

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 #16-8-17-43	
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>undersignated</i>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1888' FSL x 1203' FEL AT PROPOSED PRODUCING ZONE: same				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 17 16S 8E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 18 miles Northwest of Huntington, Utah				12. COUNTY: EMERY	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1890'		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) 3300'		19. PROPOSED DEPTH: 7,120		20. BOND DESCRIPTION: UTB000138	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 9244' Ground Elevation		22. APPROXIMATE DATE WORK WILL START: 4/24/2008		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#	2,200	CBM light wt-lead	+/- 408 sx	4.15 ft3/sx	10.5 ppg
14.75"	10.75"	J-55	40.5#	2,200	CBM light wt-tail	+/- 500 sx	1.61 ft3/sx	14.2 ppg
9.875"	5.5"	N-80	17#	7,120	CBM light wt-lead	+/- 90 sx	4.15 ft3/sx	10.5 ppg
9.875"	5.5"	N-80	17#	7,120	CBM light wt-tail	+/- 249 sx	1.81 ft3/sx	13.5 ppg
9.875"	7.625"	P-110	29.7#	5,000	CBM light wt-lead	+/- 265 sx	4.15 ft3/sx	10.5 ppg
9.875"	7.625"	P-110	29.7#	5,000	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 PLAN 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 1/23/2008

(This space for State use only)

Approved by the
Utah Division of
Oil, Gas and Mining

API NUMBER ASSIGNED: 43-015-36739

APPROVAL:

Date: 06-16-08
(See Instructions on Reverse Side)

By: *[Signature]*

RECEIVED

JAN 28 2008

DIV. OF OIL, GAS & MINING

NORTHWEST
SECTION 18
T16S, R8E

Range 8 East

(S89°59'W - 5280.00')

Township 16 South

(N00°03'W - 5280.00')

Note:
Distances based on
GLO information.

17

1202.79'
CALC.

COP 16-8-17-43
ELEV. 9244.1'

UTM
N 4364252
E 496314

1887.76'
CALC.

(N00°02'W - 5280.00')

(WEST - 5280.00')

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°25'46.835" N
111°02'34.176" W

Location:

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

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

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

Basis of Elevation:

Basis of Elevation of 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 17, T16S, R8E, S.L.B.&M., being North 1887.76' from South Line and West 1202.79' from East Line of Section 17, 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

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.



TALON RESOURCES, INC.

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



COP 16-8-17-43
Section 17, 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: 10/23/07
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 3119

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.

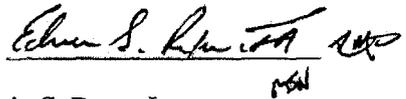
GRANTOR:
C.O.P. COAL DEVELOPMENT COMPANY
A Utah Corporation

By: 

J.O. Kingston,

President

GRANTEE:
XTO ENERGY INC.,
A Delaware corporation

By: 

Edwin S. Ryan, Jr.

Senior Vice President – Land
Administration



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 16-8-17-43

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 16-8-17-43.

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' in a cursive script.

Kyla Vaughan
Regulatory Compliance

RECEIVED

FEB 15 2008

DIV. OF OIL, GAS & MINING

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, methane 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

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

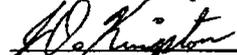
Section 14: W $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$
Section 15: E $\frac{1}{2}$ E $\frac{1}{2}$
Section 22: E $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
Section 23: All
Section 24: W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$
Section 25: W $\frac{1}{2}$
Section 26: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

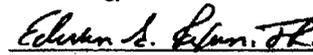
Signed for Identification:

C.O.P. Coal Development Company



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

XTO Energy Inc.



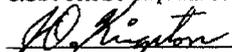
Edwin S. Ryan, Jr., Sr. Vice-President Land DCF

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.

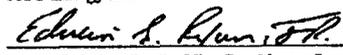
1. As required by the "Oil and Gas conservation General Rules" then in effect, Lessee shall obtain drilling permits from the Utah Division of Oil, Gas and Mining prior to commencing drilling operations on leased lands or lands pooled therewith. Lessee shall provide Lessor with a copy of each drilling 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



J.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 16-8-17-43
Location: 1888' FSL & 1203' FEL, Section 17, 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 2.8 miles South to the 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 are 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 17, T16S, R8E.
- b. Length of New Road: 190' 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 maybe 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 may 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:

John Egelston
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 preformed 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 16-8-17-43
Drilling Data for APD
January 22, 2008

Surface Location: 1888' FSL & 1203' FEL, Sec. 17, T16S, R8E

Proposed TD: 7120'

Approximate Elevation: 9244'

Objective: Ferron Coal

KB Elevation: 9258'

1. Mud Program:

Interval	0'-2200'	2200'-7120'
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 @ 2200' 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	1.610	3.180	4.710

- b. Production Casing set @ 7120' 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	1.970	2.430	2.880

- c. Contingency String Casing set @ 5000' 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	2.23	3.96	6.33

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: 408 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 2497.3 ft³, 100% excess of calculated annular volume to 2200'.
- 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: 249 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 823 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: 265 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 1368 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	560
Hiawatha Seam	1495
Star Point SS	1520
Upper Bluegate Shale	1770
Emery SS	3155
Lower Bluegate Shale	4690
Top of Upper Ferron SS	6560
Top of Lower Ferron SS	6820
Tununk Shale	7020
Total Depth	7120

- a. No known oil zones will be penetrated.
- b. Gas bearing sandstones and coals will be penetrated from 6560' to 7120'.

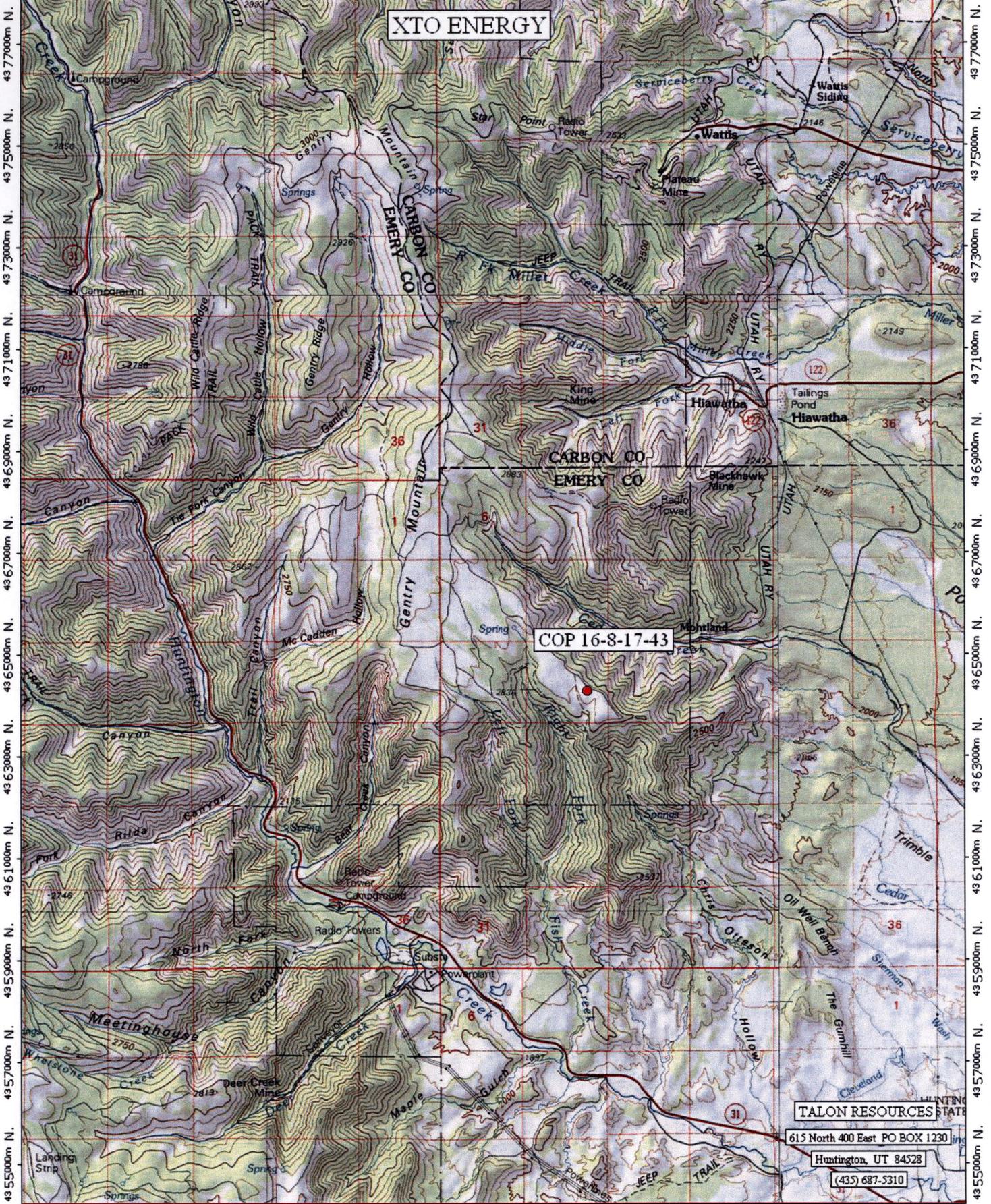
EXHIBIT F

- 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:

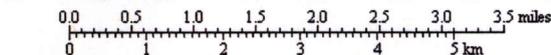
Name	Title	Office Phone	Mobile Phone
John Egelston	Drilling Engineer	505.564.6734	505.330.6902
Jerry Lacy	Drilling Superintendent	505.566.7914	505.320.6543
Joshua Stark	Project Geologist	817.885.2240	817.565.7158
Leonard West	Reservoir Engineer	817.885.2800	

EXHIBIT F

486000m E. 488000m E. 490000m E. 492000m E. 494000m E. 496000m E. 498000m E. NAD27 Zone 12S 503000m E.

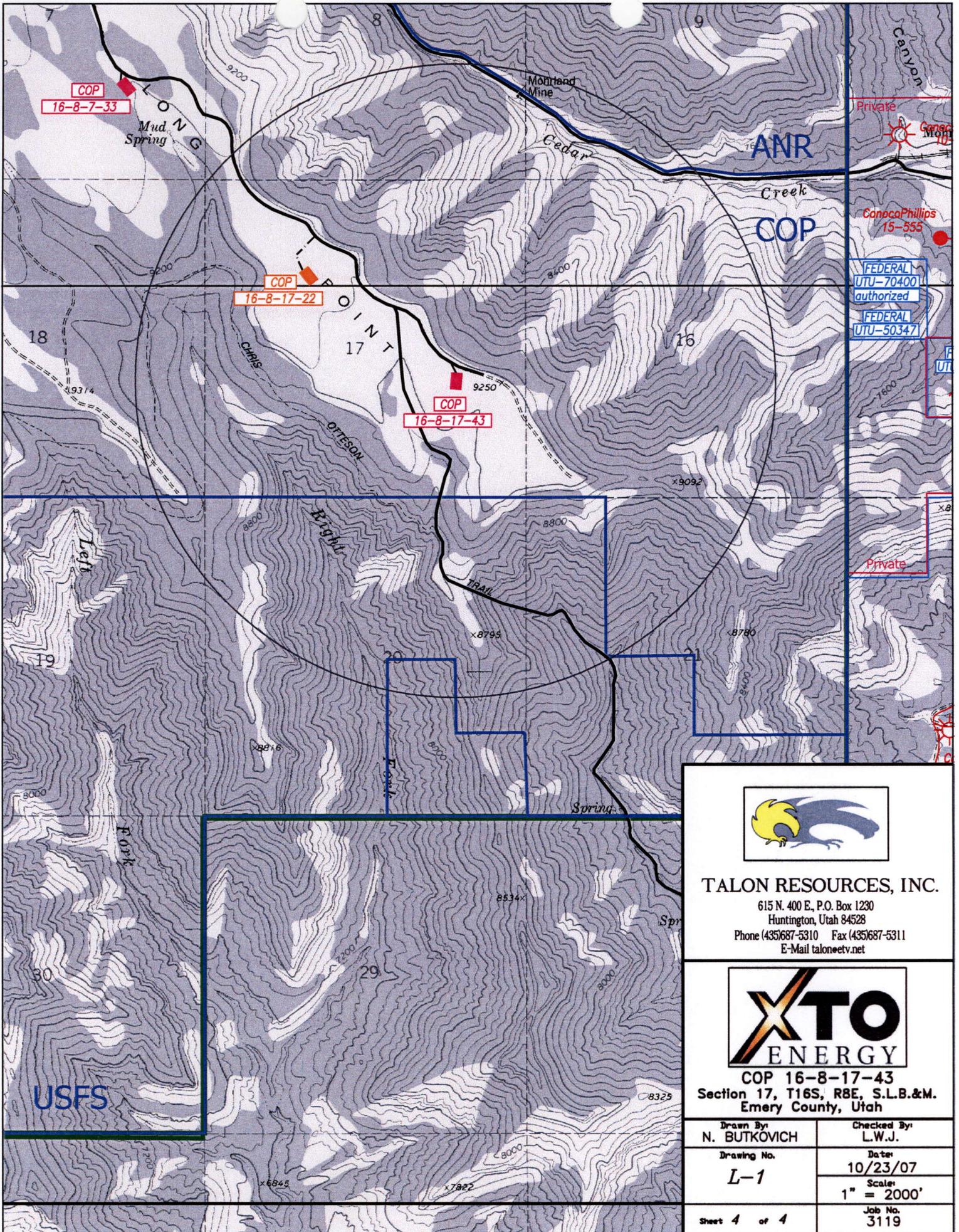


TN * MN
12°



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

EXHIBIT A



TALON RESOURCES, INC.

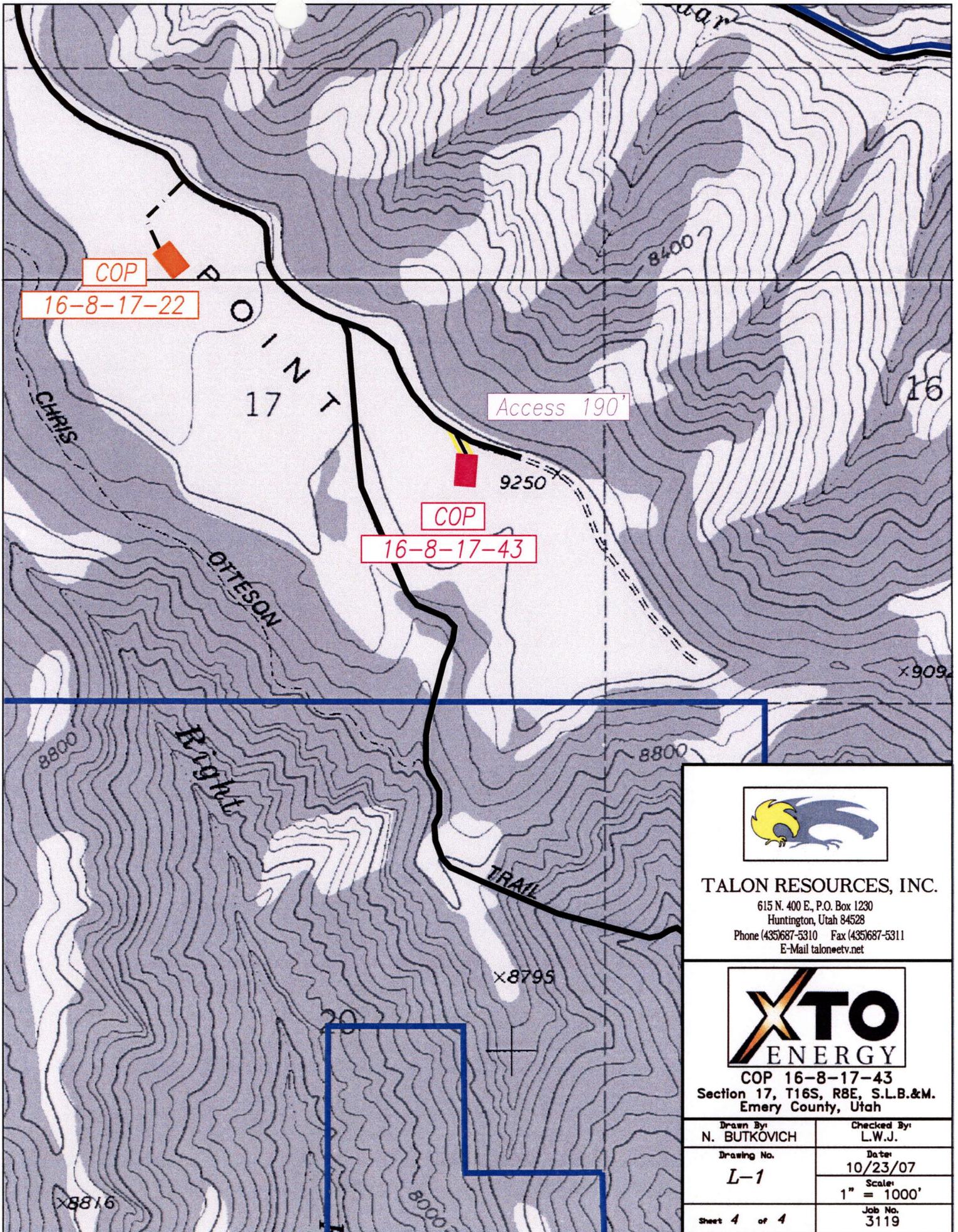
615 N. 400 E., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail taloneetv.net



COP 16-8-17-43
 Section 17, T16S, R8E, S.L.B.&M.
 Emery County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 10/23/07
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 3119

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



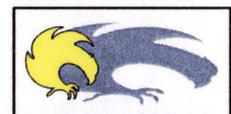
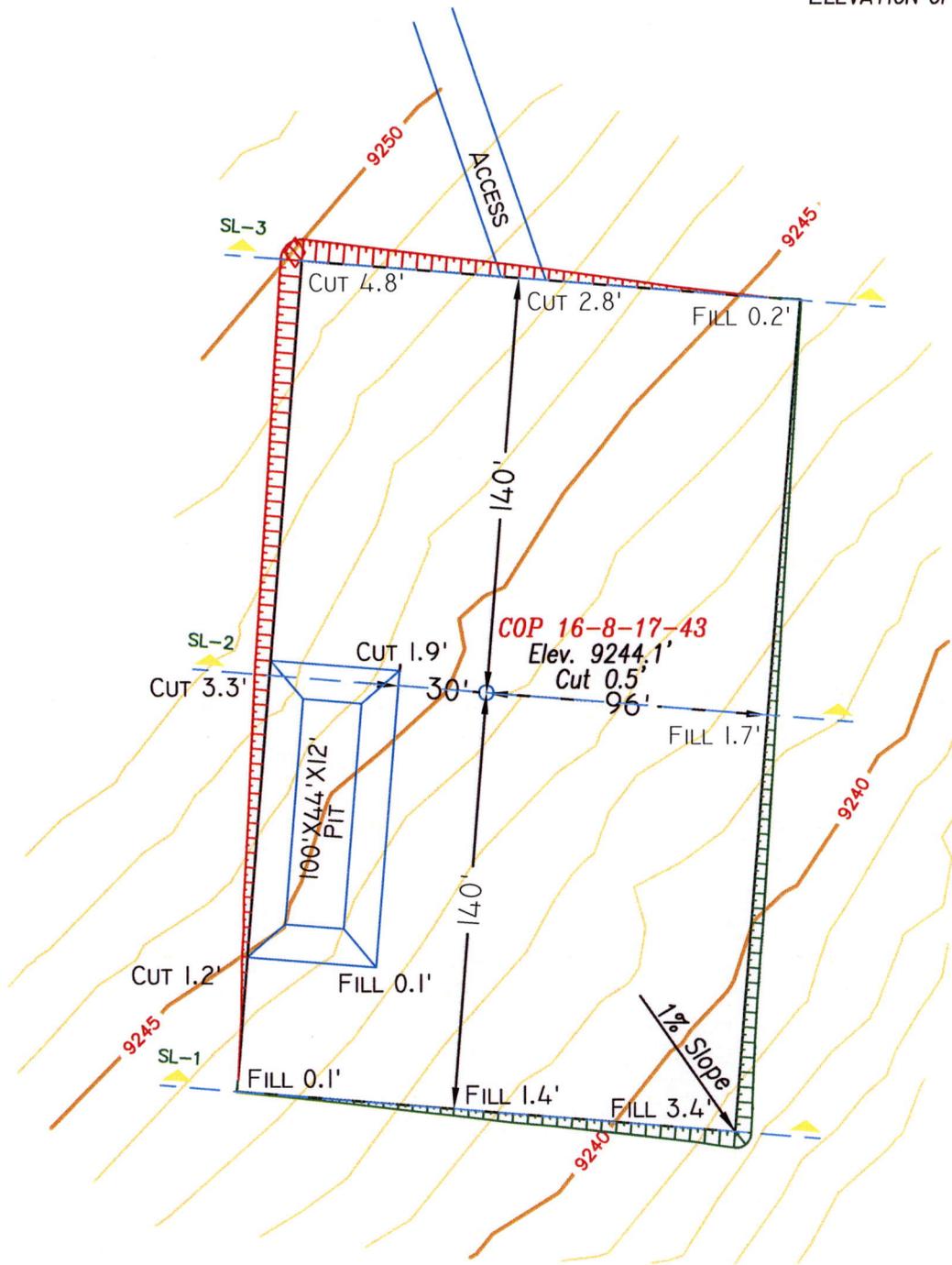
COP 16-8-17-43
Section 17, T16S, RBE, S.L.B.&M.
Emery County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 10/23/07
	Scale: 1" = 1000'
Sheet 4 of 4	Job No. 3119

EXHIBIT C

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 9244.1'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 9243.6'

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 talonnetv.net



LOCATION LAYOUT
 Section 17, T16S, R8E, S.L.B.&M.
 COP 16-8-17-43

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 10/23/07
	Scale: 1" = 60'
Sheet 2 of 4	Job No. 3119

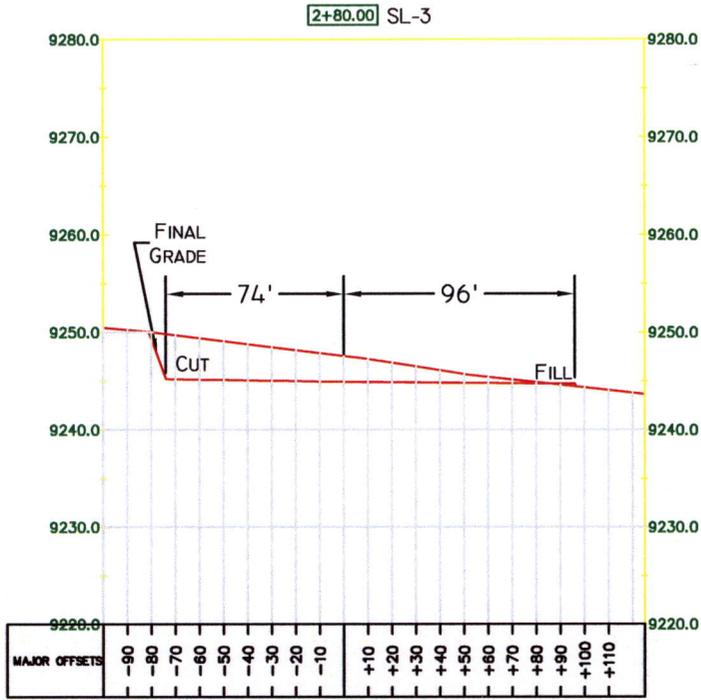
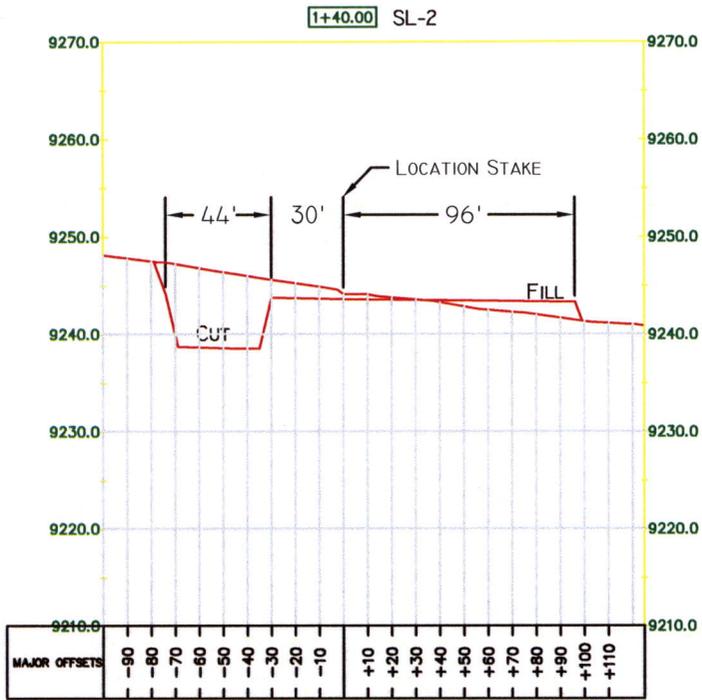
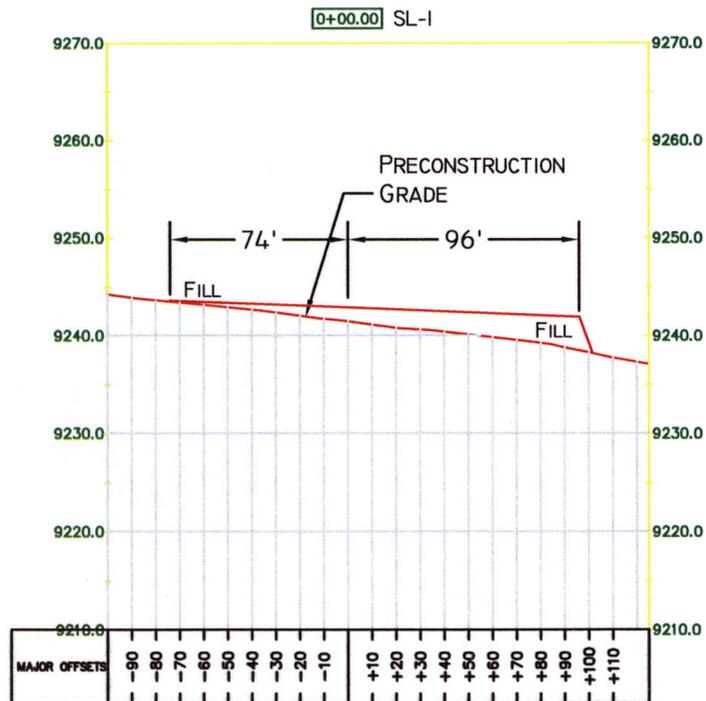


EXHIBIT E

1"=10'
X-Section Scale
1"=20'

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



APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 820 Cu. Yds.
TOTAL CUT (INCLUDING PIT) = 3,015 Cu. Yds.
TOTAL FILL = 945 Cu. Yds.



TALON RESOURCES, INC

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



TYPICAL CROSS SECTION
Section 17, T16S, R8E, S.L.B.&M.
COP 16-8-17-43

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 10/23/07
	Scale: 1" = 80'
Sheet 3 of 4	Job No. 3119

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.

ROTATING HEAD (OPTIONAL)

FILL UP LINE

FLOW LINE TO PIT

PIPE RAMS

BLIND RAMS

KILL LINE 2" dia min.

TO CHOKE MANIFOLD 2" dia min.

See Choke Manifold drawing for specifications

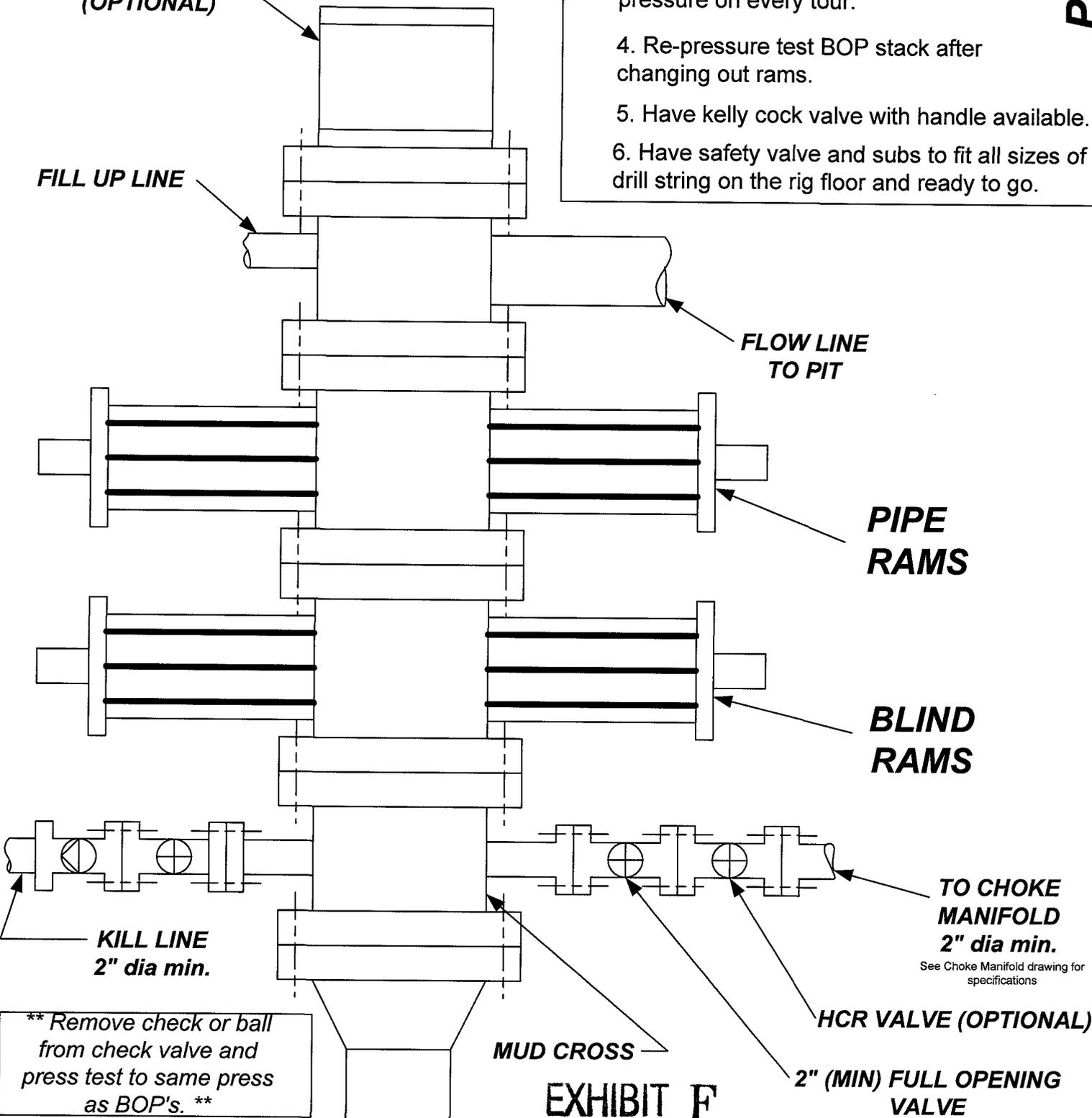
HCR VALVE (OPTIONAL)

2" (MIN) FULL OPENING VALVE

MUD CROSS

EXHIBIT F

** Remove check or ball from check valve and press test to same press as BOP's. **



CHOKE 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**

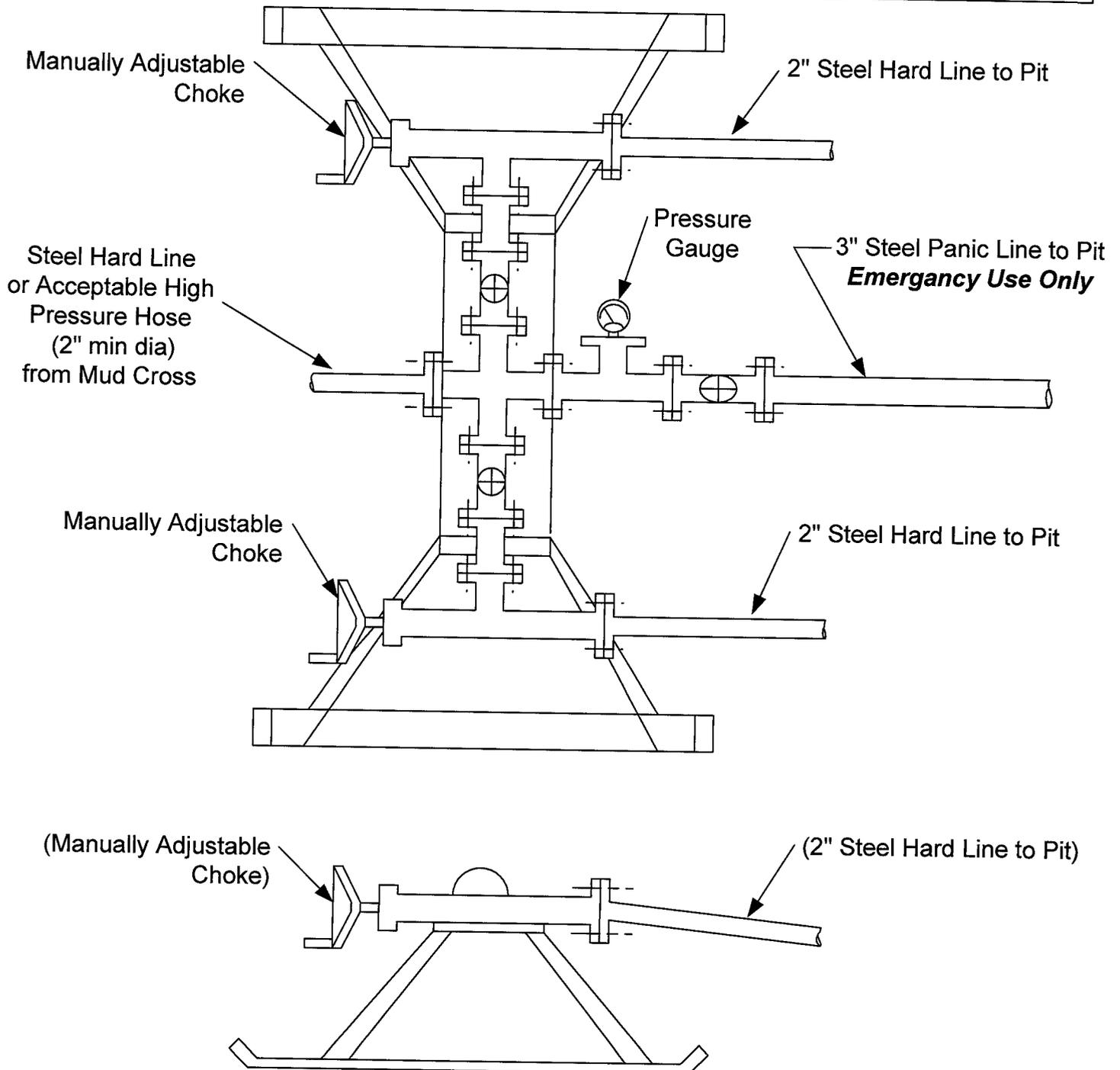


EXHIBIT F

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/28/2008

API NO. ASSIGNED: 43-015-30739

WELL NAME: COP 16-8-17-43
 OPERATOR: XTO ENERGY INC (N2615)
 CONTACT: KYLA VAUGHAN

PHONE NUMBER: 505-333-3100

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DLD	6/11/08
Geology		
Surface		

NESE 17 160S 080E
 SURFACE: 1888 FSL 1203 FEL
 BOTTOM: 1888 FSL 1203 FEL
 COUNTY: EMERY
 LATITUDE: 39.42975 LONGITUDE: -111.0431
 UTM SURF EASTINGS: 496288 NORTHINGS: 4364260
 FIELD NAME: UNDESIGNATED (2)

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: _____)
- 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 Pres to (05-06-08)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS

T16S R7E T16S R8E

BEAR CANYON MINE

COP 16-8-7-21
⊕

7

COP 16-8-7-43
⊕

8

COP 16-8-17-22
⊕

18

17

COP 16-8-17-43
⊕

OPERATOR: XTO ENERGY INC (N2615)

SEC: 17 T.16S R. 8E

FIELD: UNDESIGNATED (002)

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

5/22/2008

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
705	43-015-30739-00-00		GW	P	No
Operator	XTO ENERGY INC	Surface Owner-APD			
Well Name	COP 16-8-17-43	Unit			
Field	UNDESIGNATED	Type of Work			
Location	NESE 17 16S 8E S 1888 FSL 1203 FEL GPS Coord (UTM) 496288E 4364260N				

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 within a mile of the Mohrland Mine portal. It is 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 2.5 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 three 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

5/20/2008
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 straw or felt liner if it is determined blasting of the pit has exposed sharp rock capable of 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 20 mils 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 16-8-17-43
API Number 43-015-30739-0 **APD No** 705 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NESE **Sec** 17 **Tw** 16S **Rng** 8E 1888 FSL 1203 FEL
GPS Coord (UTM) **Surface Owner**

Participants

Bart Kettle-Division of Oil, Gas and Mining (DOG M), 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
	Width	Length	

Ancillary Facilities

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora:
Snow prevented identification of herbaceous under story.
Shrubs: Mountain Sage
Trees: None

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 Y

Site prone to wind erosion once disturbed.

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required N

Berm Required? N

Erosion Sedimentation Control Required? Y

Reclaim and reseed disturbed area as soon as practical.

Paleo Survey Run? Y

Paleo Potential Observed? N

Cultural Survey Run? Y

Cultural Resources? N

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	>1000	0
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 30 1 **Sensitivity Level**

Characteristics / Requirements

Closed Loop Mud Required? N

Liner Required? Y

Liner Thickness 20

Pit Underlayment Required? N

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.

Bart Kettle
Evaluator

5/1/2008
Date / Time

utah gov Online Services Agency List Business

Search

Utah Division of Water Rights

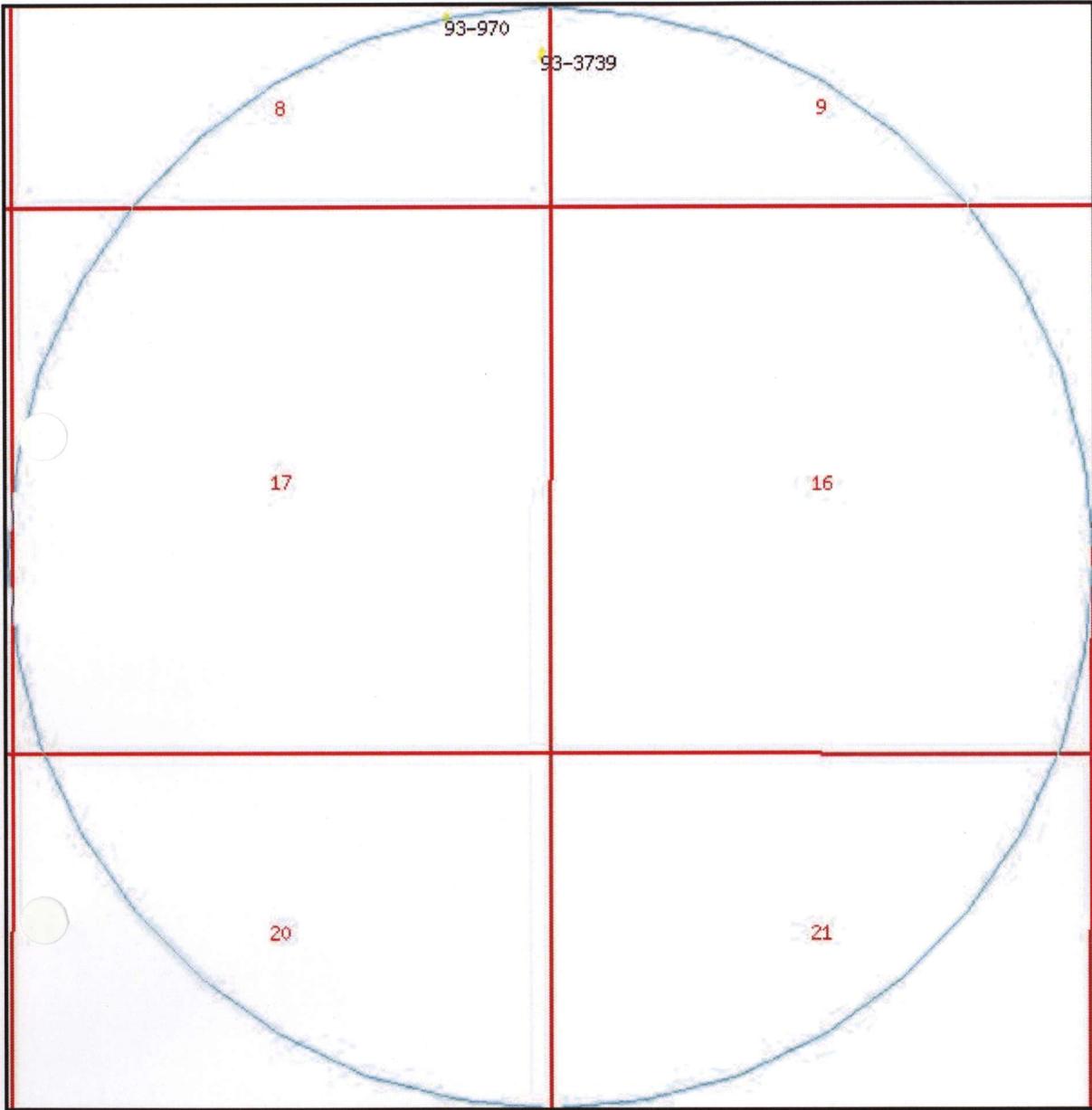


WRPLAT Program Output Listing

Version: 2007.04.13.01 Rundate: 05/21/2008 02:59 PM

Radius search of 5280 feet from a point N1888 W from the SE corner, section 17, Township 16S, Range 8E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all



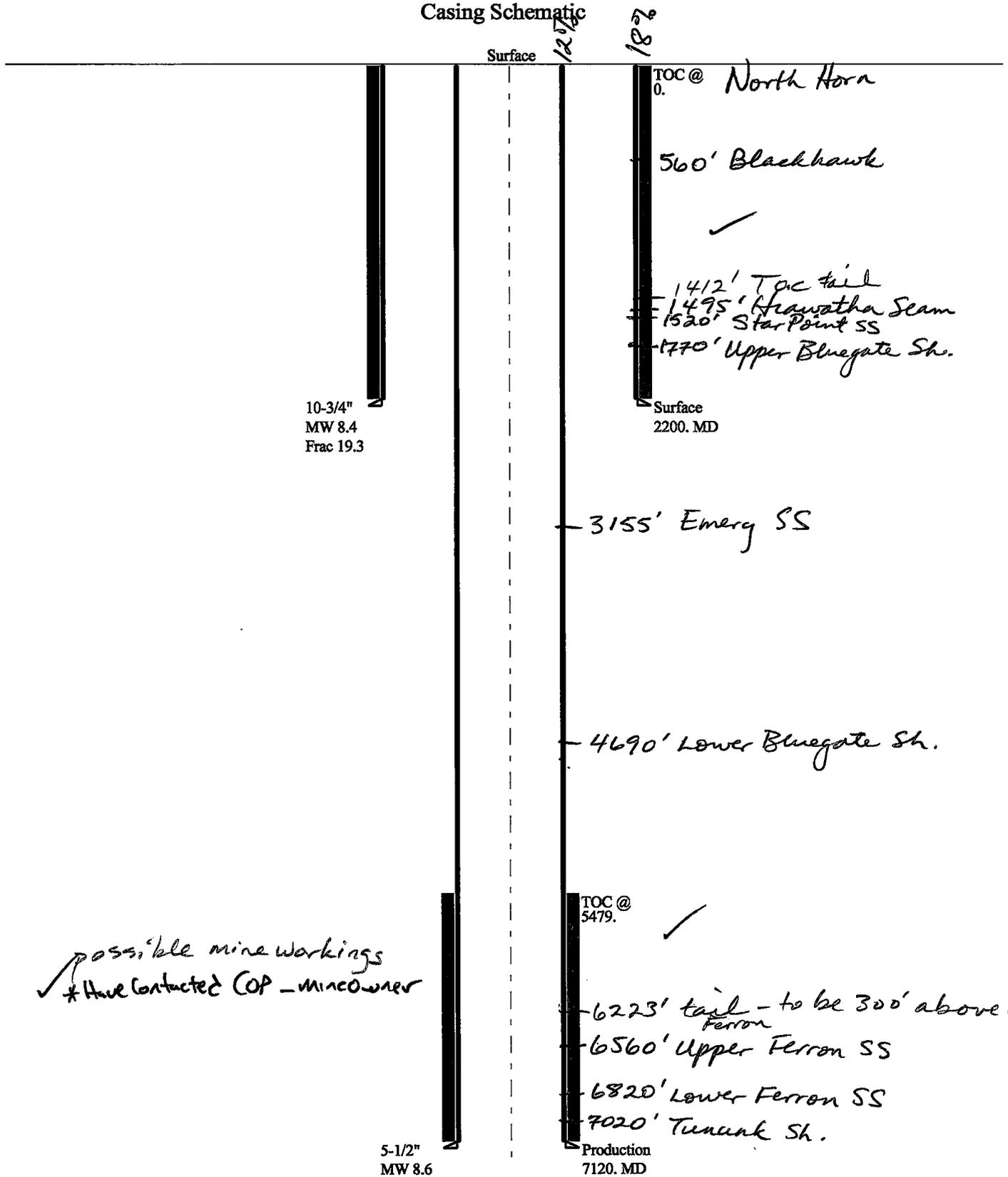


Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>91-251</u>	Underground N1450 W92 SE 08 16S 8E SL		P	19571011	DMO	0.942	0.000	ANR CO. INC 3212 SOUTH STATE STREET
<u>91-316</u>	Surface N1450 W92 SE 08 16S 8E SL		P	1910	MO	0.058	0.000	ANR CO. INC 3212 SOUTH STATE STREET
<u>93-1089</u>	Underground N1500 W85 SE 08 16S 8E SL		P	19100700	I	0.390	0.000	ANR CO INC. 3212 SOUTH STATE STREET
<u>91-524</u>	Surface N1831 W1012 SW 09 16S 8E SL		P	19300410	MO	0.000	10.514	ANR CO INC. 3212 SOUTH STATE STREET
<u>93-3739</u>	Underground N1500 W85 SE 08 16S 8E SL		P	19100700	I	0.056	0.000	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>93-970</u>	Surface N1831 W1012 SE 08 16S 8E SL		P	19300410	MO	0.130	15.666	ANR CO INC. 3212 SOUTH STATE STREET

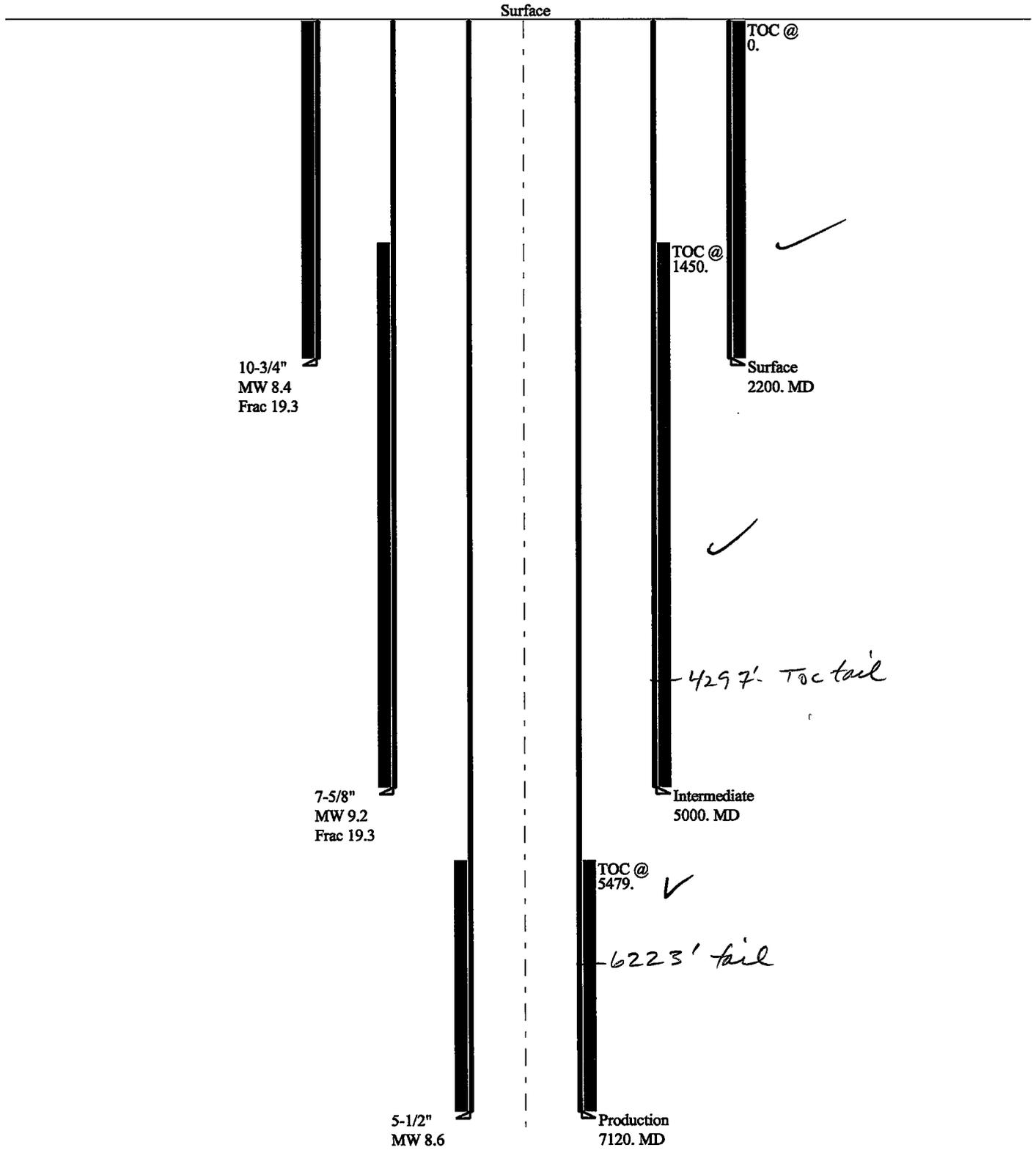
Utah Division of Water Rights | 1594 West North Temple Suite 220, P.O. Box 146300, Salt Lake City, Utah 84114-6300 | 801-538-7240
[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Casing Schematic



2008-06 XTO COP 16-8-17-43cont

Casing Schematic



Well name:

2008-06 XTO COP 16-8-17-43

Operator: **XTO Energy, Inc.**

String type: Surface

Project ID:

43-015-30739

Location: Emery

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,936 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 2,200 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on air weight.

Neutral point: 1,929 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 96 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 7,120 ft
Next mud weight: 8.600 ppg
Next setting BHP: 3,181 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,200 ft
Injection pressure: 2,200 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	2200	10.75	40.50	J-55	ST&C	2200	2200	9.925	1211.9
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	960	1580	1.646	2200	3130	1.42	89	420	4.71 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 2200 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 16-8-17-43contOperator: **XTO Energy, Inc.**

String type: Intermediate

Project ID:

43-015-30739

Location: Emery

Design parameters:**Collapse**Mud weight: 9.200 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: 135 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 1,450 ft

BurstMax anticipated surface
pressure: 1,614 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 2,714 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: 4,313 ft

Non-directional string.**Re subsequent strings:**Next setting depth: 7,120 ft
Next mud weight: 8.600 ppg
Next setting BHP: 3,181 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 5,000 ft
Injection pressure: 5,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	5000	7.625	29.70	P-110	LT&C	5000	5000	6.75	1289
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	2390	5350	2.239	2714	9470	3.49	149	769	5.18 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 5000 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 16-8-17-43

Operator: **XTO Energy, Inc.**

String type: Production

Project ID:

43-015-30739

Location: Emery

Design parameters:

Collapse

Mud weight: 8,600 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 165 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Burst:

Design factor 1.00

Cement top: 5,479 ft

Burst

Max anticipated surface pressure: 1,614 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 3,181 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.
Neutral point: 6,191 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7120	5.5	17.00	N-80	LT&C	7120	7120	4.767	929.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3181	6290	1.977	3181	7740	2.43	121	348	2.88 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 7120 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 16-8-17-43 API 43-015-30739

INPUT		XTO COP 16-8-17-43 API 43-015-30739	
Well Name		String 1	String 2
Casing Size (")		10 3/4	5 1/2
Setting Depth (TVD)		2100	7120
Previous Shoe Setting Depth (TVD)		40	2100
Max Mud Weight (ppg)		8.4	8.6
BOPE Proposed (psi)		250	2000
Casing Internal Yield (psi)		3130	7740
Operators Max Anticipated Pressure (psi)		1500	4.1 ppg

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 <i>Reasonable Depth</i>
			*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
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]	$.052 \times \text{Setting Depth} \times \text{MW} =$	3184	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	$\text{Max BHP} - (0.12 \times \text{Setting Depth}) =$	2330	NO
MASP (Gas/Mud) [psi]	$\text{Max BHP} - (0.22 \times \text{Setting Depth}) =$	1618	YES ✓
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	$\text{Max BHP} - .22 \times (\text{Setting Depth} - \text{Previous Shoe Depth}) =$	2080	YES ✓
Required Casing/BOPE Test Pressure		2000 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		2100 psi	*Assumes 1psi/ft frac gradient



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 16-8-17-43 Well, 1888' FSL, 1203' FEL, NE SE, Sec. 17, 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 43-015-30739.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Emery County Assessor



Operator: XTO Energy
Well Name & Number COP 16-8-17-43
API Number: 43-015-30739
Lease: Fee

Location: NE SE Sec. 17 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
43-015-30739
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.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: XTO ENERGY INC

Well Name: COP 16-8-17-43

Api No: 43-015-30739 Lease Type: FEE

Section 17 Township 16S Range 08E County EMERY

Drilling Contractor PETE MARTIN DRLG RIG # RATHOLE

SPUDDED:

Date 08/28/08

Time _____

How DRY

Drilling will Commence: _____

Reported by DALTON KING

Telephone # (281) 617-4528

Date 09/02/08 Signed CHD

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

FORM 6

ENTITY ACTION FORM

Operator: XTO ENERGY INC. Operator Account Number: N 2615
Address: 382 CR 3100
city AZTEC
state NM zip 87410 Phone Number: (505) 333-3100

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4301530739	COP 16-8-17-43		NESE	17	16S	8E	EMERY
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	17076	8/28/2008			9/22/08	
Comments: <u>TNUNK</u>							

Well 2

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

Well 3

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

ACTION CODES:

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

WANETT MCCAULEY

Name (Please Print)

Wanett McCauley

Signature

FILE CLERK

8/29/2008

Title

Date

(5/2009)

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SEP 02 2008

DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
		7. UNIT or CA AGREEMENT NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: COP 16-8-17-43
2. NAME OF OPERATOR: XTO ENERGY INC.		9. API NUMBER: 4301530739
3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410	PHONE NUMBER: (505) 333-3100	10. FIELD AND POOL, OR WILDCAT: UNDESIGNATED
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1888' FSL & 1203' FEL		COUNTY: EMERY
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 17 16S 8E S		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 8/28/2008	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: SPUD
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

XTO Energy Inc. spudded 26" conductor hole 8/28/2008 & drilled to 116'. Set 16" conductor csg @ 116' & cemented w/8 yds Redimix cement.

Drilling ahead. . . .

NAME (PLEASE PRINT) WANETT MCCAULEY	TITLE FILE CLERK
SIGNATURE <i>Wanett McCauley</i>	DATE 9/2/2008

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SEP 08 2008

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: XTO ENERGY INC.		8. WELL NAME and NUMBER: COP 16-8-17-43
3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410		9. API NUMBER: 4301530739
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1888' FSL & 1203' FEL		10. FIELD AND POOL, OR WILDCAT: UNDESIGNATED
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 17 16S 8E S		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 (Submit in Duplicate) Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 8/31/2008	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: AUGUST '08 MONTHLY REPORT

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

Attached is XTO Energy's monthly report for the period of 8/01/2008 thru 8/31/2008.

NAME (PLEASE PRINT) <u>JENNIFER M. HEMBRY</u>	TITLE <u>FILE CLERK</u>
SIGNATURE	DATE <u>9/3/2008</u>

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SEP 08 2008

DIV. OF OIL, GAS & MINING

EXECUTIVE SUMMARY REPORT

8/1/2008 - 8/31/2008

Report run on 9/3/2008 at 1:54 PM

COP 16-08-17-43 - Wildcat, 17, 16S, 08E, Emery, Utah, , Orangeville,

AFE: 800052

Objective: Drill & Complete a gas well

Rig Information: Pete Martin Drilling, ,

8/28/2008 Mobilized the rig to the ANR 15 - 8-30-11X then had to move them to the COP 18-8-17-43
Mobilized the rig to the ANR 15 - 8-30-11X then had to move them to the COP 18-8-17-43. Rigged up and set equip in.

8/29/2008 ===== COP 16-08-17-43 =====
Spud the well @ 08:00 8/28/08
Spud the well @ 08:00 8/28/08. Drilled to 65' W/ 26" core bucket

8/30/2008 ===== COP 16-08-17-43 =====
Drilling conductor
Drilled 65' - 116'

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

P 111

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: XTO ENERGY INC.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1888' FSL & 1203' FEL		8. WELL NAME and NUMBER: COP 16-8-17-43
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 17 16S 8E		9. API NUMBER: 4301530739
COUNTY: EMERY		10. FIELD AND POOL, OR WILDCAT: UNDESIGNATED
STATE: UTAH		

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

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

After further evaluation of logs from the COP 16-8-17-22X and the drilling operations recently completed, XTO respectfully submits the following design changes for your approval:

- The production hole size will be reduced from 9-7/8" to 8-3/4".
- Stiff foam will be the initial drilling fluid medium used for both the surface and productive hole intervals.
- A change in surface cementing job is proposed from a one stage job to a two stage job. The production cementing design has reduced slurry volumes due to the reduction in hole size.
- The revised geological interpretation of the formation tops from COP 16-8-17-22X evaluation are as shown.
- The pertinent portions of the revised drilling program is attached with all major changes highlighted.

COPY SENT TO OPERATOR
Date: 10.7.2008
Initials: KS

NAME (PLEASE PRINT) <u>LOBRI D. BINGHAM</u>	TITLE <u>REGULATORY COMPLIANCE TECH</u>
SIGNATURE <u>[Signature]</u>	DATE <u>9/8/2008</u>

(This space for State use only)

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

DATE: 9/11/08 (See Instructions on Reverse Side)

BY: [Signature]
* Verbal given 9/8/08

RECEIVED
SEP 16 2008
DIV. OF OIL, GAS & MINING

(5/2000)

XTO Energy, Inc.

COP 16-8-17-43
 Drilling Data for APD
 September 8, 2008

Surface Location: 1888' FSL & 1203' FEL, Sec. 17, T16S, R8E

Proposed TD: 7120'

Objective: Ferron Coal

Approximate Elevation: 9244'

KB Elevation: 9258'

1. Mud Program:

Interval	0'-2200'	2200'-7120'
Hole Size	14.75"	8.750"
Mud Type	Stiff Foam-Air/ FW/Spud Mud if necessary	Stiff Foam-Air/ LSND/Gel Chemical if necessary
Weight	N/A	8.4-8.6 if necessary
Viscosity	N/A	45-60 if necessary
Water Loss	N/A	8-10 if necessary

- a. Drill surface interval with stiff foam if possible. If water flow is excessive, a conversion to aerated LSND mud may be necessary. A 20" rotating head will be installed above the 16" conductor in either case.
- b. Attempt to drill to TD using stiff foam for the entire interval is possible. If an excessive water flow (more than can be lifted using available booster capacity) is encountered, a conversion to aerated LSND mud may be necessary. 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 (if necessary) at some point after surface is set. If stiff foam is used to total depth, plans are to use KCL water as the base fluid.

2. Casing Program:

- a. Surface Casing set @ 2200' – 2300' 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	1.610	3.180	4.710

Since severe surface losses have occurred in the first two wells XTO has drilled (on the upper Gentry elevations), a DV/ECP tool and two stage cementing job will be used on the surface casing. On the first stage, calculated volumes of cement are designed to circulate cement from the shoe back up to the ECP/DV

tool at approximately 1100 feet. The second stage job will attempt to circulate cement back to surface. After evaluating the coal mine maps that XTO has in possession, there are no coal mine workings that the surface hole should penetrate.

A Contingency String below surface shoe will be set if a fresh water flow is encountered that cannot be controlled with mud weight, or hole instability is encountered.

4. Cement Program:

a. Surface:

- i. The surface casing will be cemented using a two stage job. The approximate depth of the ECP/DV tool will be 1100'. The open hole excess factor used for the first stage is 40% (use of stiff foam should mitigate the hole wash-out factor).
- ii. Stage 1 - Lead Cement: 535 sx of mixed at Type V cement (or equivalent) containing 1% CaCl, ¼ pps Flocele, and 10% Cal_Seal mixed at 14.2 ppg and 1.61 ft³/sk
- iii. Stage 2 – Lead Cement: 200 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 10.5 ppg and 4.15 ft³/sk.
- iv. Stage 2 - Tail Cement: 250 sx of Type V cement (or equivalent) containing 1% CaCl, ¼ pps Flocele, and 10% Cal_Seal mixed at 14.2 ppg and 1.61 ft³/sk.
- v. Slurry Volume is 2092 ft³, 40% excess of calculated annular volume from the shoe to 1100', and 100% excess of calculated annular volume from 1100' to surface.

b. Production:

- iii. 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.
- iv. Lead Cement: 25 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 10.5 ppg and 4.15 ft³/sk.

- v. Tail Cement: 250 sx of CBM Light Weight Cement with 10 pps Gilsonite and ¼ pps celloflake mixed at 13.5 ppg and 1.81 ft³/sk.
- vi. Slurry volume is 556 ft³, 40% excess of calculated annular volume to 1,000 psi hydrostatic over formation pressure.
- vii. If fresh water is encountered in the Emery Sandstone, a DV/ECP tool will be run 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. If the Emery is interpreted wet from the electric logs, a revised two stage production cementing design will be submitted at that point in time.

6. Formation Tops:

Formation	Well Depth
North Horn	Outcrops
Price River	45
Castlegate	585
Blackhawk Fm	785
Hiawatha Seam	1590
Star Point SS	1600
Upper Bluegate Shale	2040
Emery SS	2975
Lower Bluegate Shale	4235
Top of Upper Ferron SS	6150
Top of Lower Ferron SS	6315
Tununk Shale	6510
Total Depth	7120

- a. No known oil zones will be penetrated.
- b. Gas bearing sandstones and coals will be penetrated from 6150' to 6510'.

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
		7. UNIT or CA AGREEMENT NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: COP 16-8-17-43
2. NAME OF OPERATOR: XTO ENERGY INC.		9. API NUMBER: 4301530739
3. ADDRESS OF OPERATOR: 382 CR 3100 CITY AZTEC STATE NM ZIP 87410	PHONE NUMBER: (505) 333-3100	10. FIELD AND POOL, OR WLOCAT: FERRON COAL - Undesignated

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1888' FSL & 1203' FEL COUNTY: EMERY
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 17 16S 8E S STATE: UTAH

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

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

XTO Energy Inc. proposes to plug & abandon this well per the attached diagram and P&A plan.

COPY SENT TO OPERATOR
Date: 2-29-2008
Initials: KS

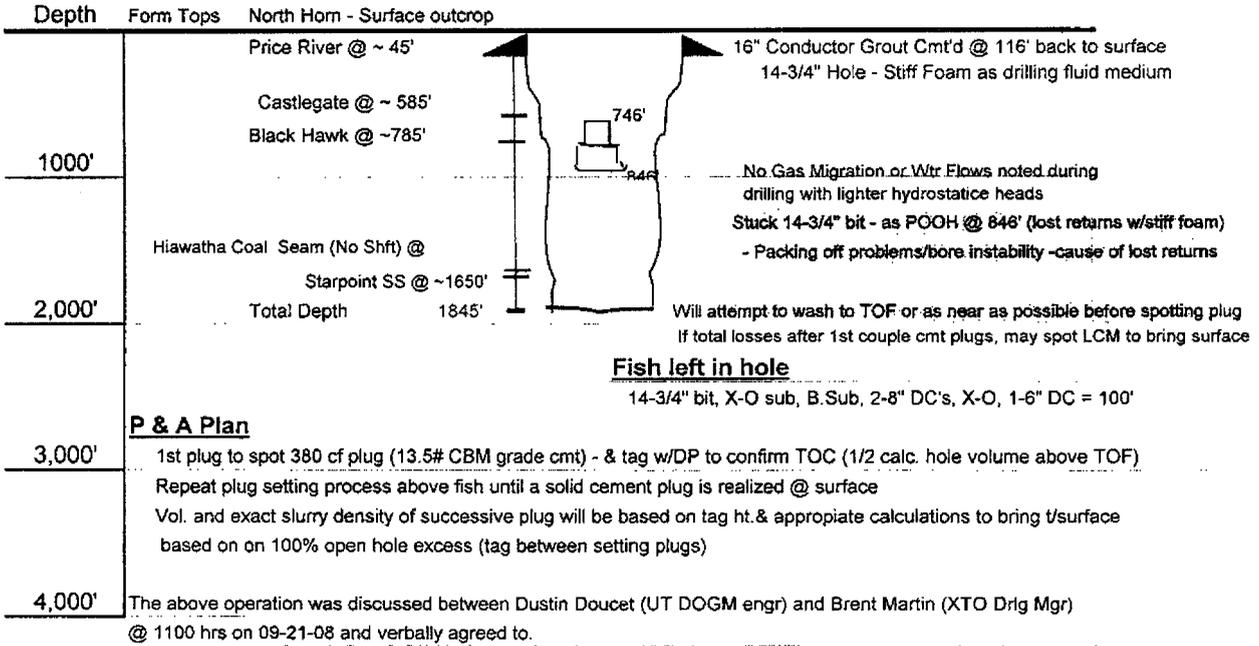
NAME (PLEASE PRINT) DOLENA JOHNSON TITLE REGULATORY CLERK
SIGNATURE *Dolena Johnson* DATE 9/22/2008

(This space for State use only)
APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 9/25/08 (See Instructions on Reverse Side)
BY: *D. Still*
*Verbal given 9/21/08

RECEIVED
SEP 22 2008
DIV. OF OIL, GAS & MINING

PLUG AND ABANDONMENT PLAN DIAGRAM

XTO Energy - Grey Wolf Rig# 803
 Sec 17, Twshp 16S, Rg 8E, Emery County, UT
 COP 16-8-17-43, API # 43-015-30739
 Spud: 9/11/08 (below conductor)
 Elevation: 9,244' GL, 9260' RKB



Fish left in hole

14-3/4" bit, X-O sub, B.Sub, 2-8" DC's, X-O, 1-6" DC = 100'

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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL GAS WELL DRY OTHER _____

b. TYPE OF WORK: NEW WELL HORIZ. LATS. DEEP-EN RE-ENTRY DIFF. RESVR. OTHER _____

2. NAME OF OPERATOR:
XTO Energy Inc.

3. ADDRESS OF OPERATOR: **382 CR 3100** COUNTY **AZTEC** STATE **NM** ZIP **87410** PHONE NUMBER: **(505) 333-3100**

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **1888' FSL & 1203' FEL**
AT TOP PRODUCING INTERVAL REPORTED BELOW:
AT TOTAL DEPTH: **SAME**

14. DATE SPUNDED: **9/8/2008** 15. DATE T.D. REACHED: **9/16/2008** 16. DATE COMPLETED: **9/24/2008** ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL): **9244' GL**

18. TOTAL DEPTH: MD **1,845** TVD _____ 19. PLUG BACK T.D.: MD **0** TVD _____ 20. IF MULTIPLE COMPLETIONS, HOW MANY? * _____ 21. DEPTH BRIDGE MD _____ PLUG SET: TVD _____

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
N/A

23. WAS WELL CORED? NO YES (Submit analysis)
WAS DST RUN? NO YES (Submit report)
DIRECTIONAL SURVEY? NO YES (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/FT.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
26"	16"	1/4" WT	0	116		REDI 1,927	38	SURF	0

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
N/A								

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A)				
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
			Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

ELECTRICAL/MECHANICAL LOGS GEOLOGIC REPORT DST REPORT DIRECTIONAL SURVEY

SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION CORE ANALYSIS OTHER: Est frmtn tops

30. WELL STATUS:
P&A'D

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

N/A

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof; Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
			Estimated formation tops from drill rate.	PRICE RIVER CASTLEGATE BLACKHAWK HIAWATHA STAR POINT	45 585 785 1,640 1,650

35. ADDITIONAL REMARKS (Include plugging procedure)

Did not reach before P&A due to fish lost in hole from 746' back to 846'. Please see attached summary & wellbore diagram.

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) LORRI D. BINGHAM TITLE REGULATORY COMPLIANCE TECH
 SIGNATURE  DATE 9/25/2008

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining Phone: 801-538-5340
 1594 West North Temple, Suite 1210
 Box 145801 Fax: 801-359-3940
 Salt Lake City, Utah 84114-5801

PLUG AND ABANDONMENT REPORT OF OPERATIONS

XTO Energy - Grey Wolf Rig# 803
 Sec 17, Twshp 16S, Rg 8E, Emery County, UT
 COP 16-8-17-43, API # 43-015-30739
 Spud: 9/10/08 (below conductor)
 Elevation: 9,244' GL, 9260' RKB

Depth	Form Tops	North Horn - Surface outcrop		
		Price River @ ~ 45'		
		Castlegate @ ~ 585'		
1000'		Black Hawk @ ~785'		
		Hiawatha Coal Seam (No Shaft) @ ~1640'		
		Starpoint SS @ ~1650'		
2,000'		Total Depth 1845'		

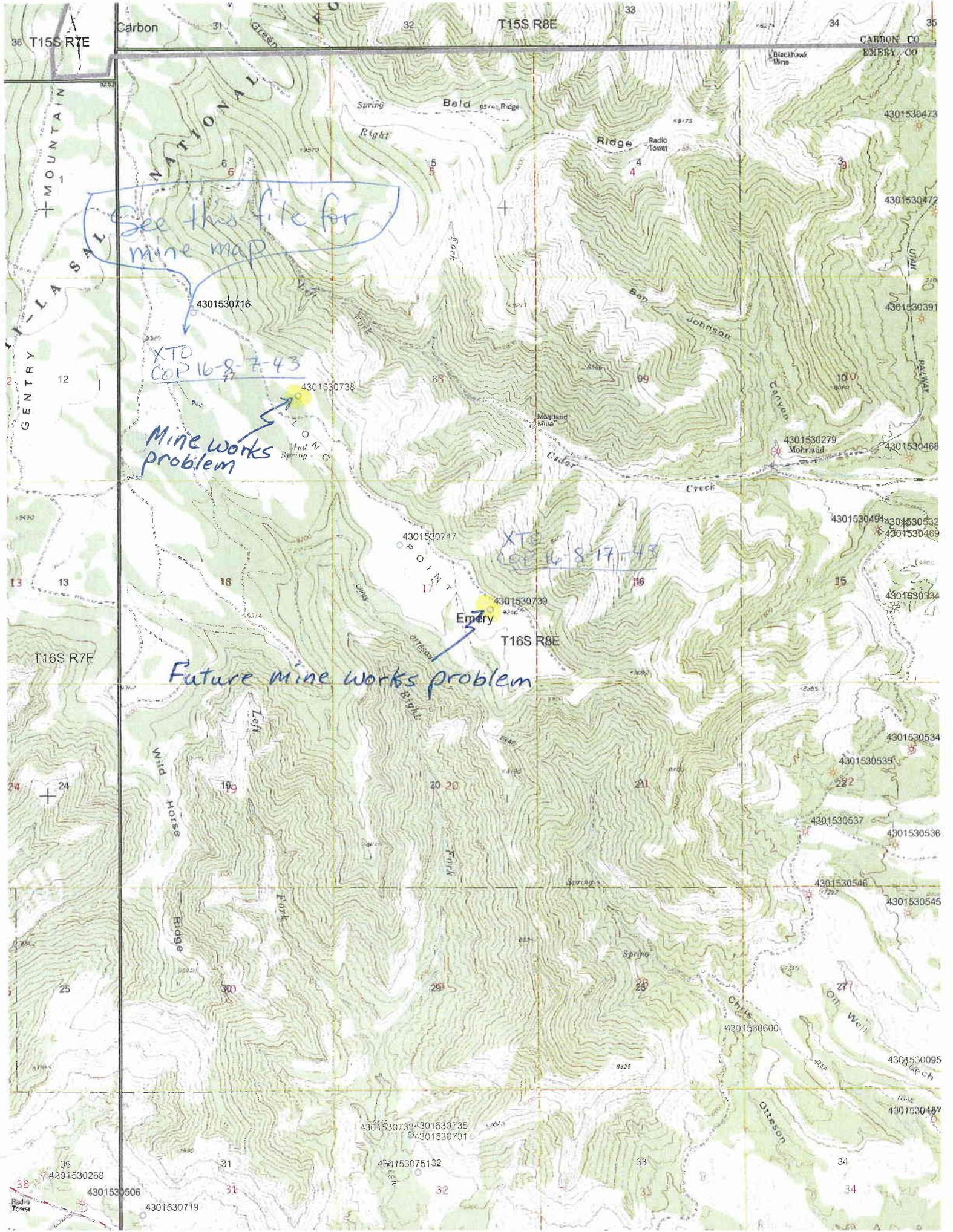
16" Conductor Grout Cmt'd @ 116' back to surface
 14-3/4" Hole - Stiff Foam as drilling fluid medium
 EOT wsh'd 1/310' - 710' for first plug placement
 Fish located from 746' - 946'
 No Gas Migration or Wtr Flows noted during drilling with lighter hydrostatic heads
 Stuck 14-3/4" bit - as POOH @ 848' (lost returns w/stiff foam)
 - Packing off problems/bore instability -cause of lost returns

Fish left in hole

14-3/4" bit, X-O sub, B.Sub, 2-8" DC's, X-O, 1-6" DC = 100'

P & A Plug and Volume Re-Cap

3,000'	Plug #	Base of Plug (ft)	Top of Plug (ft)	Confirmation Method	No. of sx pumped	Slurry	Yield	Total
						Density (ppg)	(cf/sx)	cubic ft
4,000'	1	710	536	Tag w/ 2.5k#	225	13.5	1.68	378
	2	536	399	Tag w/ 2.5k#	225	13.5	1.68	378
	3	399	273	Tag w/ 2.5k#	225	13.5	1.68	378
	4	273	163	Tag w/ 2.5k#	225	13.5	1.68	378
	5	163	150	Tag w/ 2.5k#	225	13.5	1.68	378
	6	150	150	Tag w/ 2.5k#	225	13.5	1.68	378
	7	150	150	Tag w/ 2.5k#	225	13.5	1.68	378
	8	150	148	Tag w/ 2.5k#	225	13.5	1.68	378
	9	148	Surf.	Saw 5 bbl-Sfc	127	13.5	1.68	213
CEMENT TOTALS					1927			3237



Carbon T15S R7E T15S R8E 33 34 35 CARBON CO EMERY CO

T15S R7E
GENTRY MOUNTAIN
LASALLE

See this file for mine map

XTO COP 16-8-7-43

Mine works problem

XTO COP 16-8-17-43

Future mine works problem

Emery

36
Radio Tower

4301530719

4301530731 4301530735 4301530731

430153075132

4301530600

4301530487

4301530095

4301530545

4301530546

4301530536

4301530537

4301530535

4301530534

4301530334

4301530469

4301530532

4301530494

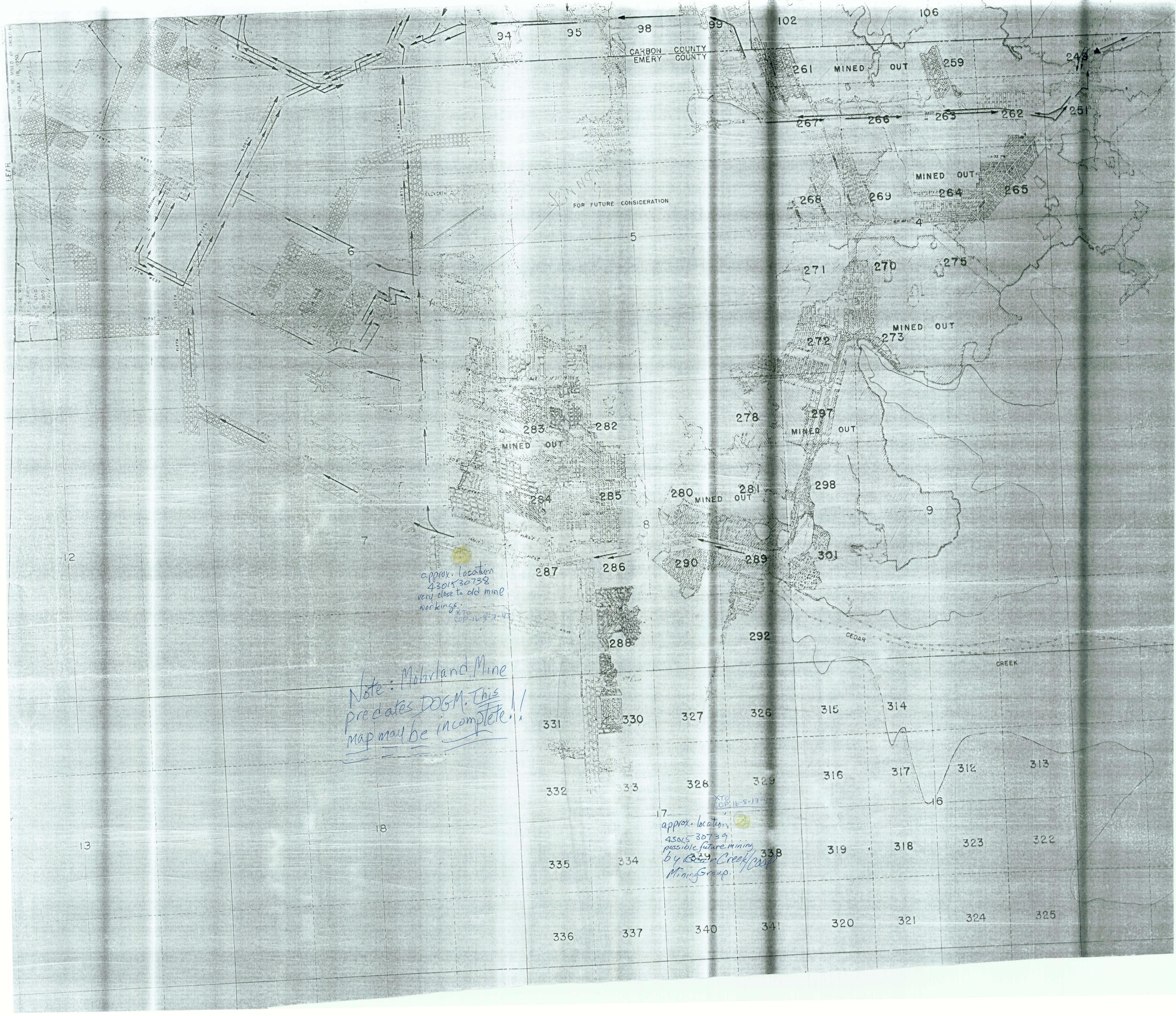
4301530468

4301530279 Mohriaud

4301530391

4301530472

4301530473



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 WIDELY OPENED
LATER JULY 19, 1950

TO BE WIDELY OPENED
LATER JULY 19, 1950