Date 12/11/07 |
| | Scale 1" = 2000' |
| Sheet 4 of 4 | Job No. 3276 |

EXHIBIT B



TALON RESOURCES, INC.

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



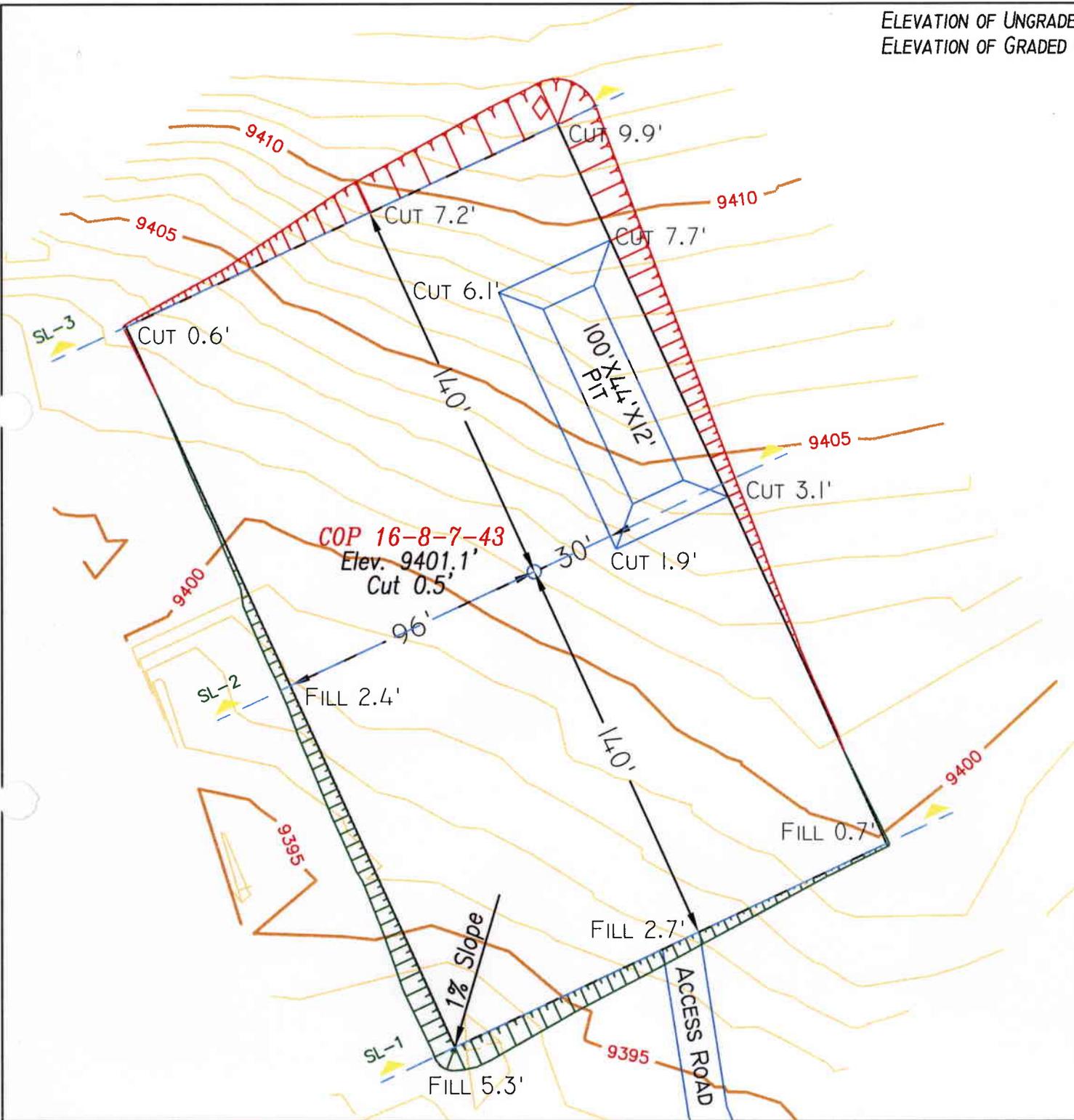
COP 16-8-7-43
 Section 7, T16S, R8E, S.L.B.&M.
 Emery County, Utah

| | |
|--------------------------|----------------------|
| Drawn By N. BUTKOVICH | Checked By L.W.J. |
| Drawing No. L-1 | Date 12/11/07 |
| | Scale 1" = 1000' |
| Sheet 4 of 4 | Job No. 3276 |

EXHIBIT C

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 9401.1'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 9400.6'

EXHIBIT D



TALON RESOURCES, INC.

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



LOCATION LAYOUT
 Section 7, T16S, R8E, S.L.B.&M.
 COP 16-8-7-43

| | |
|---------------------------|-----------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J. |
| Drawing No. A-2 | Date: 12/11/07 |
| | Scale: 1" = 50' |
| Sheet 2 of 4 | Job No. 3276 |

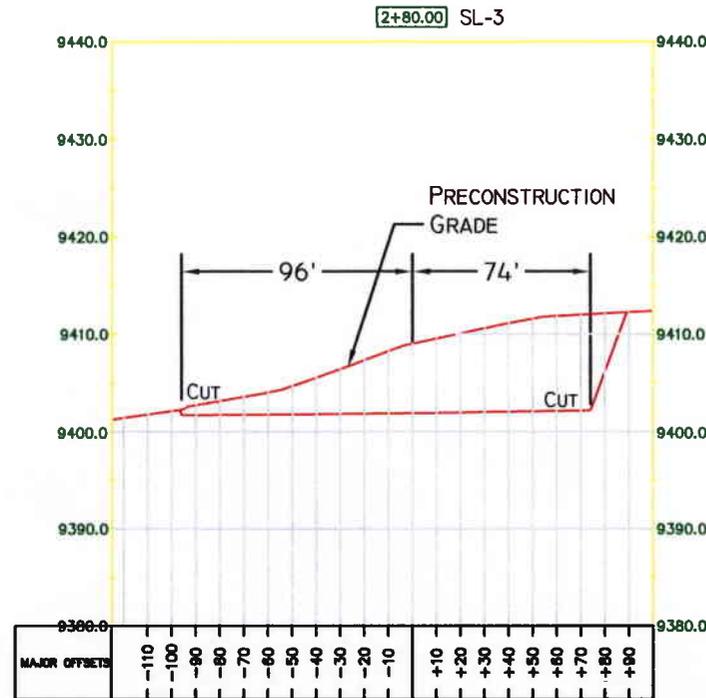
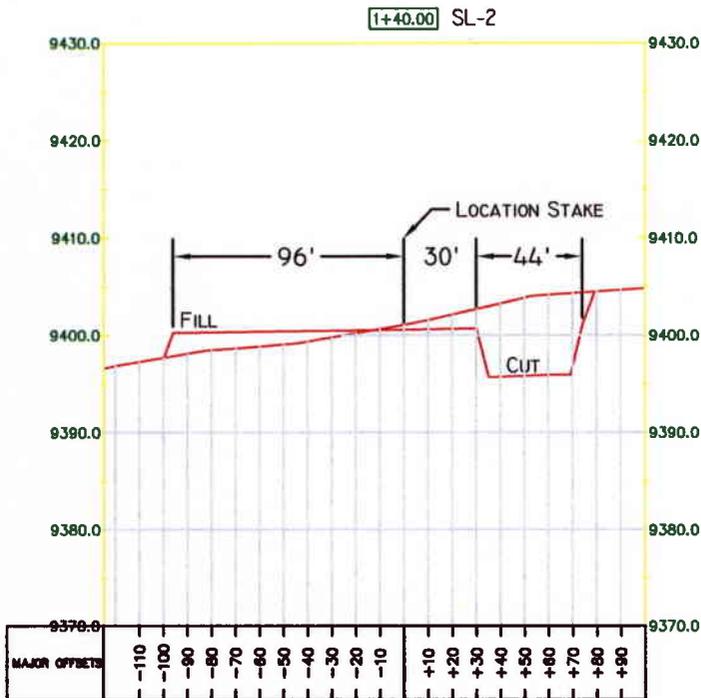
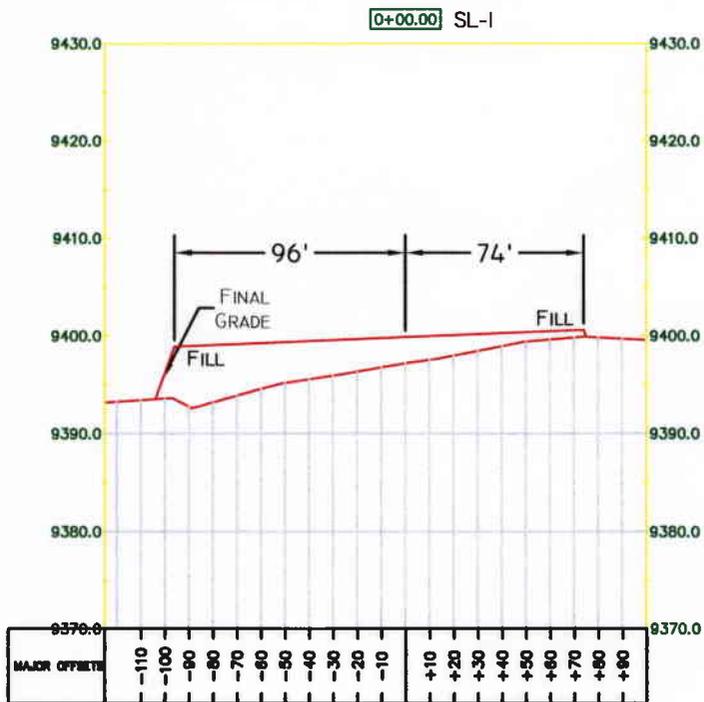


EXHIBIT E

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

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





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



TYPICAL CROSS SECTION
Section 7, T16S, R8E, S.L.B.&M.
COP 16-8-7-43

| | |
|----------------------------------|------------------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J. |
| Drawing No. C-1 | Date: 12/11/07 |
| | Scale: 1" = 80' |
| Sheet 3 of 4 | Job No. 3276 |

APPROXIMATE YARDAGES
 (6")TOPSOIL STRIPPING = 880 Cu. Yds.
 TOTAL CUT (INCLUDING PIT) = 4,660 Cu. Yds.
 TOTAL FILL = 1,780 Cu. Yds.

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

1. Test BOP after installation:

Pressure test BOP to 200-300 psig (low pressure) for 10 min.

Test BOP to Working Press or to 70% internal yield of surf csg (10 min) or which ever is less.

2. Test operation of (both) rams on every trip.

3. Check and record Accumulator pressure on every tour.

4. Re-pressure test BOP stack after changing out rams.

5. Have kelly cock valve with handle available.

6. Have safety valve and subs to fit all sizes of drill string on the rig floor and ready to go.

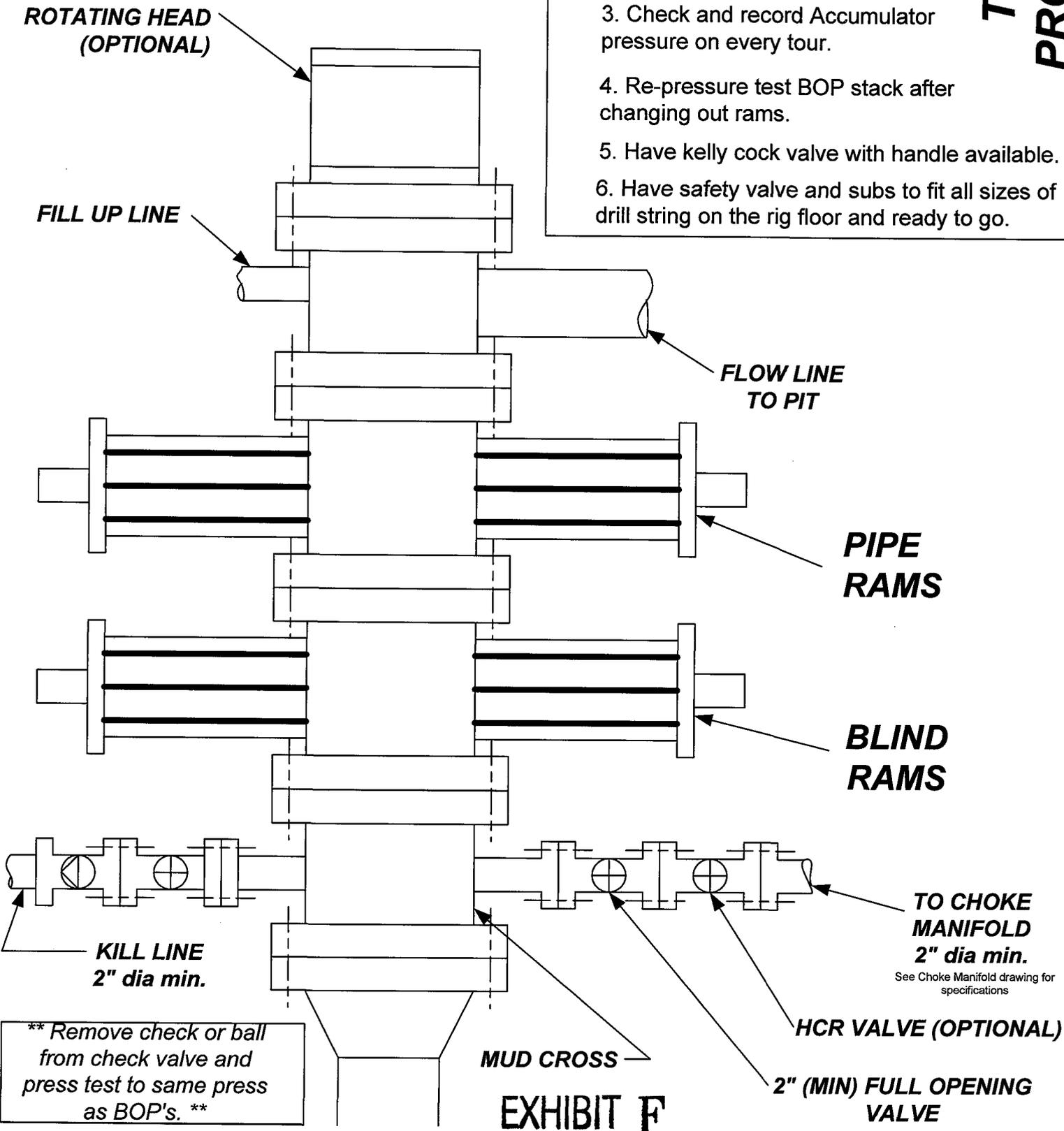


EXHIBIT F

CHOKES MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

**TESTING
PROCEDURE**

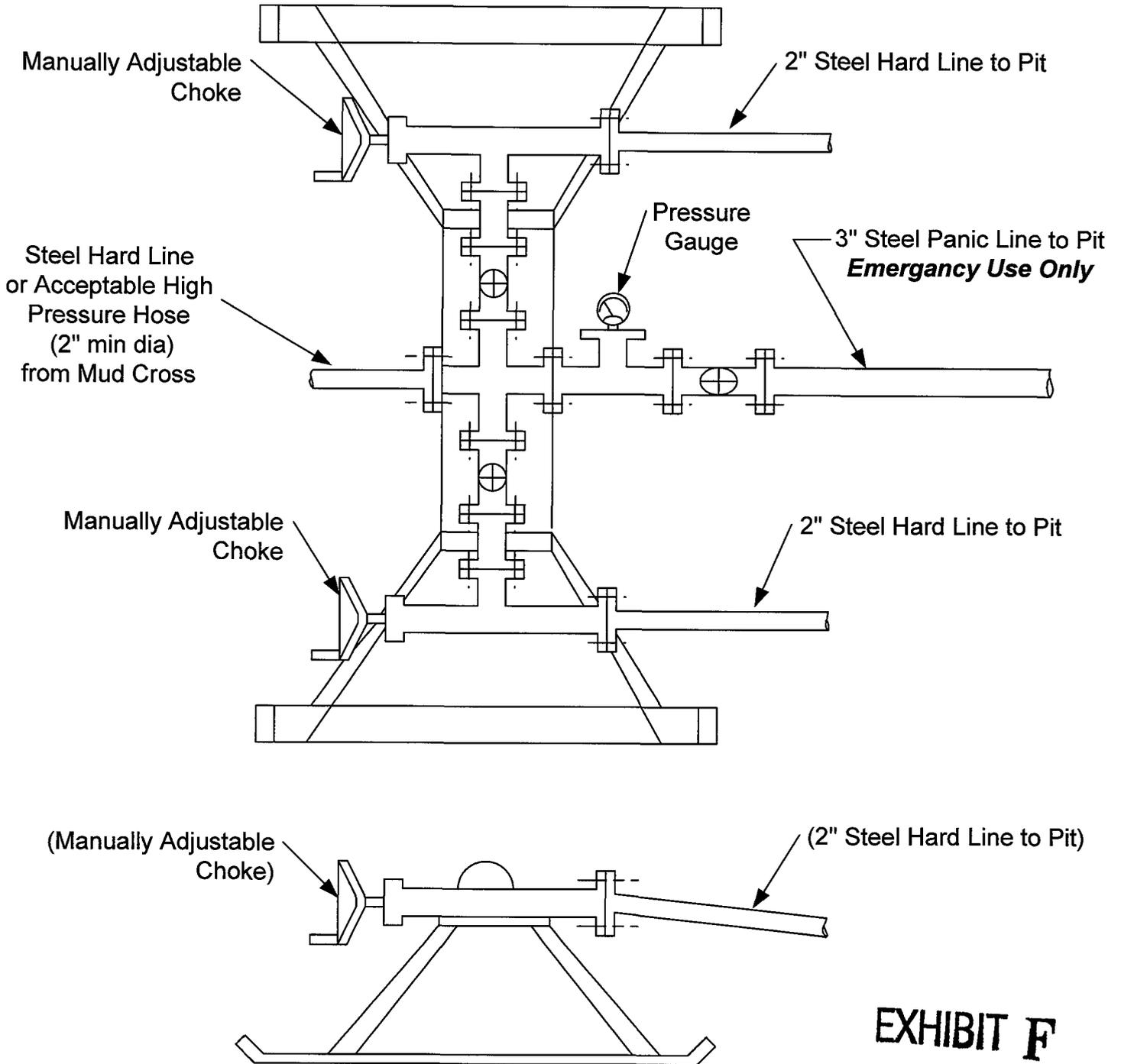


EXHIBIT F

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/28/2008

API NO. ASSIGNED: 43-015-30738

WELL NAME: COP 16-8-7-43
 OPERATOR: XTO ENERGY INC (N2615)
 CONTACT: KYLA VAUGHAN

PHONE NUMBER: 505-333-3100

PROPOSED LOCATION:

NESE 07 160S 080E
 SURFACE: 2198 FSL 0899 FEL
 BOTTOM: 2198 FSL 0899 FEL
 COUNTY: EMERY
 LATITUDE: 39.44501 LONGITUDE: -111.0606
 UTM SURF EASTINGS: 494787 NORTHINGS: 4365954
 FIELD NAME: WILDCAT (1)

| INSPECT LOCATN BY: / / | | |
|------------------------|----------|---------|
| Tech Review | Initials | Date |
| Engineering | DKN | 6/11/08 |
| Geology | | |
| Surface | | |

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

PROPOSED FORMATION: TNUNK
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 104312762)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: 02/14/2008)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS: Needs Permit (05-01-08)

STIPULATIONS: 1- Spacing Strip
2- STATEMENT OF BASIS

T16S R7E T16S R8E

BEAR CANYON MINE

COP 16-8-7-21

COP 16-8-7-43

COP 16-8-17-22

COP 16-8-17-43

7

8

18

17

OPERATOR: XTO ENERGY INC (N2615)

SEC: 7 T.16S R. 8E

FIELD: WILDCAT (001)

COUNTY: EMERY

SPACING: R649-3-3 / EXCEPTION LOCATION

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

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

- Wells Status**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL
 - DRILLING



OIL, GAS & MINING



PREPARED BY: DIANA MASON
DATE: 30-JANUARY-2008

Application for Permit to Drill

Statement of Basis

Utah Division of Oil, Gas and Mining

5/22/2008

Page 1

| APD No | API WellNo | Status | Well Type | Surf Ownr | CBM |
|------------------|----------------------------------|----------------------------------|-----------|-----------|-----|
| 706 | 43-015-30738-00-00 | | GW | P | No |
| Operator | XTO ENERGY INC | Surface Owner-APD | | | |
| Well Name | COP 16-8-7-43 | Unit | | | |
| Field | WILDCAT | Type of Work | | | |
| Location | NESE 7 16S 8E S 2198 FSL 899 FEL | GPS Coord (UTM) 494787E 4365954N | | | |

Geologic Statement of Basis

This location is situated atop the Wasatch Plateau on Long Point on the Tertiary/Cretaceous age North Horn Formation. Despite being sited on a prominence, it is very likely that significant high quality ground water resources will be found in the strata below the location. The proposed location is a little over a mile from the Mohrland Mine portal. It is very possible that mine workings underlie the proposed location and this possibility must be researched with DOGM mining side personnel. The nearest surface waters are in Cedar Creek, which heads in the adjacent canyon to the north. Although a remote prospect, a water resource may be encountered in the sandy strata of the subdivided units of the Emery Sandstone Member, if they are being recharged by Cedar Creek as it flows over the strata. The Emery Sandstones are thought to thicken to the west and they are exposed about 3 miles to the east. The Wasatch Plateau rapidly adds column thickness along the plateau cliff line. A search of the Division of Water Rights records revealed that no underground water rights have been applied for within a mile of the location. The proposed cementing and casing program should be adequate to protect the potential groundwater resource, however, the operator should protect any interval of strata, which is a possible aquifer in the Emery Sandstone Member of the Mancos Shale. The Mohrland Mine is inactive but the Bear Creek/COOP mining group plans to mine beneath the area from the south, so they should be informed of drilling in their path as they mine northward.

Chris Kierst
APD Evaluator

5/21/2008
Date / Time

Surface Statement of Basis

On-site evaluation conducted May 1, 2008. In attendance: Bart Kettle-Division of Oil, Gas and Mining (DOGM), Kevin Waller-XTO, Parke Killpack-Nielson Construction, Mike McCandless-Emery County, Miles Stevens-surface representation, and Allen Childs-Talon Resources

Emery County has expressed concern in regards to the county road from Moorland to the top, with the mid section being of most concern. Road upgrades such as drainage diversions, culverts and turnouts should be coordinated with the county road supervisor.

DOGM recommends signs warning general public of heavy truck traffic be posted top and bottom of dug way. It is recommended traffic control personal be posted top and bottom during rig moves and key recreation weekends such as July 4th and July 24th and opening weekend of the big game hunting seasons.

Reserve pit should contain lining material in addition to a 20 mil liner to prevent sharp rock exposed during the construction of the reserve pit from puncturing liner.

Fence crossing require gates per landowner agreements.

Bart Kettle
Onsite Evaluator

5/1/2008
Date / Time

Application for Permit to Drill

Statement of Basis

5/22/2008

Utah Division of Oil, Gas and Mining

Page 2

Conditions of Approval / Application for Permit to Drill

| Category | Condition |
|-----------------|--|
| Pits | A synthetic liner with a minimum thickness of 20mils with a felt subliner shall be properly installed and maintained in the reserve pit. |
| Surface | The reserve pit shall be fenced upon completion of drilling operations. |

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator XTO ENERGY INC
Well Name COP 16-8-7-43
API Number 43-015-30738-0 **APD No** 706 **Field/Unit** WILDCAT
Location: 1/4,1/4 NESE **Sec** 7 **Tw** 16S **Rng** 8E 2198 FSL 899 FEL
GPS Coord (UTM) **Surface Owner**

Participants

Bart Kettle-Division of Oil, Gas and Mining (DOGGM), Kevin Waller-XTO, Parke Killpack-Nielson Construction, Mike McCandless-Emery County, Miles Stevens-surface representation, and Allen Childs-Talon Resources

Regional/Local Setting & Topography

Proposed project area is located ~20 mile northwest of Huntington, located in Emery County Utah. Project site is atop of the Wasatch Plateau on the eastern rim. Drainages flow into Huntington Creek within 20 miles and eventually to the Green River 60 miles away. Project site is located in a 20-24" precept zone in open grass/forb mountain sage flat. Regionally agriculture lands are located along the valley floor 15 miles to the southeast, with the exception of the Skyline drive portions of the Wasatch Plateau, the climate is arid rangelands dominated by Salt Scrub shrub lands and Pinion/Juniper woodlands. Soils in the region are generally poorly developed, and moderate too highly erosive. At the project site vegetation is dominated by mountain sage, soils are moderately deep clay loams underline by limestone bedrock. No perennial water sources were observed immediately adjacent to the proposed project area.

Surface Use Plan

Current Surface Use

Grazing
Wildlfe Habitat

New Road

| Miles | Well Pad | Src Const Material | Surface Formation |
|--------------|------------------|---------------------------|--------------------------|
| 0.01 | Width 170 | Length 280 | NHORN |

Ancillary Facilities

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora:
Snow prevented identification of herbaceous under story.
Shrubs: Mountain Sage, common snowberry
Trees: Aspen, Englemen spruce

Fauna: Nesting habitat for raptors and song birds, host of small mammals. Summer ranger for big game including mule deer, elk, mountain lion, bear and bobcat.

Soil Type and Characteristics

Sandy gravel, limestone fragments, thin layer of A horizon organic based top soil.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required N

Berm Required? N

Erosion Sedimentation Control Required? Y
Reclaim and reseed disturbed area as soon as practical.

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

Reserve Pit

| Site-Specific Factors | | Site Ranking |
|--|----------------------|----------------------------|
| Distance to Groundwater (feet) | <25 or recharge area | 20 |
| Distance to Surface Water (feet) | 300 to 1000 | 2 |
| Dist. Nearest Municipal Well (ft) | >5280 | 0 |
| Distance to Other Wells (feet) | >1320 | 0 |
| Native Soil Type | Mod permeability | 10 |
| Fluid Type | Fresh Water | 5 |
| Drill Cuttings | Normal Rock | 0 |
| Annual Precipitation (inches) | >20 | 10 |
| Affected Populations | <10 | 0 |
| Presence Nearby Utility Conduits | Not Present | 0 |
| Final Score | | 47 |
| | | 1 Sensitivity Level |

Characteristics / Requirements

Based on field observations the reserve pit will be built within the recharge area for Mud Springs located ~884' to the southwest. Precautions should be taken to prevent drilling media from entering this water source. Mud Springs is currently being monitored by C. O. P. Coal Development Co. as part of their mining permit for the Bear Canyon Mine.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 20 **Pit Underlayment Required?** Y

Other Observations / Comments

Emery County expressed concern in regards to the ability of the county road to handle proposed traffic levels. In it's current condition the county road has a steep narrow pitch mid way up the accent. This section of the road has some drainage problems in addition to active seeps/springs along the cut portion of the road. Emery County requesting upgrading of these portions of the county road, coordinate with the county road supervisor. Estimate 30 culverts and multiple turnouts will be required.

Additional signage on road is recommended. During rig moves and key weekends of the summer months personal should be posted at the top and bottom of accent to direct traffic.

Blasting is anticipated for reserve pit, straw or felt liner may be require to prevent puncture of the reserve pit. It is considered critical that drilling media remained contained as this proposed well is located within 1000' of Mud Springs. Field observations indicate the reserve pit will be built with in the recharge area for the spring. Mud Springs is monitored by COP Coal Development as part of their Bear Canyon Mine.

Bart Kettle
Evaluator

5/1/2008
Date / Time



Online Services

Agency List

Business

Search



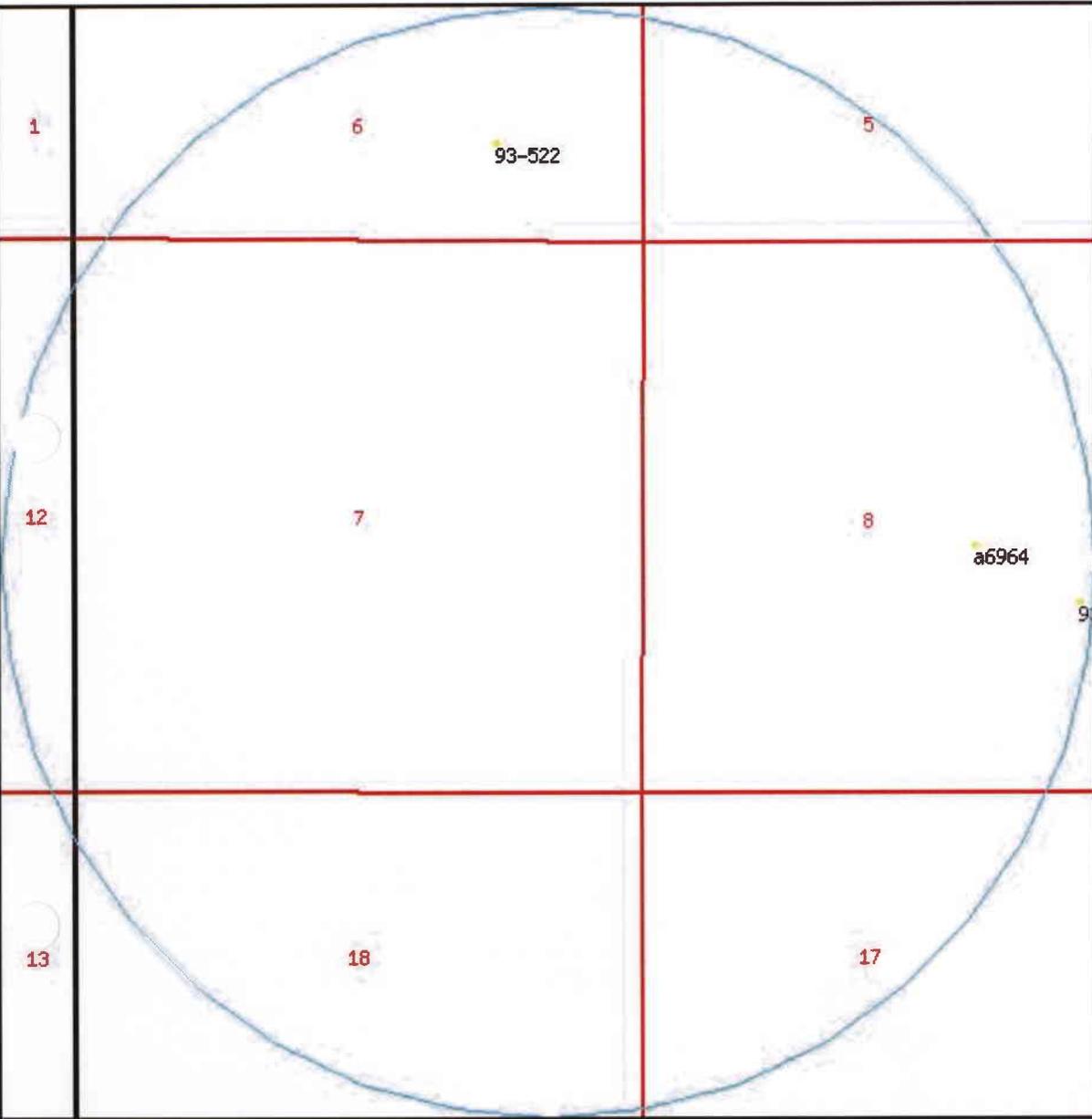
Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2007.04.13.01 Rundate: 05/21/2008 04:56 PM

Radius search of 5280 feet from a point N2198 W899 from the SE corner, section 07, Township 16S, Range 8E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all





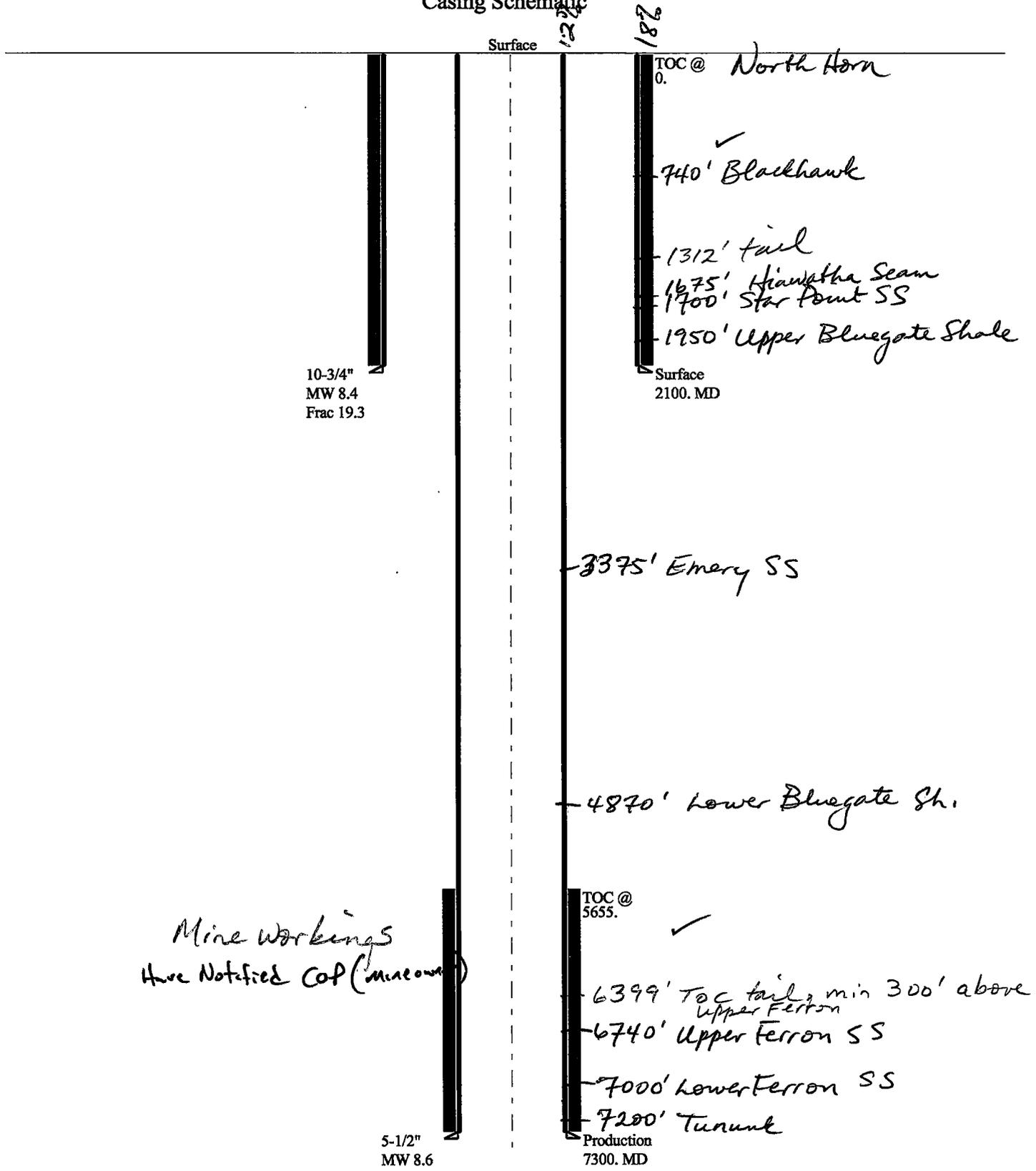
Water Rights

| WR Number | Diversion Type/Location | Well Log | Status | Priority | Uses | CFS | ACFT | Owner Name |
|----------------|---|----------|--------|----------|------|-------|--------|---|
| <u>93-3524</u> | Surface N1831 W1012 SW 09 16S 8E SL | | P | 19300410 | MO | 0.000 | 10.514 | ANR CO INC. 3212 SOUTH STATE STREET |
| <u>93-3745</u> | Surface N1831 W1012 SE 08 16S 8E SL | | P | 19300410 | MO | 0.000 | 62.664 | INTERMOUNTAIN POWER AGENCY 480 EAST 6400 SOUTH, SUITE 200 |
| <u>93-3746</u> | Surface N1831 W1012 SW 09 16S 8E SL | | P | 19300410 | MO | 0.000 | 42.056 | INTERMOUNTAIN POWER AGENCY 480 EAST 6400 SOUTH, SUITE 200 |
| <u>93-022</u> | Surface N950 W1430 SE 06 16S 8E SL | | P | 1902 | SX | 0.500 | 0.000 | INTERMOUNTAIN POWER SERVICE CORPORATION INTERMOUNTAIN POWER SERVICES CORPORATION |
| <u>93-970</u> | Surface N1831 W1012 SE 08 16S 8E SL | | P | 19300410 | MO | 0.130 | 15.666 | ANR CO INC. 3212 SOUTH STATE STREET |
| <u>a6964</u> | Surface N2378 W2012 SW 09 16S 8E SL | | A | 19720608 | DM | 0.370 | 0.000 | UNITED STATES FUEL COMPANY 340 HARDSCRABBLE ROAD |

Utah Division of Water Rights | 1594 West North Temple Suite 220, P.O. Box 146300, Salt Lake City, Utah 84114-6300 | 801-538-7240
[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

2008-06 XTO COP 16-8-7-43

Casing Schematic



10-3/4"
MW 8.4
Frac 19.3

5-1/2"
MW 8.6

Mine workings
Have Notified COP (mine owner)

Surface

12 3/4"

18 1/2"

TOC @ North Horn

740' Blackhawk

1312' tail

1675' Hiawatha Seam

1700' Star Point SS

1950' Upper Bluegate Shale

Surface
2100. MD

3375' Emery SS

4870' Lower Bluegate Sh.

TOC @
5655.

6399' TOC tail, min 300' above
Upper Ferron

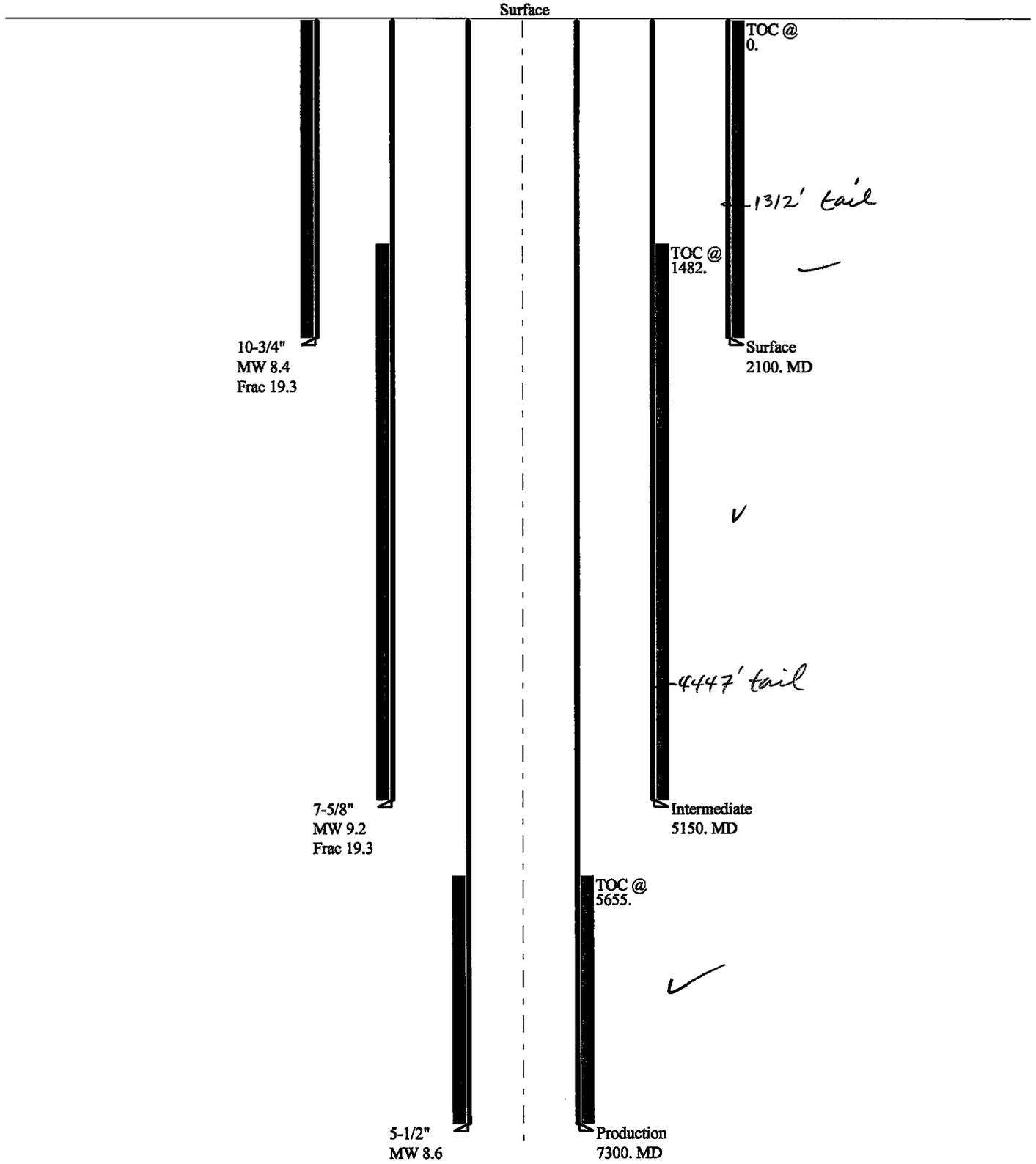
6740' Upper Ferron SS

7000' Lower Ferron SS

7200' Turunk

Production
7300. MD

2008-06 XTO COP 16-8-7-43cont
Casing Schematic



Well name:

2008-06 XTO COP 16-8-7-43

Operator: XTO Energy, Inc.

String type: Surface

Project ID:

43-015-30738

Location: Emery

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 94 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,848 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,100 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 1,841 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,300 ft
Next mud weight: 8.600 ppg
Next setting BHP: 3,261 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,100 ft
Injection pressure: 2,100 psi

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-------------------------|
| 1 | 2100 | 10.75 | 40.50 | J-55 | ST&C | 2100 | 2100 | 9.925 | 1156.9 |
| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
| 1 | 916 | 1580 | 1.724 | 2100 | 3130 | 1.49 | 85 | 420 | 4.94 J |

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

Phone: 810-538-5357

Date: June 6, 2008
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 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

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

Well name:

2008-06 XTO COP 16-8-7-43cont

Operator: **XTO Energy, Inc.**

String type: Intermediate

Project ID:

43-015-30738

Location: Emery

Design parameters:

Collapse

Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,655 psi
Internal gradient: 0.220 psi/ft
Calculated BHP: 2,788 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: 4,442 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 137 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 1,482 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,300 ft
Next mud weight: 8.600 ppg
Next setting BHP: 3,261 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 7,300 ft
Injection pressure: 7,300 psi

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-------------------------|
| 1 | 5150 | 7.625 | 29.70 | P-110 | LT&C | 5150 | 5150 | 6.75 | 1327.6 |
| 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 | 2461 | 5350 | 2.174 | 2788 | 9470 | 3.40 | 153 | 769 | 5.03 J |

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

Phone: 810-538-5357

Date: June 6, 2008
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 5150 ft, a mud weight of 9.2 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:

2008-06 XTO COP 16-8-7-43

Operator: XTO Energy, Inc.

String type: Production

Project ID:

43-015-30738

Location: Emery

Design parameters:

Collapse

Mud weight: 8.600 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 167 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 5,655 ft

Burst

Max anticipated surface pressure: 1,655 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 3,261 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 6,348 ft

Non-directional string.

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-------------------------|
| 1 | 7300 | 5.5 | 17.00 | N-80 | LT&C | 7300 | 7300 | 4.767 | 952.8 |
| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
| 1 | 3261 | 6290 | 1.929 | 3261 | 7740 | 2.37 | 124 | 348 | 2.80 J |

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

Phone: 810-538-5357

Date: June 6, 2008
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 7300 ft, a mud weight of 8.6 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.

BOPE REVIEW

XTO COP 16-8-7-43 API 43-015-30738

INPUT

Well Name

| | | | |
|------------------------------------|----------|--|--|
| XTO COP 16-8-7-43 API 43-015-30738 | | | |
| String 1 | String 2 | | |
| 10 3/4 | 5 1/2 | | |
| 2100 | 7300 | | |
| 40 | 2100 | | |
| 8.4 | 8.6 | | |
| 250 | 2000 | | |
| 3130 | 7740 | | |
| 1500 | 4.0 ppg | | |

Casing Size (")

Setting Depth (TVD)

Previous Shoe Setting Depth (TVD)

Max Mud Weight (ppg)

BOPE Proposed (psi)

Casing Internal Yield (psi)

Operators Max Anticipated Pressure (psi)

Calculations

String 1 10 3/4 "

| | | | |
|---|---|----------|--|
| Max BHP [psi] | $.052 \times \text{Setting Depth} \times \text{MW} =$ | 917 | |
| | | | BOPE Adequate For Drilling And Setting Casing at Depth? |
| MASP (Gas) [psi] | $\text{Max BHP} - (0.12 \times \text{Setting Depth}) =$ | 665 | NO → Air drill |
| MASP (Gas/Mud) [psi] | $\text{Max BHP} - (0.22 \times \text{Setting Depth}) =$ | 455 | NO |
| | | | *Can Full Expected Pressure Be Held At Previous Shoe? |
| Pressure At Previous Shoe | $\text{Max BHP} - .22 \times (\text{Setting Depth} - \text{Previous Shoe Depth}) =$ | 464 | ← NO Reasonable Depth |
| Required Casing/BOPE Test Pressure | | 2000 psi | |
| *Max Pressure Allowed @ Previous Casing Shoe = | | 40 psi | *Assumes 1psi/ft frac gradient |

Calculations

String 2 5 1/2 "

| | | | |
|---|---|----------|--|
| Max BHP [psi] | $.052 \times \text{Setting Depth} \times \text{MW} =$ | 3265 | |
| | | | BOPE Adequate For Drilling And Setting Casing at Depth? |
| MASP (Gas) [psi] | $\text{Max BHP} - (0.12 \times \text{Setting Depth}) =$ | 2389 | NO |
| MASP (Gas/Mud) [psi] | $\text{Max BHP} - (0.22 \times \text{Setting Depth}) =$ | 1659 | YES ✓ |
| | | | *Can Full Expected Pressure Be Held At Previous Shoe? |
| Pressure At Previous Shoe | $\text{Max BHP} - .22 \times (\text{Setting Depth} - \text{Previous Shoe Depth}) =$ | 2121 | ← NO OK |
| Required Casing/BOPE Test Pressure | | 2000 psi | |
| *Max Pressure Allowed @ Previous Casing Shoe = | | 2100 psi | *Assumes 1psi/ft frac gradient |

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

| | |
|---|---|
| 1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801 | 2. Approximate date project will start: Upon Approval or February 14, 2008 |
| 3. Title of proposed action: Application for Permit to Drill | |
| 4. Description of Project: XTO Energy Inc. proposes to drill the COP 16-8-7-43 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. | |
| 5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 2198' FSL 899' FEL, NE/4 SE/4, Section 7, Township 16 South, Range 8 East, Emery County, Utah | |
| 6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed. | |
| 7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted? | |
| 8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A | |
| 9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Government | |
| 10. For further information, contact: Diana Mason Phone: (801) 538-5312 | 11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: January 31, 2008 |

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

FORM 3

AMENDED REPORT
(highlight changes)

| | | | | | |
|--|--|---|--|--|---------------------------|
| APPLICATION FOR PERMIT TO DRILL | | | | 5. MINERAL LEASE NO: FEE | 6. SURFACE: Fee |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | | 8. UNIT or CA AGREEMENT NAME: N/A | |
| 2. NAME OF OPERATOR: XTO ENERGY INC. | | | | 9. WELL NAME and NUMBER: COP #16-8-7-43 | |
| 3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410 | | | PHONE NUMBER: (505) 333-3100 | 10. FIELD AND POOL, OR WILDCAT: Ferron Coal / Wildcat | |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2198' FSL x 899' FEL AT PROPOSED PRODUCING ZONE: same | | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 7 16S 8E S | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 17 miles Northwest of Huntington, Utah | | | | 12. COUNTY: EMERY | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 4000' | | 16. NUMBER OF ACRES IN LEASE: 6707.23 | | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: Lse basis | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 3400' | | 19. PROPOSED DEPTH: 7,300 | | 20. BOND DESCRIPTION: UTB000138 | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 9401' Ground Elevation | | 22. APPROXIMATE DATE WORK WILL START: 4/28/2008 | | 23. ESTIMATED DURATION: 2 weeks | |

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | | | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT | | | |
|--------------|---|-------|-------|---------------|---|------------|-------------|----------|
| 14.75" | 10.75" | J-55 | 40.5# | 2,100 | CBM light wt-lead | +/- 375 sx | 4.15 ft3/sx | 10.5 ppg |
| 14.75" | 10.75" | J-55 | 40.5# | 2,100 | CBM light wt-tail | +/- 500 sx | 1.61 ft3/sx | 14.2 ppg |
| 9.875" | 5.5" | N-80 | 17# | 7,300 | CBM light wt-lead | +/- 90 sx | 4.15 ft3/sx | 10.5 ppg |
| 9.875" | 5.5" | N-80 | 17# | 7,300 | CBM light wt-tail | +/- 250 sx | 1.81 ft3/sx | 13.5 ppg |
| 9.875" | 7.625" | P-110 | 29.7# | 5,150 | CBM light wt-lead | +/- 276 sx | 4.15 ft3/sx | 10.5 ppg |
| 9.875" | 7.625" | P-110 | 29.7# | 5,150 | CBM light wt-tail | +/- 150 sx | 1.81 ft3/sx | 13.5 ppg |

ATTACHMENTS

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

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

NAME (PLEASE PRINT) Kyla Vaughan TITLE Regulatory Compliance
SIGNATURE *Kyla Vaughan* DATE _____

(This space for State use only)

API NUMBER ASSIGNED: 43-015130738

APPROVAL: _____

JAN 28 2008

Range 8 East

(S89°52'E - 5504.40')

Township 16 South

N00°03'50"W - 2634.79'

(NORTH - 5280.00')

N00°04'37"E - 2636.95'

(N00°03'W - 5280.00')

(N89°52'E - 5501.76')

Location:

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

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

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

Basis of Elevation:

Basis of Elevation of 9694.0' being at the Southeast Section corner of Section 36, Township 15 South, Range 7 East, Salt Lake Base & Meridian, as shown on the Hiawatha Quadrangle 7.5 Minute Series Map.

Description of Location:

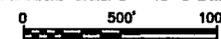
Proposed Drill Hole located in the NE/4 SE/4 of Section 7, T16S, R8E, S.L.B.&M., being North 2197.84' from South line and West 898.78' from East line of Section 7, T16S, R8E, Salt Lake Base & Meridian.

Surveyor's Certificate:

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



GRAPHIC SCALE



(IN FEET)

1 inch = 1000 ft.

Legend

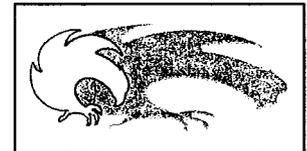
- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO

GPS Measured

NOTES:

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

| LAT / LONG | |
|------------------|--|
| 39°26'42.018" N | |
| 111°03'37.634" W | |



TALON RESOURCES, INC.

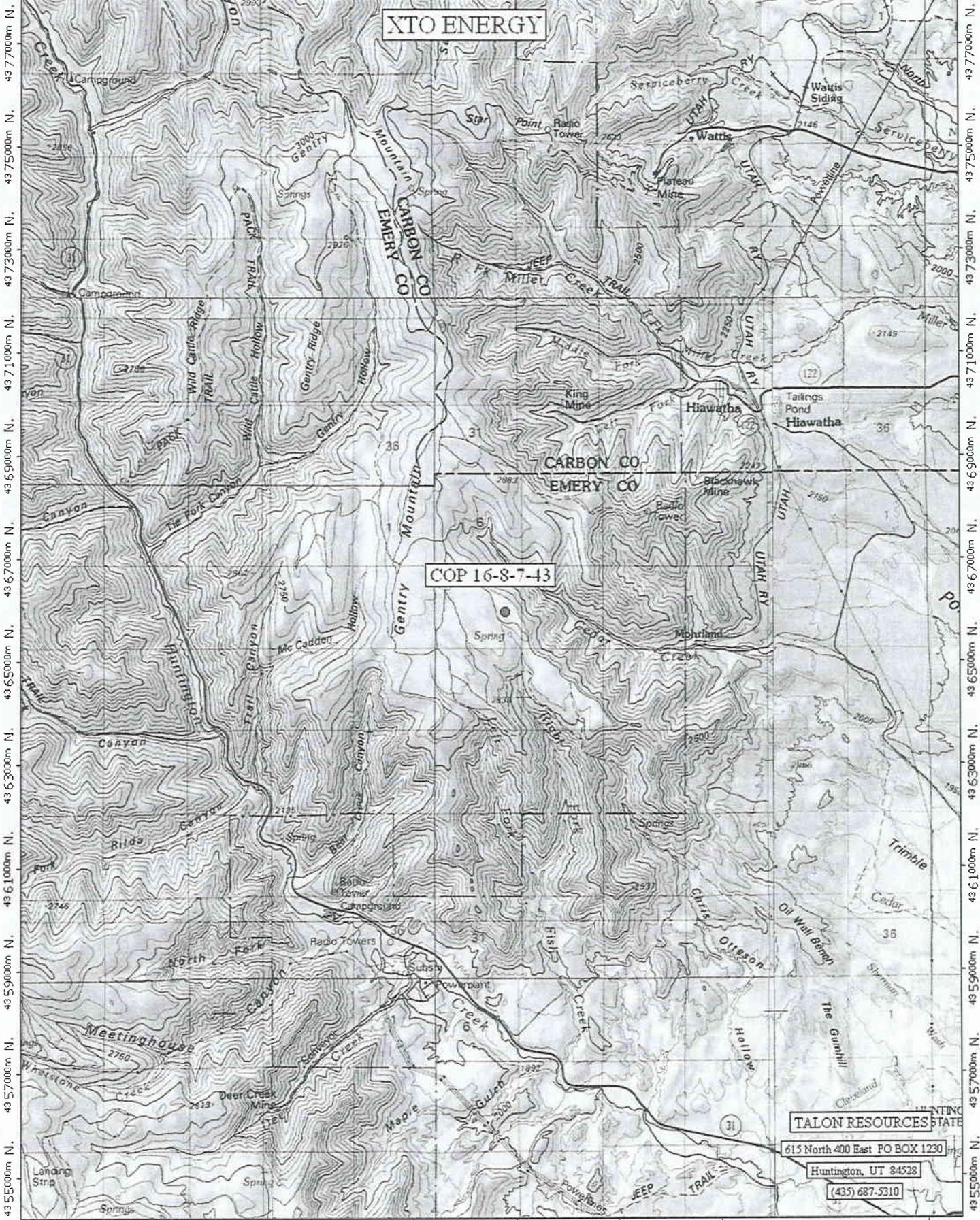
615 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net



COP 16-8-7-43
Section 7, T16S, R8E, S.L.B.&M.
Emery County, Utah

| | |
|---------------------------|------------------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J./A.J.S. |
| Drawing No. A-1 | Date: 12/11/07 |
| | Scale: 1" = 1000' |
| Sheet 1 of 4 | Job No. 3276 |

487000m E. 489000m E. 491000m E. 493000m E. 495000m E. 497000m E. 499000m E. NAD27 Zone 12S 503000m E.



XTO ENERGY

COP 16-8-7-43

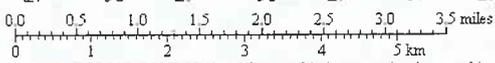
TALON RESOURCES INC

615 North 400 East PO BOX 1230

Huntington, UT 84528

(435) 687-5310

TN MN 12M



Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

EXHIBIT A

From: Robert Clark
To: Mason, Diana
Date: 2/4/2008 7:37 AM
Subject: RDCC short turn-around comments

CC: Anderson, Tad; Mcneill, Dave; Wright, Carolyn
The following comments are in response to **RDCC #8895**.

RDCC 8895, Comments begin: The XTO Energy Inc. proposal to drill the COP 16-8-17-43 wildcat well, in Emery County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm .

The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm. **Comments end.**

Robert Clark

Division of Air Quality
801-536-4435



February 11, 2008

Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

RE: COP 16-8-7-43

Dear Diana:

In reference to the State Oil & Gas Conservation rule R649-3-3, XTO is requesting an exception location to be granted on the COP 16-8-7-43.

XTO has been working diligently with the COP Coal Development to come to an agreement as to where this location can be placed. Due to land owner issues, topographical issues, and coal mines in the surrounding area, the well bore location has been staked as a non standard location. XTO Energy Inc. respectfully request an exception location to be granted based on the above information.

There are no additional lease owners with in 460' of the proposed location. If you have any questions, please contact me at 505-333-3159.

Thank you,

A handwritten signature in black ink that reads 'Kyla Vaughan'.

Kyla Vaughan
Regulatory Compliance

RECEIVED

FEB 15 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 16, 2008

XTO Energy
382 CR 3100
Aztec, NM 87410

Re: COP 16-8-7-43 Well, 2198' FSL, 899' FEL, NE SE, Sec. 7, T. 16 South, R. 8 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 43-015-30738.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Emery County Assessor

Operator: XTO Energy
Well Name & Number COP 16-8-7-43
API Number: 43-015-30738
Lease: Fee

Location: NE SE Sec. 7 T. 16 South R. 8 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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

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

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

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

- Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

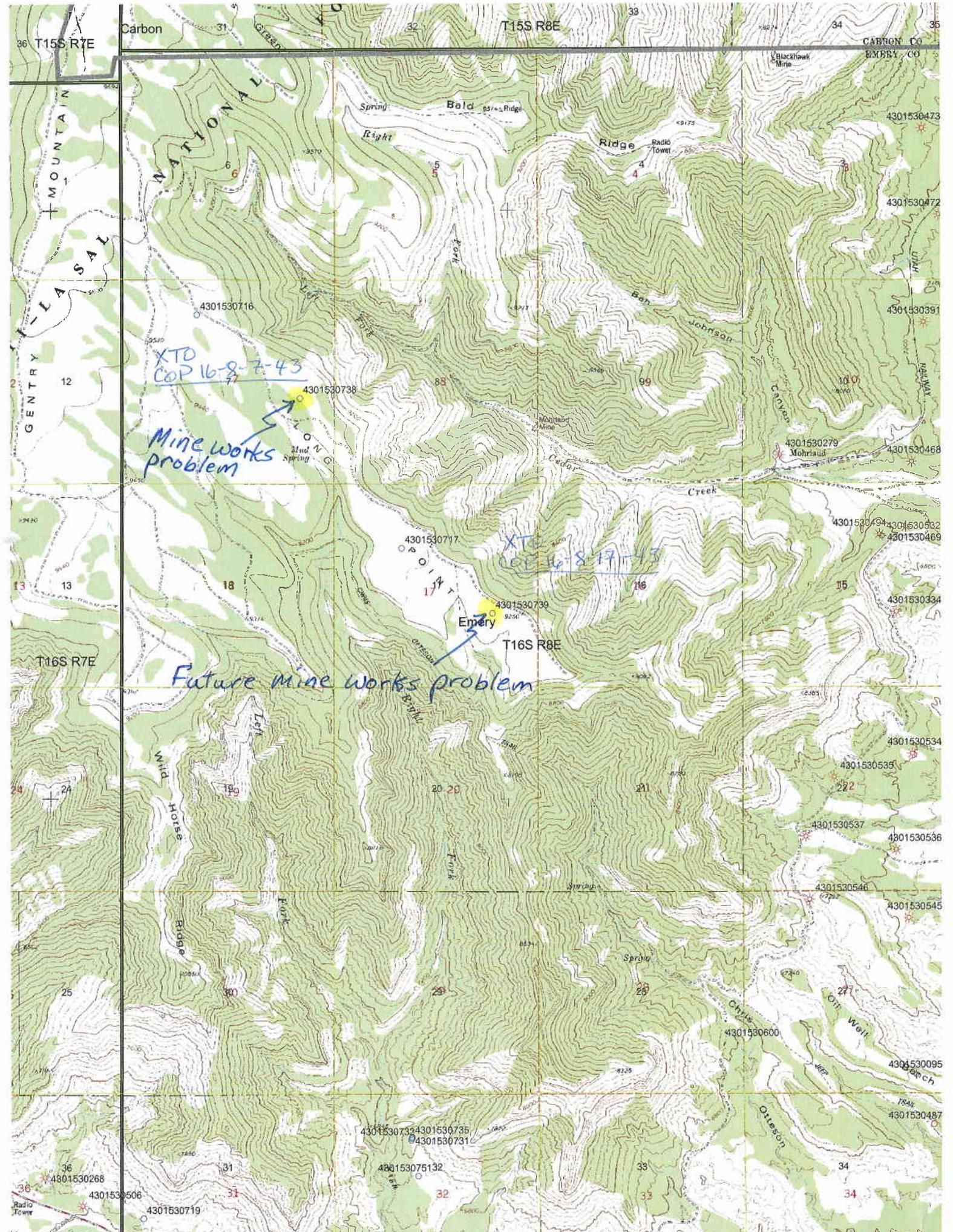
3. Reporting Requirements

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

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

Page Two
43-015-30738
June 16, 2008

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
6. The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. You will be required to comply with any applicable recommendations resulting from this review.



Carbon

T15S R8E

CARBON CO
EMERY CO

T15S R7E

GENTRY NATIONAL MONUMENT

XTO
COP 16-8-7-43

Mine works
problem

XTE
COP 16-8-19-43

Emery

Future Mine works problem

T16S R7E

T16S R8E

Wild Horse
Ridge

Emery

4301530536

4301530546

4301530545

4301530600

4301530095

4301530487

4801530268

4301530506

4301530719

4301530732 4301530735
4301530731

430153075132

4301530473

4301530472

4301530391

4301530279

4301530468

4301530494

4301530532

4301530469

4301530334

4301530534

4301530535

4301530537

4301530536

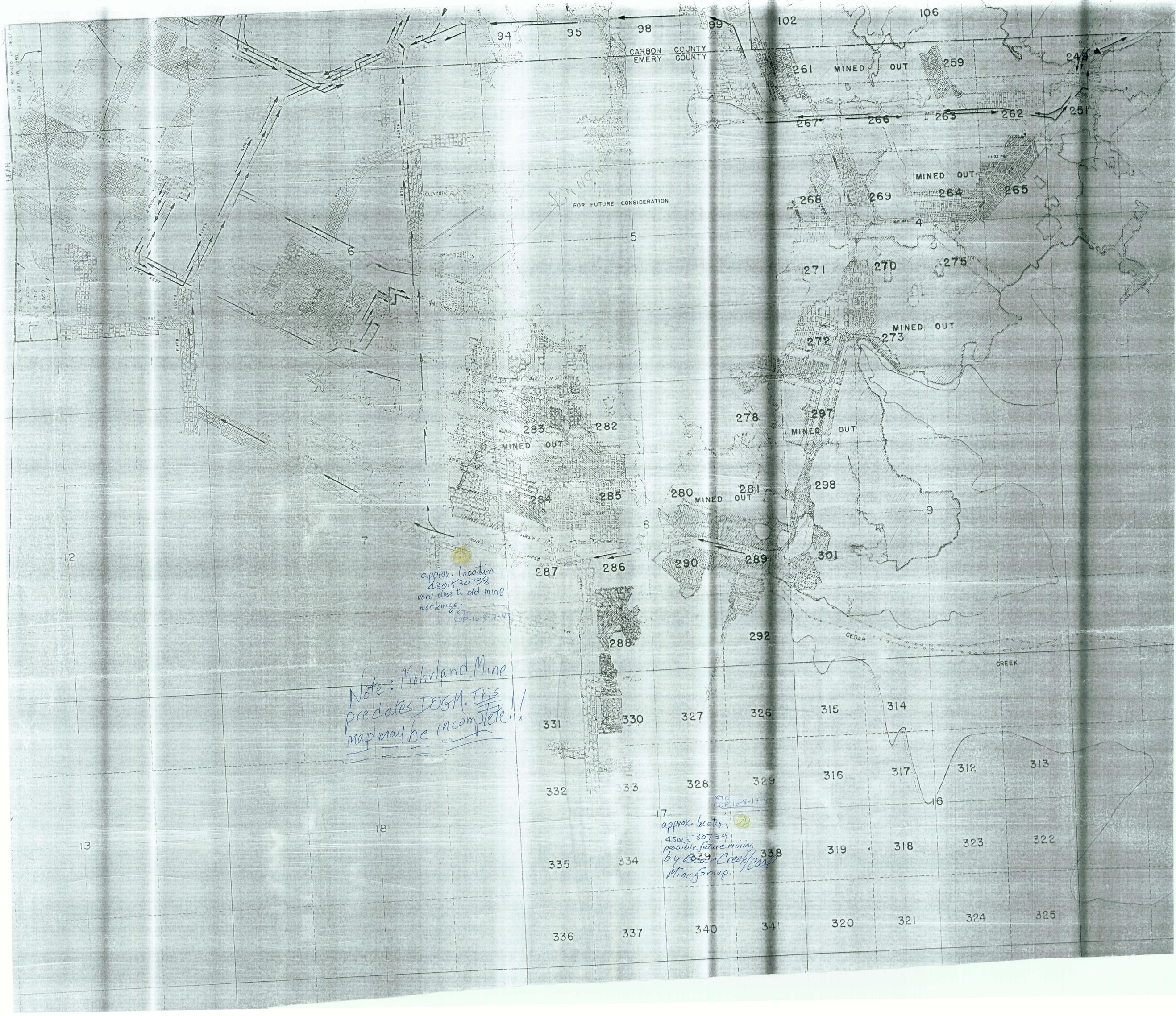
4301530546

4301530545

4301530600

4301530095

4301530487



CARBON COUNTY
EMERY COUNTY

FOR FUTURE CONSIDERATION

approx. location
43015 30732
very close to old mine
workings.
XTO
COP 16-8-7-43

Note: Mohrland Mine
predates DGM. This
map may be incomplete!!

approx. location
43015 30739
possible future mining
by Bear Creek Coal
Mining Group.
XTO
COP 16-8-17-4

TO BE WHELED UP
LATER JULY 19, 1950

TO BE WHELED UP
LATER JULY 19, 1950

BEAR

TO BE WHELED UP
LATER JULY 19, 1950

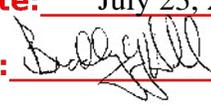
| | |
|--|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: FEE |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: COP 16-8-7-43 |
| 2. NAME OF OPERATOR: XTO ENERGY INC | 9. API NUMBER: 43015307380000 |
| 3. ADDRESS OF OPERATOR: 382 Road 3100 , Aztec, NM, 87410 | PHONE NUMBER: 505 333-3159 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2198 FSL 0899 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 07 Township: 16.0S Range: 08.0E Meridian: S | 9. FIELD and POOL or WILDCAT: WILDCAT COUNTY: EMERY STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|--|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 6/16/2010 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
| | <input type="checkbox"/> PRODUCTION START OR RESUME | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
| | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL | <input type="checkbox"/> TEMPORARY ABANDON |
| | <input type="checkbox"/> TUBING REPAIR | <input type="checkbox"/> VENT OR FLARE | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input checked="" type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: _____ |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 XTO hereby requests a one year extension on state permit for the referenced well.

Approved by the
 Utah Division of
 Oil, Gas and Mining

Date: July 23, 2009
 By: 

| | | |
|---|-------------------------------------|----------------------------------|
| NAME (PLEASE PRINT) Eden Fine | PHONE NUMBER 505 333-3664 | TITLE Permitting Clerk |
| SIGNATURE N/A | DATE 7/17/2009 | |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43015307380000

API: 43015307380000

Well Name: COP 16-8-7-43

Location: 2198 FSL 0899 FEL QTR NESE SEC 07 TWP 160S RNG 080E MER S

Company Permit Issued to: XTO ENERGY INC

Date Original Permit Issued: 6/16/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? Yes No
- Has the approved source of water for drilling changed? Yes No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No
- Is bonding still in place, which covers this proposed well? Yes No

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

Signature: Eden Fine **Date:** 7/20/2009
Title: Permitting Clerk **Representing:** XTO ENERGY INC

Date: July 23, 2009
By: 

| | |
|--|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: FEE |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: COP 16-8-7-43 |
| 2. NAME OF OPERATOR: XTO ENERGY INC | 9. API NUMBER: 43015307380000 |
| 3. ADDRESS OF OPERATOR: 382 Road 3100 , Aztec, NM, 87410 | PHONE NUMBER: 505 333-3159 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2198 FSL 0899 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 07 Township: 16.0S Range: 08.0E Meridian: S | 9. FIELD and POOL or WILDCAT: WILDCAT COUNTY: EMERY STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|--|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 6/16/2011 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
| | <input type="checkbox"/> PRODUCTION START OR RESUME | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
| | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL | <input type="checkbox"/> TEMPORARY ABANDON |
| | <input type="checkbox"/> TUBING REPAIR | <input type="checkbox"/> VENT OR FLARE | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input checked="" type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: _____ |

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

XTO hereby requests a one year extension on the State permit for the referenced well.

Approved by the Utah Division of Oil, Gas and Mining

Date: June 23, 2010

By:

| | | |
|---|-------------------------------------|----------------------------------|
| NAME (PLEASE PRINT) Eden Fine | PHONE NUMBER 505 333-3664 | TITLE Permitting Clerk |
| SIGNATURE N/A | DATE 6/17/2010 | |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43015307380000

API: 43015307380000

Well Name: COP 16-8-7-43

Location: 2198 FSL 0899 FEL QTR NESE SEC 07 TWP 160S RNG 080E MER S

Company Permit Issued to: XTO ENERGY INC

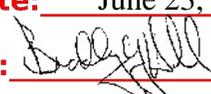
Date Original Permit Issued: 6/16/2008

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- Has the approved source of water for drilling changed? Yes No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No
- Is bonding still in place, which covers this proposed well? Yes No

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

Signature: Eden Fine **Date:** 6/17/2010
Title: Permitting Clerk **Representing:** XTO ENERGY INC

Date: June 23, 2010
By: 

| | |
|--|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: FEE |
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| 3. ADDRESS OF OPERATOR: 382 Road 3100 , Aztec, NM, 87410 | PHONE NUMBER: 505 333-3159 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2198 FSL 0899 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 07 Township: 16.0S Range: 08.0E Meridian: S | 9. FIELD and POOL or WILDCAT: WILDCAT COUNTY: EMERY STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|--|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 6/16/2011 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
| | <input type="checkbox"/> PRODUCTION START OR RESUME | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
| | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL | <input type="checkbox"/> TEMPORARY ABANDON |
| | <input type="checkbox"/> TUBING REPAIR | <input type="checkbox"/> VENT OR FLARE | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input checked="" type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: _____ |

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

XTO hereby requests a one year extension on the State permit for the referenced well.

Approved by the Utah Division of Oil, Gas and Mining

Date: June 23, 2010

By:

| | | |
|---|-------------------------------------|----------------------------------|
| NAME (PLEASE PRINT) Eden Fine | PHONE NUMBER 505 333-3664 | TITLE Permitting Clerk |
| SIGNATURE N/A | DATE 6/17/2010 | |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43015307380000

API: 43015307380000

Well Name: COP 16-8-7-43

Location: 2198 FSL 0899 FEL QTR NESE SEC 07 TWP 160S RNG 080E MER S

Company Permit Issued to: XTO ENERGY INC

Date Original Permit Issued: 6/16/2008

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

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

Signature: Eden Fine **Date:** 6/17/2010
Title: Permitting Clerk **Representing:** XTO ENERGY INC

Date: June 23, 2010
By: 



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 28, 2011

XTO Energy Inc.
382 Road 3100
Aztec, NM 87410

Re: APD Rescinded – COP 16-8-7-43, Sec. 7 T. 16S, R. 8E
Emery County, Utah API No. 43-015-30738

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 16, 2008. On July 23, 2009 and June 23, 2010, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 28, 2011.

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

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

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Service Manager

| | |
|--|--|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | 5. LEASE DESIGNATION AND SERIAL NUMBER: FEE |
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| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: COP 16-8-7-43 |
| 2. NAME OF OPERATOR: XTO ENERGY INC | 9. API NUMBER: 43015307380000 |
| 3. ADDRESS OF OPERATOR: PO Box 6501 , Englewood, CO, 80155 | PHONE NUMBER: 303 397-3727 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2198 FSL 0899 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 07 Township: 16.0S Range: 08.0E Meridian: S | 9. FIELD and POOL or WILDCAT: WILDCAT |
| | COUNTY: EMERY |
| | STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|--|--|---|
| <input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 7/7/2016 | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
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| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: <input style="width: 100px;" type="text"/> |

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

XTO Energy Inc. has completed final reclamation of this well site per the following: 07/07/16: Pulled down rough edge's on east side of site. Spread top soil out over east side where natural vegetation was not growing as agreed upon by landowner and State on 6/1/2016. Seed mix was per Utah Division of Wildlife Resoures: Mountain Bromegrass Slender Wheatgrass Sandberg Wheatgrass Great Basin Wildrye Idaho Fescue Western Yarrow Small Burnet Sainfoin Arrowleaf Balsamroot Rocky Mountain Penstemon Fernleaf biscuitroot Alsike Clover Strawberry Clover

**Accepted by the
 Utah Division of
 Oil, Gas and Mining
 FOR RECORD ONLY
 October 27, 2016**

| | | |
|--|-------------------------------------|----------------------------------|
| NAME (PLEASE PRINT) Rhonda Smith | PHONE NUMBER 505 333-3215 | TITLE Regulatory Clerk |
| SIGNATURE N/A | DATE 10/19/2016 | |