

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: CEDAR MOUNTAIN GAS, LLC		9. WELL NAME and NUMBER: CLARK #1-28	
3. ADDRESS OF OPERATOR: P.O. BOX 54589 CITY OKLA. CITY STATE OK ZIP 73154		PHONE NUMBER: (405) 848-2222	10. FIELD AND POOL, OR WILDCAT: WILDCAT
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 665.65' FSL AND 655.69' FWL OF NW/4 AT PROPOSED PRODUCING ZONE:		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 28 37S 10W S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 15 MILES SOUTHEAST OF CEDAR CITY, UTAH		12. COUNTY: IRON	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 665.69'	16. NUMBER OF ACRES IN LEASE: 3,418.85	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 40' - SEE EXPLANATION IN WELL PLAN	19. PROPOSED DEPTH: 1,500	20. BOND DESCRIPTION: LETTER OF CREDIT #759139	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 9,040' AT GROUND LEVEL	22. APPROXIMATE DATE WORK WILL START: 7/1/2008	23. ESTIMATED DURATION: 1 WEEK	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	9 5/8" K55 36#	150	REDIMIX 80 SACKS 18#
8 3/8"	NONE	1,500	WELL TO BE P&A

25. **ATTACHMENTS**

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

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

NAME (PLEASE PRINT) GARY A. WOOD TITLE CORPORATE SECRETARY/LAND MANAGER
SIGNATURE *Gary A. Wood* DATE 6/5/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-021-30011

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

APPROVAL:

Date: 8-26-08
By: *[Signature]*
(See instructions on reverse side)

RECEIVED
JUN 06 2008
DIV. OF OIL, GAS & MINING

**THE CALVERT COMPANY
CALVERT INVESTMENT COMPANY**

6301 N. WESTERN AVE. STE 110

P.O. BOX 54589

OKLAHOMA CITY, OK. 73154

Phone - (405)848-2222

Fax - (405) 848-2229

Email - tcc1@thecalvertcompany.com

FACSIMILE

Attention: HELEN SADIK-MACDONALD - Utah Division of OG&M

FAX: (801) 359-3940

PAGES INCLUDING COVER: 4

DATE: AUGUST 11, 2008

FROM: GARY A. WOOD

PHONE: (405) 848-2222

FAX: (405) 848-2229

EMAIL: gary@thecalvertcompany.com

RE: CLARK #1-28 AND #2-28, 28-37S-10W, IRON COUNTY, UTAH

Comments: Attached are materials received from the drilling contractor re BOP for the two wells. The schematic for the BOP stack is generic. The contractor will rent the BOP and it will conform to the schematic as to make-up and pressure. The annular BOP will be Model FHZ18-35 as described in the specification sheet. The contractor will strictly adhere to R649-3-7 in the use and testing of the BOP and casing. Please let me know whether or not this will be sufficient.

Thanks

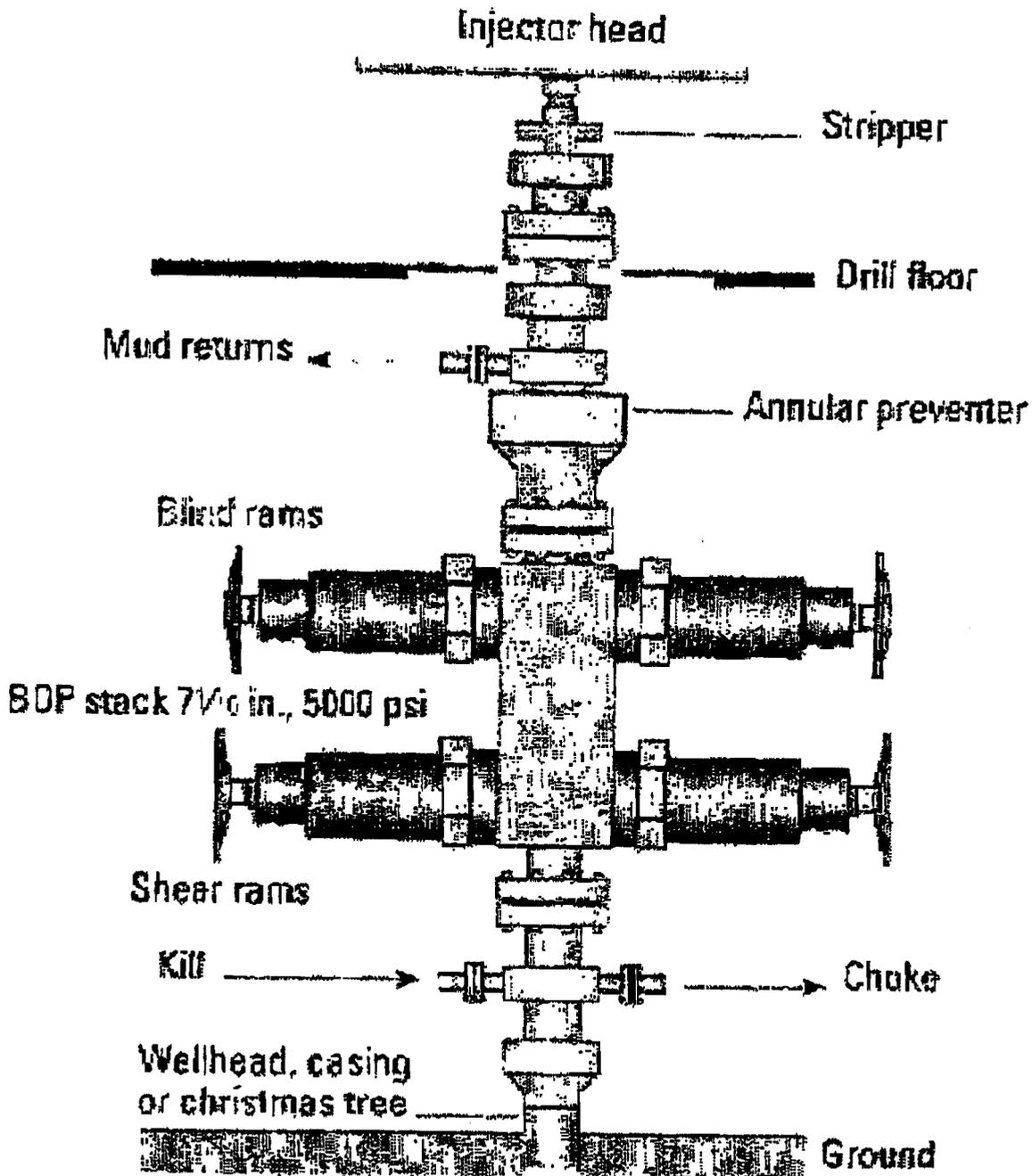


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DIV. OF OIL, GAS & MINING

Diagram of blowout preventer



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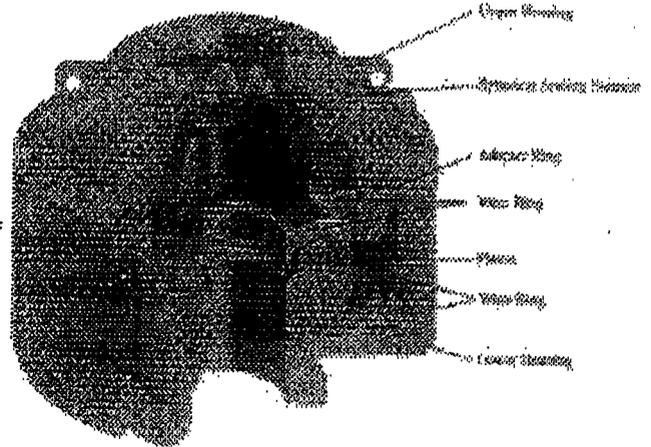
DIV. OF OIL, GAS & MINING

BLOWOUT PREVENTERS

Blowout Preventers	Blowout Preventer Category	Request Quote	Contact Blowout Preventers
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Model D Annular BOP

- Simple structure, less maintenance.
- Using a spherical rubber sealing element.
- Low one-piece height to save installation space.
- Large volume of spherical rubber sealing element, long service life.
- Wide sealing range, BOP can seal different sizes and shapes of pipe string, drill tools and wireline/cable not more than BOP bore size in diameter.
- Quick and reliable hydraulic drive.



Specifications for Model D Annular BOP:

Model	Bore mm (in)	Working Pressure MPa (psi)	Hydraulic Control Pressure MPa (psi)	Volume to Close L (US gal)	Volume to Open L (US gal)	Top Connection Type
FHZ18-35	179.4 (7 ¹ / ₁₆)	35 (5,000)	≤10.5 (≤1,500)	21 (5.5)	15 (4)	Studded 7 ¹ / ₁₆ -3,000 6B R46
FHZ23-21	228.6(9)	21 (3,000)		34 (9)	22.8 (6)	Studded 9-3,000 6B R49
FHZ23-35	228.6 (9)	35 (5,000)		42 (11)	33 (8.7)	Studded 9-5,000 6B R50
FHZ28-21	279.4 (11)	21 (3,000)		50 (13)	39 (10)	Studded 11-3,000 6B R53
FHZ28-35	279.4 (11)	35 (5,000)		72 (19)	56 (15)	Studded 11-5,000 6B R54
FHZ35-21	346.1 (13 ⁵ / ₈)	21 (3,000)		94 (25)	69 (18)	Studded 13 ⁵ / ₈ -3,000 6B
FHZ35-35	346.1 (13 ⁵ / ₈)	35 (5,000)		94 (25)	69 (18)	Studded 13 ⁵ / ₈ -5,000 6BX BX160

Specifications for Model D Annular BOP:

Model	Bottom Connection Type	Weight Kg (lbs)	Dimensions mm (in)		Hydraulic Connection (NPT)
			A	B	
FHZ18-35	Flanged 7 ¹ / ₁₆ -5,000 6B R46	1,520 (3,350)	745 (29.33)	842 (33.15)	
FHZ23-21	Flanged 9-3,000 6B R49	2,398 (5,288)	902 (35.51)	838 (33)	
	Flanged 9-5,000 6B R509-10,000-6BX BX157	3,060 (6,748)	1,016 (40)	940 (37)	

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FHZ23-35	Hubbed 9-10,000-16BX BX157	3,146 (6,937)	1,016 (40)	970 (38)
		2,986 (6,584)	1,016 (40)	860 (33.86)
FHZ28-21	Flanged 11-3,000 6B R54	2,950 (6,505)	1,014 (39.92)	870 (34.25)
FHZ28-35	Flanged 11-5,000 6B R5411-10,000 6BX BX158	4,460 (9,835)	1,146 (45.12)	1,084 (42.68)
		4,675 (10,310)	1,146 (45.12)	1,110 (43.7)
FHZ35-21	Flanged 13 ⁵ / ₈ -3,000 6B R57	5,716 (12,600)	1,271 (50)	1,105 (43.5)
FHZ35-35	Flanged 13 ⁵ / ₈ -5,000 6BX16013 ⁵ / ₈ -10,000 6BX BX159	6,415 (14,145)	1,271 (50)	1,150 (45.28)
		6,745 (14,873)	1,271 (50)	1,240 (48.8)

NPT1"

Blowout Preventer

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DIV. OF OIL, GAS & MINING

Cedar Mountain Gas, LLC
Application for Permit to Drill
Clark #1-28 (API #43-021-30011)
SW/4NW/4 of Section 28, T37S, R10W, Iron County, Utah

**ADDITIONAL WELL PLAN INFORMATION – PLUGGING AND
ABANDONMENT**

The Clark #1-28 well will be plugged and abandoned after well logging. Plugging plan is as follows:

A 100-foot cement plug will be placed at the top of the topmost gas and/or coal bearing formation with one-half of the plug above such top and one-half of the plug below such top. It is estimated that this top will be approximately 1,000 feet below the surface. The plug will consist of 25 sacks of redimix with a yield of 2 cubic feet per sack and a slurry weight of 18 pounds.

A 200-foot cement plug will be placed from the top of the 150 feet of surface casing to a depth 50 feet below the shoe of the surface casing. The plug will consist of 80 sacks of redimix with a yield of 2 cubic feet per sack and a slurry weight of 18 pounds.

ADDITIONAL WELL PLAN INFORMATION – CEMENT YIELD

Through inadvertence the cement yield for the Proposed Casing and Cementing Program on Form 3 was not included. The yield will be 2 cubic feet per sack for the surface casing cementing procedure.

Please add the above information to the Application for Permit to Drill Submitted for the referenced well.

Gary A. Wood
Land Manager
July 28, 2008

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JUL 29 2008
DIV. OF OIL, GAS & MINING

Cedar Mountain Gas, LLC
Application for Permit to Drill
Clark #1-28
SW/4NW/4 of Section 28, T37S, R10W, Iron County, Utah

1. **Completed and signed Form 3** – included herewith.
2. **Contact information and phone number for surface owner**

Person responsible for field operations in Utah

Mark Svoboda (geologist)
The Calvert Company (Cedar Mountain Gas, LLC)
P.O. Box 54589, Oklahoma City, Oklahoma 73154
(405) 642-3670

Person responsible for Application to Drill questions and information

Gary A. Wood (land)
The Calvert Company (Cedar Mountain Gas, LLC)
P.O. Box 54589, Oklahoma City, OK 73154
(405) 848-2222

Person responsible for production reporting

Stacey Brown (accounting)
The Calvert Company (Cedar Mountain Gas, LLC)
P.O. Box 54589, Oklahoma City, OK 73154
(405) 848-2222

Drilling Contractor

Gardner Brothers Drilling, Inc.
2093 East Highway 18
Enterprise, UT 84725
(435) 439-5602

Surface owner

Clark Livestock, Richard Q. Clark, President
620 E 200 S, Cedar City, UT 84720
(435) 586-8876

3. **Location plat, topographic map and pad layout** – all included herewith
Topographic map shows access road from Kolob Reservoir Road Scenic Backway

4. Water rights approval

As no surface or ground water is available at the drill site, all water necessary for drilling and completion purposes will be provided by the drilling contractor and brought to the site by truck. A Request for Non-Production Well Construction (copy included herewith) was filed with the Division of Water Rights. We were informed by Mr. Nathan Moses of the Cedar City office that since we were not going to use any water from the site and since we were not going to monitor water in the well, we did not need approval from the Division of Water Rights.

5. Estimated geologic markers

Coal beds in Straight Cliffs Formation (1,100 – 1,500 feet below surface)

6. Estimated top and bottom of anticipated water, oil, gas other mineral zones and plans for their protection

Quaternary Alluvium – surface to 50 feet (water bearing) This zone will be protected by cemented surface casing to 150 feet.

Waheap Formation – 50 feet to 1,000 feet (shale)

Cretaceous Straight Cliffs Formation – 1,000 feet to 1,500 feet (coal and gas bearing)

7. Plan for pressure control (BOPE), including schematic and casing test

A blowout preventer will be used and water will be available on site for killing well. Well schematic included herewith. BOP will be tested daily. Casing will be pressure tested in hole.

8. Description of mud system, including mud weights

Mud will be water-based biodegradable foam with barite and possibly polymers.

Weight will be maintained between 8.6 – 8.8 lbs/gallon.

Mud logger and pit level monitor will be used. All pits will be portable or be lined. All mud and cuttings and any formation water produced during drilling will be removed from the site by the drilling contractor.

9. Plans for testing, logging and coring

A gamma ray and neutron density electric log suite will be run to total depth to determine the existence and depth of potentially gas productive coal beds. The well will then be plugged and abandoned according to Utah regulations. If it is determined from log evaluations that potentially gas productive zones are present, the Clark #2-28 will be drilled and these potentially gas productive zones will be cored and the core samples laboratory analyzed.

10. Expected bottom hole pressure, any anticipated abnormal pressures, temperatures, or hazards and plans for mitigation

Expected bottom hole pressure should not exceed 600 psi. A blowout preventer will be used and water will be available on site to kill the well. There are no expected abnormal pressures, temperatures or other hazards.

- 11. Casing design (size, type, weight)** – see Application for Permit to Drill
- 12. Cement design (type, weight, yield, estimated top, # sacks)** – see Application for Permit to Drill
- 13. Diagram of horizontal or directional well bore path including directional survey plan** – not applicable, vertical well
- 14. Designation of agent if necessary** – included herewith
- 15. Bond** – Bond #759139 - information included herewith
Certificate of Deposit (\$15,000) with Chase Bank local branch in Salt Lake City
- 16. Affidavit of surface agreement** – copy of surface agreement included herewith
- 17. Exception location application (if needed)** – not applicable



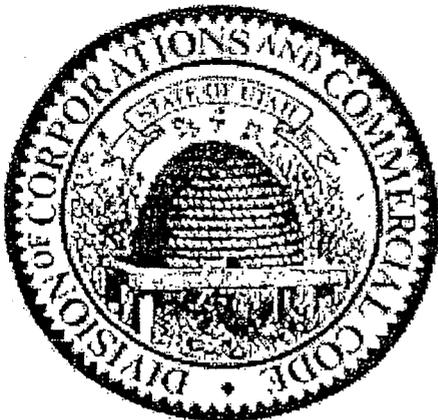
Utah Department of Commerce
Division of Corporations & Commercial Code
160 East 300 South, 2nd Floor, PO Box 146705
Salt Lake City, UT 84114-6705
Service Center: (801) 530-4849
Toll Free: (877) 526-3994 Utah Residents
Fax: (801) 530-6438
Web Site: <http://www.commerce.utah.gov>

08/17/2007
6718611-016108172007-499677

CERTIFICATE OF EXISTENCE

Registration Number: 6718611-0161
Business Name: CEDAR MOUNTAIN GAS, LLC
Registered Date: August 14, 2007
Entity Type: LLC - Foreign
Current Status: Good Standing

The Division of Corporations and Commercial Code of the State of Utah, custodian of the records of business registrations, certifies that the business entity on this certificate is authorized to transact business and was duly registered under the laws of the State of Utah. The Division also certifies that this entity has paid all fees and penalties owed to this state; its most recent annual report has been filed by the Division; and, that Articles of Dissolution have not been filed.



Kathy Berg
Director
Division of Corporations and Commercial Code

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: CLARK LIVESTOCK - SECTION 28
LEASE NUMBER: NA

and hereby designates

NAME: CEDAR MOUNTAIN GAS, LLC
ADDRESS: P. O. BOX 54589
city OKLAHOMA CITY state OK zip 73154

as his (check one) agent / operator , with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

That certain parcel or tract of Section 28, T37S, R10W, SLB&M, Iron County, Utah, more particularly described as: Beginning at a point 82 rods West of Northeast corner of Section 28; thence South 123 rods; thence Southeasterly to a point 62 rods West of East quarter corner of Section 28; thence Southwesterly to a point 82 rods West and 27 rods South of East quarter corner of Section 28; thence South 133 rods to a point 82 rods West of Southeast corner of Section 28; thence West 238 rods to Southwest corner of Section 28; thence North 320 rods to Northwest corner of Section 28; thence East 238 rods to the place of beginning, containing 480.00 acres, more or less.

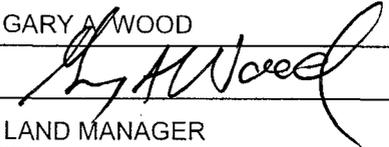
No wells have been drilled on this tract.

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 08/20/2007

BY: (Name) GARY A WOOD
(Signature) 
(Title) LAND MANAGER
(Phone) (405) 848-2222

OF: (Company) THE CALVERT COMPANY
(Address) P. O. BOX 54589
city OKLAHOMA CITY
state OK zip 73154

RELEASE AND SETTLEMENT OF SURFACE DAMAGES

KNOW ALL MEN BY THESE PRESENTS THAT:

THAT, Clark Livestock 620 East 200 South Cedar City, Utah 84720 hereinafter referred to as "landowner", does hereby release and discharge The Calvert Company, 6301 N. Western Oklahoma City, OK 73118, or it's designee, hereinafter referred to as "operator", of and from all liability, claims, demands, actions or causes of action that may arise or be made by, through and under landowner as a result of any and all loss, injury or damages, direct or indirect, of whatsoever kind and nature, sustained to the surface of the following described lands, hereinafter referred to as "subject lands", pursuant to operators' use of subject lands for the purpose of locating, construction, drilling, completion, equipping, operating, producing, reworking and marketing products from an oil and/or gas well to be situated on a designated site thereon, to-wit:

A tract of land in the NW/4 of Section 28-T37S-R10W, Iron County, Utah.

For the purpose of this agreement, the term "operator" as used herein shall be deemed to include, but not by way of limitation, all other parties owning an interest in such well.

This release and settlement of surface damages shall be deemed to include, but not by way of limitation, all such loss, damage, or injury as may be sustained to the subject lands resulting from (1) locating well accessories and equipment thereon, together with all electrical accessories and equipment as may be necessary; (2) the use of said lands for construction of drill-site location and reserve pit(s); (3) locating and construction of an access road necessary for ingress and egress to the wellsite location; (4) the easements necessary to explore, drill, produce, and market the production from said location including but not limited to gathering lines, sales lines and utility easements; and (5) all other damages or loss as may be sustained to the subject lands in connection with locating, construction, drilling, completing, equipping, operating, producing, reworking and marketing products from operator's well.

This agreement is expressly intended to cover all surface damages including, but not limited to damages to crops, grasses and trees and landowner hereby consents to the removal of such crops, grasses and trees as is reasonably necessary to insure adequate access to and on the subject lands for the purposes herein described.

It is hereby agreed and understood that landowner shall indemnify and hold operator harmless for and against all claims and demands, of whatsoever kind and nature, as may arise or be made by any tenants and/or lessees of landowner. Landowner shall be solely responsible to any such tenant and/or lessee for any consideration and compensation as may be due and owing to such tenant and/or lessee as a result of any loss or damage sustained on the subject lands resulting from operator's use thereof for the purposes herein described.

For and in consideration of the foregoing operator agrees as follows:

- A) Operator shall pay the landowners, for damages the sum of \$500, as the total amount paid prior to moving heavy equipment into the drill-site for the proposed well, which shall serve as full and sufficient cash consideration to landowner for the purposes hereunder.
- B) At such time as the well is plugged and abandoned, operator shall, as weather and the corporation commission permit, restore the surface of the subject lands, as nearly as practicable, to the condition that existed prior to operator's entry thereon or leave in such improved condition that may be acceptable to landowner. Should the lease road be rocked it is agreed by the parties that the road and entrance shall remain as an improvement to the lands at such time the well is plugged and abandoned and the surface restored.
- C) The Calvert Company or it's designee, the operator, or any of their assigns shall complying with any and all applicable statutes, rules or regulations of any federal, state or local agency regulating the drilling and operating of oil and gas wells.
- D) The tank battery and production facilities will be fenced with a fence sufficient to keep cattle or livestock away from those facilities, if requested by landowner.

E) Operator shall place a lockable gate at the point of entry onto landowners property.

Operator shall at all times maintain that portion of the subject lands used for its operations in a clean and orderly manner and remove all such trash and debris from the subject lands as may be caused by its operations. Operator shall not house its employees, nor warehouse or store any moveable equipment on the subject lands except during actual drilling, completing or reworking operations. All production equipment shall be kept neat in appearance, in proper condition and painted.

The approximate location of wellbore will be at or near 660 feet from the west line and 660 feet from the south line of the NW/4 of Section 28, T37S, R10W.

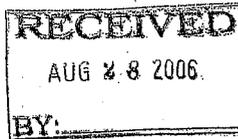
This agreement and the provisions hereof shall be binding upon and inure to the benefit of the heirs, successors, assigns of the parties hereto and the provisions hereof shall be covenants running with the subject lands and with each transfer, assignment or sale hereafter made of any right, title and/or interest therein.

IN WITNESS WHEREOF, the parties have executed this instrument this 21 day of

August, 2006.

The Calvert Company

By: [Signature]
Whitt Lee, Managing Member



Landowner

Clark Livestock
By Richard Q. Clark (Pres)
Richard Q. Clark

Tax I.D. No. _____

State of Oklahoma)
) ss
County of Oklahoma)

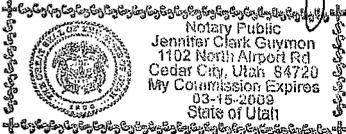
Before me, the undersigned, a Notary public in and for said County and State, on this 21st day of August, 2006, personally appeared, Whitt Lee, of The Calvert Company, to me known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its Managing Member and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

My Commission Expires: August 2008 Commission No. 00009310 Notary Public Rinda Mooreman

State of Utah)
) ss
County of Iron)

Before me, the undersigned, a Notary public in and for said County and State, on this 21st day of August, 2006, personally appeared, Richard Q. Clark to me known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed, for the uses and purposes therein set forth.

My Commission Expires: March 15, 2009 Commission No. 558729 Notary Public Jennifer Clark Guyton



File copy

DIVISION OF WATER RIGHTS

REQUEST FOR NON-PRODUCTION WELL CONSTRUCTION

(for wells 30 feet or deeper)

Well Type: Provisional () Monitor () Cathodic Protection () Heat Exchange () Other coal bed methane test

Applicant's Name: Cedar Mountain Gas, LLC

Mailing Address: c/o The Calvert Company, P.O. Box 54589
Oklahoma City, Oklahoma 73154

Contact Person: Gary A. Wood Phone: (405) 848-2222

Proposed Start Date: 09/23/2007 Anticipated Completion Date: 10/12/2007

Well Driller's License No.: no contract with well driller yet Proposed No. of Wells: two

PROPOSED LOCATION OF WELLS: County: Iron

NO./SO. DISTANCE (feet)	EAST/WEST DISTANCE (feet)	SECTION CORNER	SECTION	TOWNSHIP	RANGE	BASE MERIDIAN	DIAMETER (inches)	DEPTH (feet)
N665	E665	W4	28	37S	10W	SL	9	1,500
N625	E665	W4	28	37S	10W	SL	9	1,500

Use back of form or additional paper if more room is needed

EXPLANATORY: Clark #1-28 well will test for presence of coal bed. Clark #2-28 well will be drilled and cored if Clark #1-28 well indicates presence of coal bed. Well Driller License Number will be supplied when a contract with a well driller has been obtained.

Gary A. Wood
Signature of Applicant **LAND MANAGER** Date 8/14/2007

FOR OFFICE USE ONLY

Date of Request: _____ Approval Date: _____

Approved By: _____ Provisional/Monitor Well No.: _____

Water Right Number (if available): _____

CLARK #1-28

CEDAR

KOLOB RESERVOIR

ACCESS ROAD

WELL LOCATION

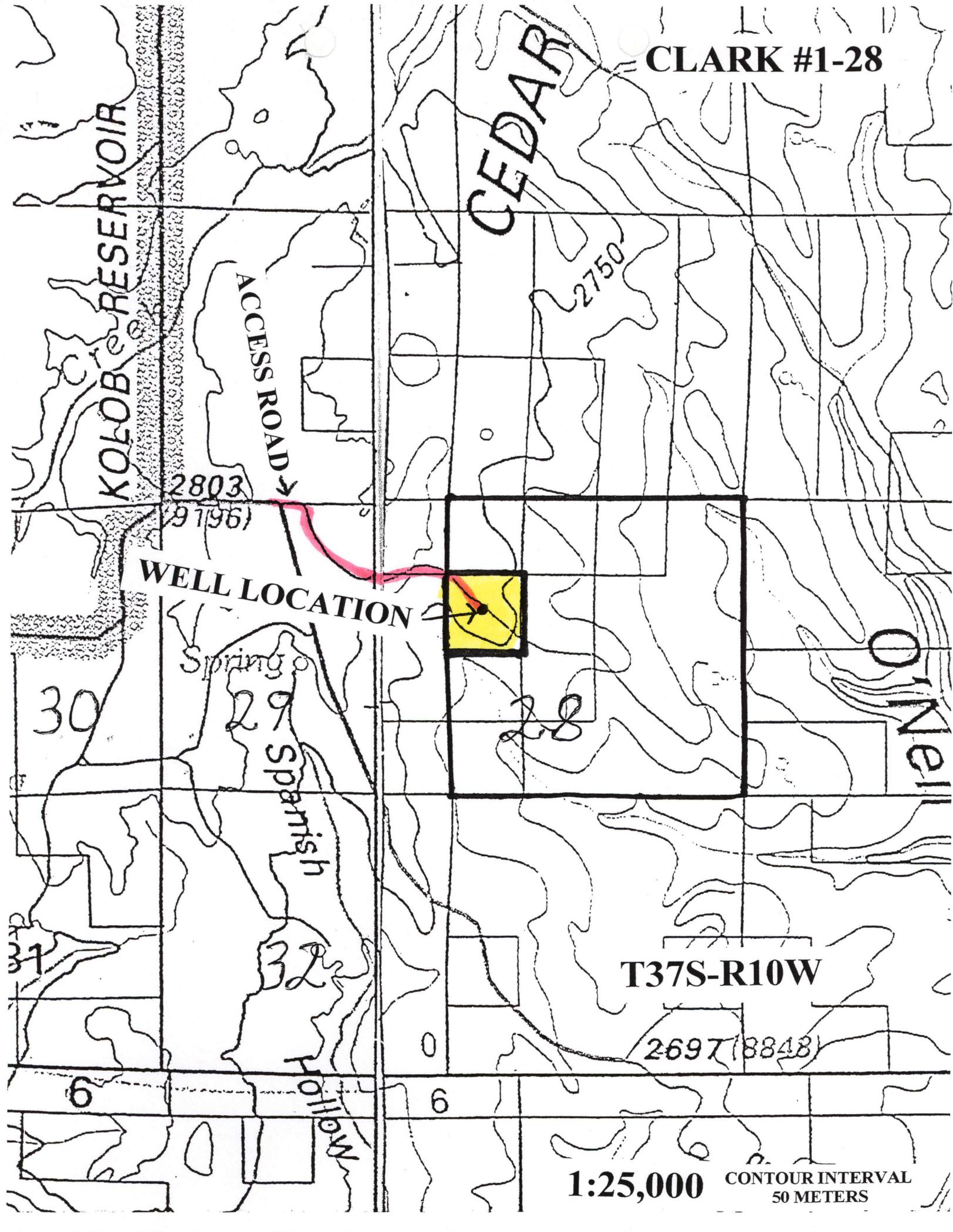
Spring of Spanish

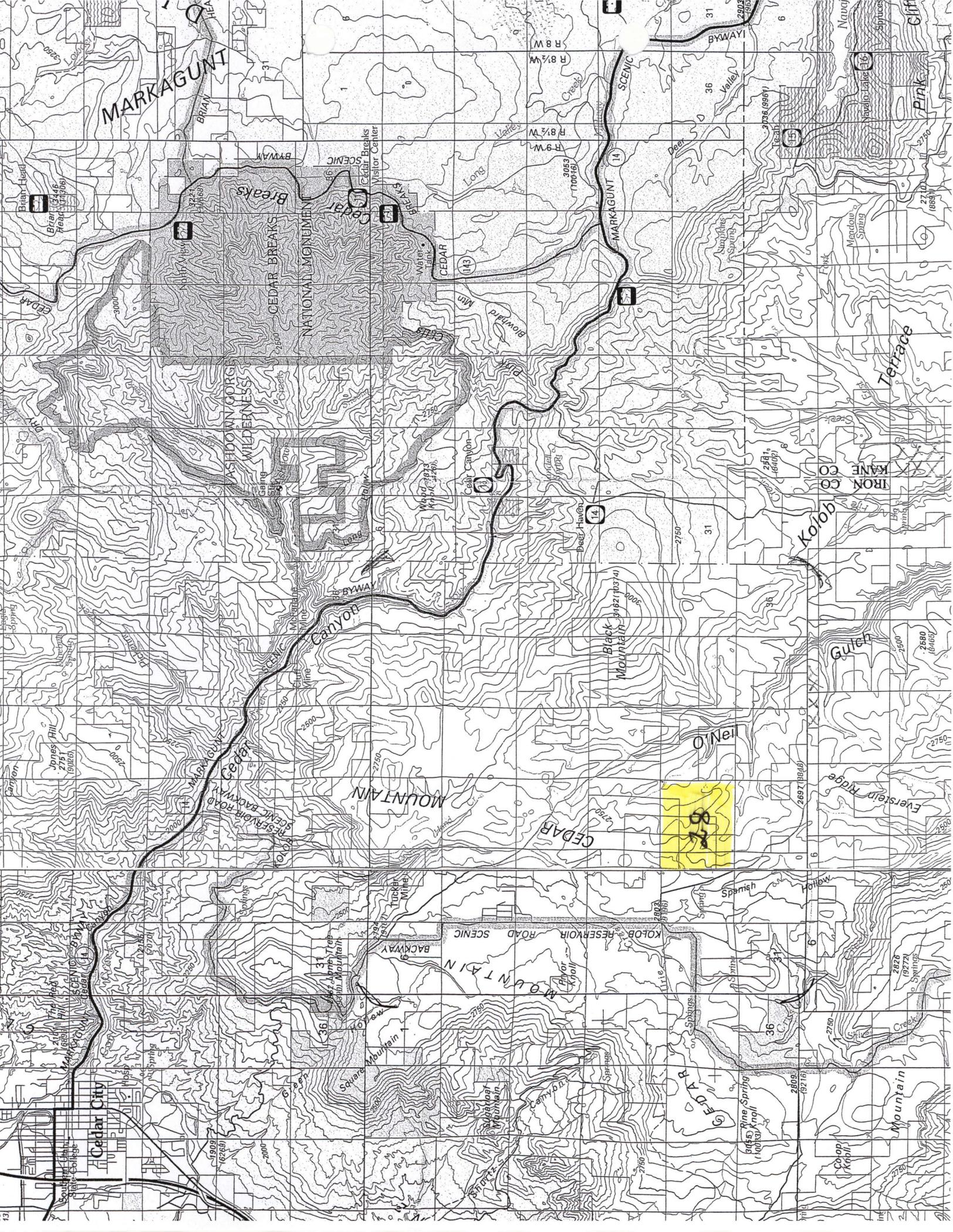
O'Neil

T37S-R10W

2697 (8848)

1:25,000 CONTOUR INTERVAL 50 METERS





MARKAGUNT

Breaks

CEDAR BREAKS

NATIONAL MONUMENT

ASHDOWN GORGE WILDERNESS

Central

Visitor Center

White Lake

Long Valley

Deer Haven

Black Mountain

28

Cedar City

South Park City

State College

Spring

75'

Frac Tank: with water for killing well



Also be used for produced water

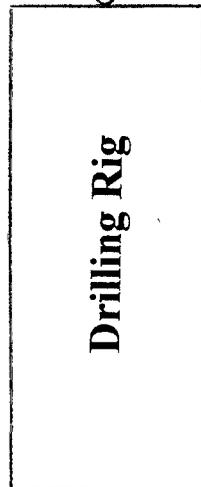


Cuttings Pit
Will haul off

Mud Pit

25' X 25' X 6'

Wellhead with BOP



Drilling Rig

Circulating Pit

25' X 25' X 6'

Access Road

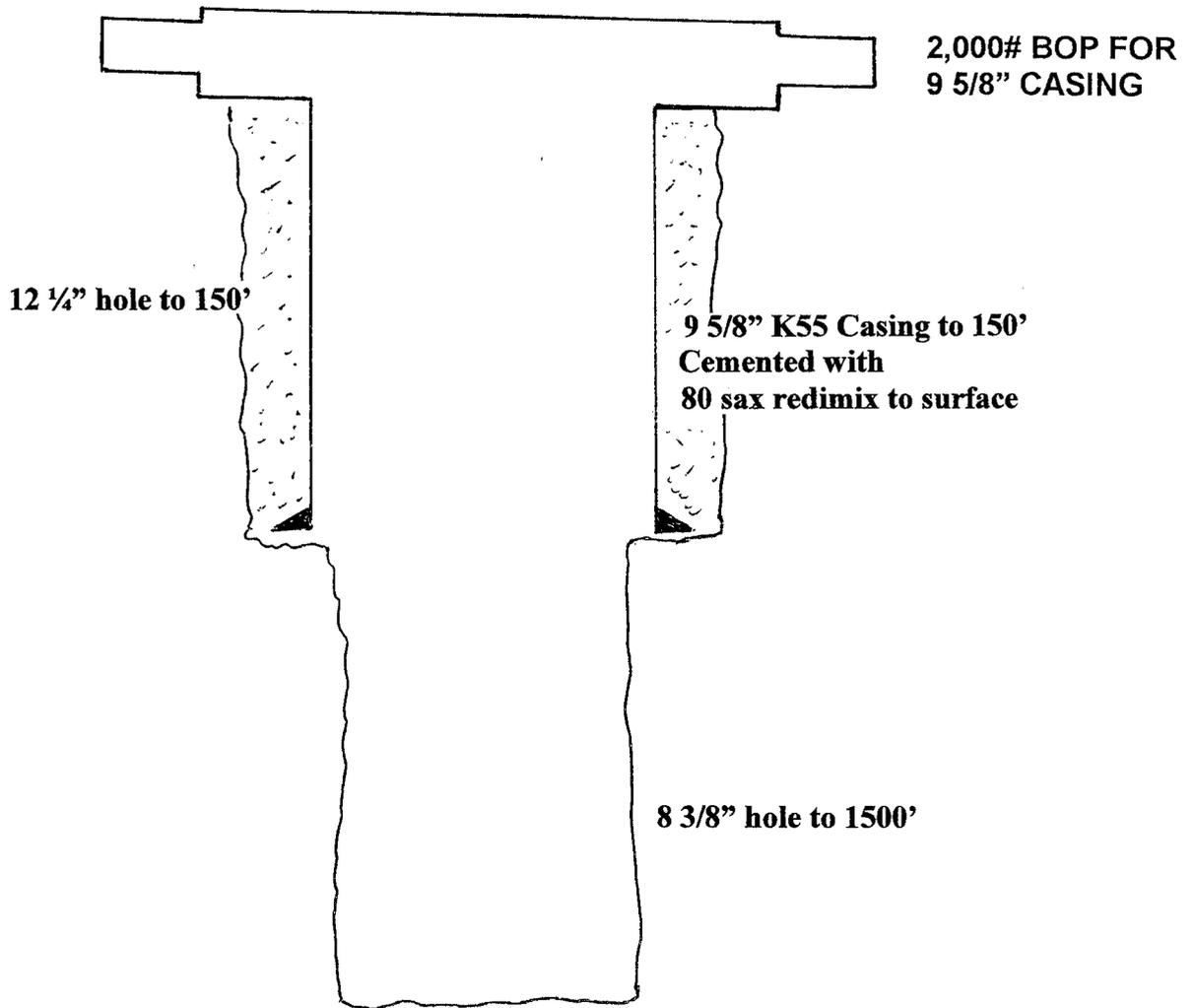
100'

DRILLING PAD LAYOUT

SCALE 1" = 10'

WELLBORE SCHEMATIC

CLARK #1-28



SECTION 28-T37S-R10W

Iron County, Utah

Gr. 9040

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/06/2008

API NO. ASSIGNED: 43-021-30011

WELL NAME: CLARK 1-28
 OPERATOR: CEDAR MOUNTAIN GAS, LLC (N3215)
 CONTACT: GARY WOOD

PHONE NUMBER: 405-848-2222

PROPOSED LOCATION:

SWNW 28 370S 100W
 SURFACE: 0665 FSL 0655 FWL
 BOTTOM: 0665 FSL 0655 FWL
 COUNTY: IRON
 LATITUDE: 37.54721 LONGITUDE: -112.9932
 UTM SURF EASTINGS: 323920 NORTHINGS: 4157241
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKO	8/13/08
Geology		
Surface		

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

PROPOSED FORMATION: STRC
 COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 994815001)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. SEE FILE)
- RDCC Review (Y/N)
(Date: 07/01/2008)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS:

Needs Permit (6/18/08)

STIPULATIONS:

- 1 - Spacing Plan
- 2 - STATEMENT OF BASIS
- 3 - Plug and Abandon Condition (#23)

20

21

22

T37S R10W

29

28

27

CLARK 2-28



CLARK 1-28

32

33

34

OPERATOR: CEDER MTN GAS LLC (N3215)

SEC: 28 T.37S R. 10W

FIELD: WILDCAT (001)

COUNTY: IRON

SPACING: R649-3-2 / GENERAL SITING



OIL, GAS & MINING

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

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



PREPARED BY: DIANA MASON
DATE: 16-JUNE-2008

Application for Permit to Drill

Statement of Basis

7/17/2008

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
809	43-021-30011-00-00		GW	P	No
Operator	CEDAR MOUNTAIN GAS, LLC	Surface Owner-APD			
Well Name	CLARK 1-28	Unit			
Field	UNDESIGNATED	Type of Work			
Location	SWNW 28 37S 10W S 665 FSL 655 FWL GPS Coord (UTM) 323920E 4157241N				

Geologic Statement of Basis

This location is placed in the Grand Staircase section of the Colorado Plateau physiographic province in southwestern Utah. It is about 7 miles southeast of the NNE to SSW trending Kanarrville Anticline. The location is on fee acreage about 15 miles southeast of Cedar City, Utah, in the Deep Creek drainage. There are many surface water allocations from water rights on some local springs and water courses but no underground water rights have been filed within a mile of the location.

The well will likely spud into a soil covering the Cretaceous-age Straight Cliffs Formation. The proposal calls for a foam drilling fluid system to TD.

At this location it is very likely that a high quality ground water resource will be encountered in permeable sandstone strata likely to be encountered in the Straight Cliffs Formation. This well is presented as a stratigraphic test with no plan for a production casing program but merely a plugging program. The plugging program will deal with an open hole in a single formation of uncertain bedding characteristics and likely to contain permeable sandstones with a high quality ground water resource. Another well may be drilled about 40' from this well, probably contingent upon the results of drilling in this well. It is recommended that these circumstances be considered in the final design of the plugging program. The proposed drilling fluid program is considered benign as regards protection for ground water resources. Many surface water rights have been filed within a mile but there are no filings on groundwater resources.

Chris Kierst
APD Evaluator

7/15/2008
Date / Time

Surface Statement of Basis

A presite was conducted at 12:30 pm June 18th ,2008 This proposed location is located on top of Cedar Mountain by Everstein Ridge. State road # 14 will be used for access from Sedar City to Reservior County Road. Once off the county road 0.5 miles of access will be on landowners Eldon Clark who attended the presite and Jack Smith who did not attend the presite. At time of presite Cedar Mountain has surface agreements with the landowner Clark Livestock.

General topography in this Cedar Mountain area is high pasture that is suitable for grazing and wildlife habitat The Cedar Mountain well pad is surrounded by private land. The Dixie National Forest is located to the east 4.0 mile.and the Hurricane Cliffs to the west Other areas of interest close by is the Ashdown Gorge Wilderness and Cedar Breaks National Monument located 6 miles to the northeast.

There are three springs all within 200 yards of the location.

The proposed Clark 1-28 pad runs north south direction and is located on the top of a gental sloping ridge. No cut will be taken from the location. The well will be drilled using a water well rig. The access road enters the pad from the south.

Richard Clark is president of Clark Livestock which owns the property the location is to be built on had no other concerns that were not addressed in his contract with Cedar Mountain.

Application for Permit to Drill

Statement of Basis

Utah Division of Oil, Gas and Mining

7/17/2008

Page 2

The selected location for this well is suitable for drilling.

Ted Smith
Onsite Evaluator

6/18/2008
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 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 CEDAR MOUNTAIN GAS, LLC
Well Name CLARK 1-28
API Number 43-021-30011-0 **APD No** 809 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SWNW **Sec** 28 **Tw** 37S **Rng** 10W 665 FSL 655 FWL
GPS Coord (UTM) 323946 4158052 **Surface Owner**

Participants

Ted Smith - DOGM, Whitt Lee - Calvert Company (Cedar Mountain Gas, LLC), Richard Clark - Landowner, Dave Carter - Landowner

Regional/Local Setting & Topography

High mountain meadows with natural grassland with areas of Aspen cover. Surrounding area is dry by mid July. Area is used for summer cattle and sheep grazing. Altitude at site approximately 9072'

Surface Use Plan

Current Surface Use

Grazing

Wildlife Habitat

New Road

Miles	Well Pad	Length	Src Const Material	Surface Formation
0	Width 75	100	Onsite	ALLU

Ancillary Facilities N

With exception of portable trailers, toilets, and garbage containers

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora around the drill location area consist of - Aspen, Crested wheatgrass, Daisy, Mustard, Dandelion

Fauna around the drill location area consist of - Deer, Badger, Ground Squirrel, Elk, Domestic cattle and sheep.

Soil Type and Characteristics

Brown Dirt

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N

Paleo Potential Observed? N

Cultural Survey Run? N

Cultural Resources? N

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	300 to 1000	2
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	>20	10
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 27 2 **Sensitivity Level**

Characteristics / Requirements

- Pit will be constructed so as not to leak, break, or discharge. The reserve pit will be lined with minimum of 12 mil plastic liner
- Mud pit will be 25' x 25' x 6' in size.
- Circulating Pit will be 25' x 25 x 6' in size.
- These two pits will be dug using a backhoe.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 12 Pit Underlayment Required? N

Other Observations / Comments

Cedar Mountain Gas will use a open lined pit program. All pit fluids will be hauled to an approved disposal site for waste management. Fresh water used for the drilling will be obtained through Indianola Water Authority. Access road is off state highway 14 onto scenic backway (Reservoir Road). Follow this county road for 12.5 miles on pavement then 4.2 miles on dirt. While on this county road you pass a few summer homes. Once off the county road you will travel 0.5 mile to the location. The final access of 0.5 mile uses 0.25 mile of land owned by Jack Smith and 0.25 mile owned by Clark Livestock. There is a proscriptive easement between the Clark's and the Smith's property. These existing roads will be used as access to this well. There are no power or pipelines close to this well location. There is one other planned well within 40 feet of the 1-28 by Cedar Mountain API # 4302130010. This other well will be drilled once the 1-28 well has been plugged. No other wells have been drilled within one mile. There is an agreement in place between landowner and Cedar Mountain. There is no local disagreement by landowners with this drilling program. Some dust while this well is drilled will be generated off the county road in front of the summer homes listed earlier? Photos are located in well file.

Ted Smith
Evaluator

6/18/2008
Date / Time

utah gov Online Services Agency List Business

Search

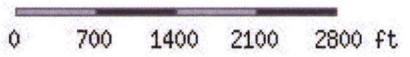
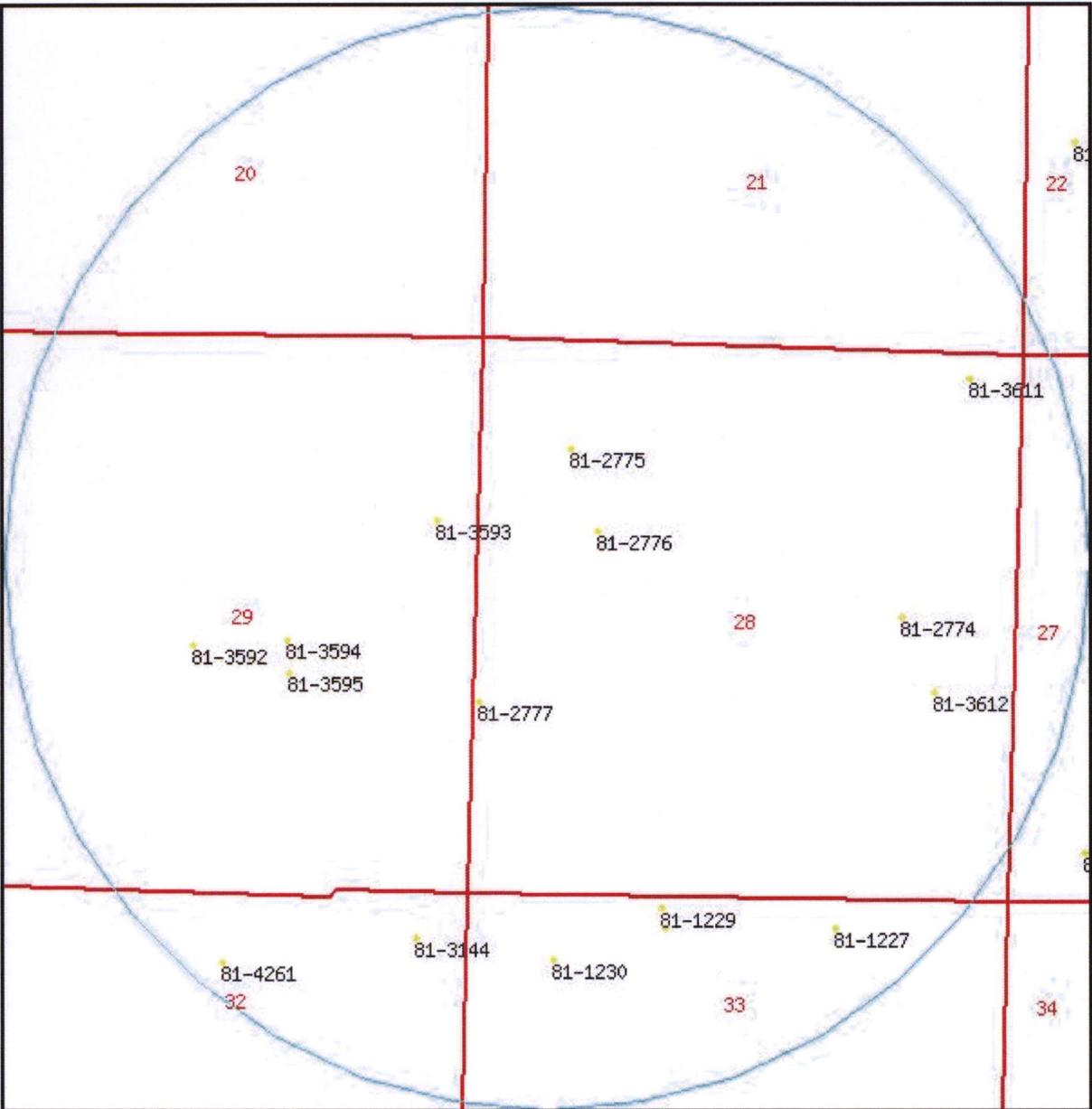
Utah Division of Water Rights



WRPLAT Program Output Listing

Version: 2007.04.13.01 Rundate: 07/15/2008 04:51 PM

Radius search of 5280 feet from a point S2076.97 E655.69 from the NW corner, section 28, Township 37S, Range 10W, SL b&m
Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all



Water Rights

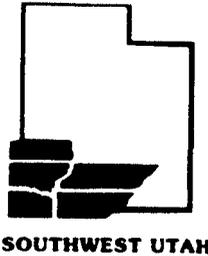
WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>81-1227</u>	Surface S242 W1667 NE 33 37S 10W SL		P	1856	S	0.029	0.000	LEIGH LIVESTOCK COMPANY C/O RICHARD H. LEIGH
<u>81-1228</u>	Surface S248 W3324 NE 33 37S 10W SL		P	1856	S	0.003	0.000	LEIGH LIVESTOCK COMPANY C/O RICHARD H. LEIGH
<u>81-1229</u>	Surface S49 W3362 NE 33 37S 10W SL		P	1856	S	0.007	0.000	LEIGH LIVESTOCK COMPANY C/O RICHARD H. LEIGH
<u>81-1230</u>	Surface S537 W4412 NE 33 37S 10W SL		P	1856	S	0.010	0.000	LEIGH LIVESTOCK COMPANY C/O RICHARD H. LEIGH
<u>81-2660</u>	Surface S3300 E400 NW 22 37S 10W SL		P	18560000	DS	0.011	0.000	ESCALANTE FARMS COMPANY A UTAH LIMITED PARTNERSHIP
<u>81-2774</u>	Surface N100 W1100 E4 28 37S 10W SL		P	1856	S	0.011	0.000	CLARK LIVESTOCK CORPORATION 620 E. 200 S.
<u>81-2775</u>	Surface S1000 E890 NW 28 37S 10W SL		P	1856	S	0.022	0.000	CLARK LIVESTOCK CORPORATION 620 E. 200 S.
<u>81-2776</u>	Surface S1800 E1150 NW 28 37S 10W SL		P	1856	S	0.007	0.000	CLARK LIVESTOCK CORPORATION 620 E. 200 S.
<u>81-2777</u>	Surface S800 E50 W4 28 37S 10W SL		P	1856	S	0.007	0.000	CLARK LIVESTOCK CORPORATION 620 E. 200 S.
<u>81-3144</u>	Surface S425 W500 NE 32 37S		P	1856	S	0.002	0.000	MEEKS FAMILY REVOCABLE LIVING TRUST HEBER J. MEEKS & BARBARA

	10W SL					MEEKS, TRUSTEES
<u>81-3592</u>	Surface	P	1856	S	0.022 0.000	LEWIS W. JR. & MICHAEL JAMES KIRKMAN
	N2340 W40 S4 29 37S 10W SL					3384 W. SUMMER HILL DR.
<u>81-3593</u>	Surface	P	1856	S	0.011 0.000	LEWIS W. JR. & MICHAEL JAMES KIRKMAN
	S1690 W425 NE 29 37S 10W SL					3384 W. SUMMER HILL DR.
<u>81-3594</u>	Surface	P	1856	S	0.009 0.000	LEWIS W. JR. & MICHAEL JAMES KIRKMAN
	N2400 E880 S4 29 37S 10W SL					3384 W. SUMMER HILL DR.
<u>81-3595</u>	Surface	P	1856	S	0.009 0.000	LEWIS W. JR. & MICHAEL JAMES KIRKMAN
	N2080 E900 S4 29 37S 10W SL					3384 W. SUMMER HILL DR.
<u>81-3609</u>	Surface	P	1856	S	0.002 0.000	RICHARD Q. AND PATRICIA H. CLARK
	N475 E745 SW 27 37S 10W SL					620 E. 200 S.
<u>81-3611</u>	Surface	P	1856	S	0.011 0.000	NANCY CLARK
	S250 W500 NE 28 37S 10W SL					CEDAR CITY UT 84720
<u>81-3612</u>	Surface	P	1856	DS	0.002 0.000	RICHARD Q. AND PATRICIA H. CLARK
	N2030 W700 SE 28 37S 10W SL					620 E. 200 S.
<u>81-4261</u>	Spring	P	1856	S	0.000 0.582	KATHY S. AND TRAVIS S. BLAKE
	S699 E242 N4 32 37S 10W SL					P.O. BOX 461104

Five County Association of Governments

1070 West 1600 South, Building B
St. George, Utah 84770

Fax (435) 673-3540



Post Office Box 1550
St. George, Utah 84771

Office (435) 673-3548

AREAWIDE CLEARINGHOUSE A-95 REVIEW

Type of Action: Pre-Application _____ Notification of Intent X Application _____
Notice of Federal Action _____

Receipt Date 06/25/08 SAI Number _____ ACH Number _____

Applicant Identification, Address
Utah Division of Oil, Gas and Mining
Gil Hunt, Associate Director
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84 114-5801

Funding:

Federal	N/A
Supplemental	N/A
State	N/A
Local	N/A
Other	N/A
TOTAL	N/A

Applicant's Project Title:

**APPLICATION FOR PERMIT TO DRILL
CLARK 1-28 WILDCAT WELL**

Description: Cedar Mountain Gas, LLC proposes to drill the Clark 1-28 well (wildcat) on fee lease, Iron County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.

AREAWIDE CLEARINGHOUSE COMMENTS ON PROPOSAL FOR FEDERAL AID

Staff review completed (date): **07/01/08**

Screening Committee review completed (date): **07/14/08**

Referred to original for additional information (date)

- Recommend Approval X Comments (see reverse side of page) X
- Conditionally approved as follows (see reverse side of page) _____
- Recommend Disapproval _____ Comments (see reverse side of page) _____
- The project described above (X) does () does not conform with the policy or planning of the multijurisdictional area it directly impacts. Additional information () Is (X) Is not needed.
- We also serve notice that all requirements of the Project Notification and Review System for this multijurisdictional area have been met. Therefore, attach this letter to your application and forward to the federal funding agency.
- If this project will be a renewal or continuation grant, please submit your application next year to this areawide clearinghouse for re-review 30 days prior to submission to federal funding agency.
- We would anticipate reviewing final project application 30 days prior to submission for funding.

If any Clearinghouse Comments go unresolved, Federal law requires the Applicant to attach a copy of all negative comments to the project application and forward them both to the Federal Funding Agency(ies).

Authorizing Official

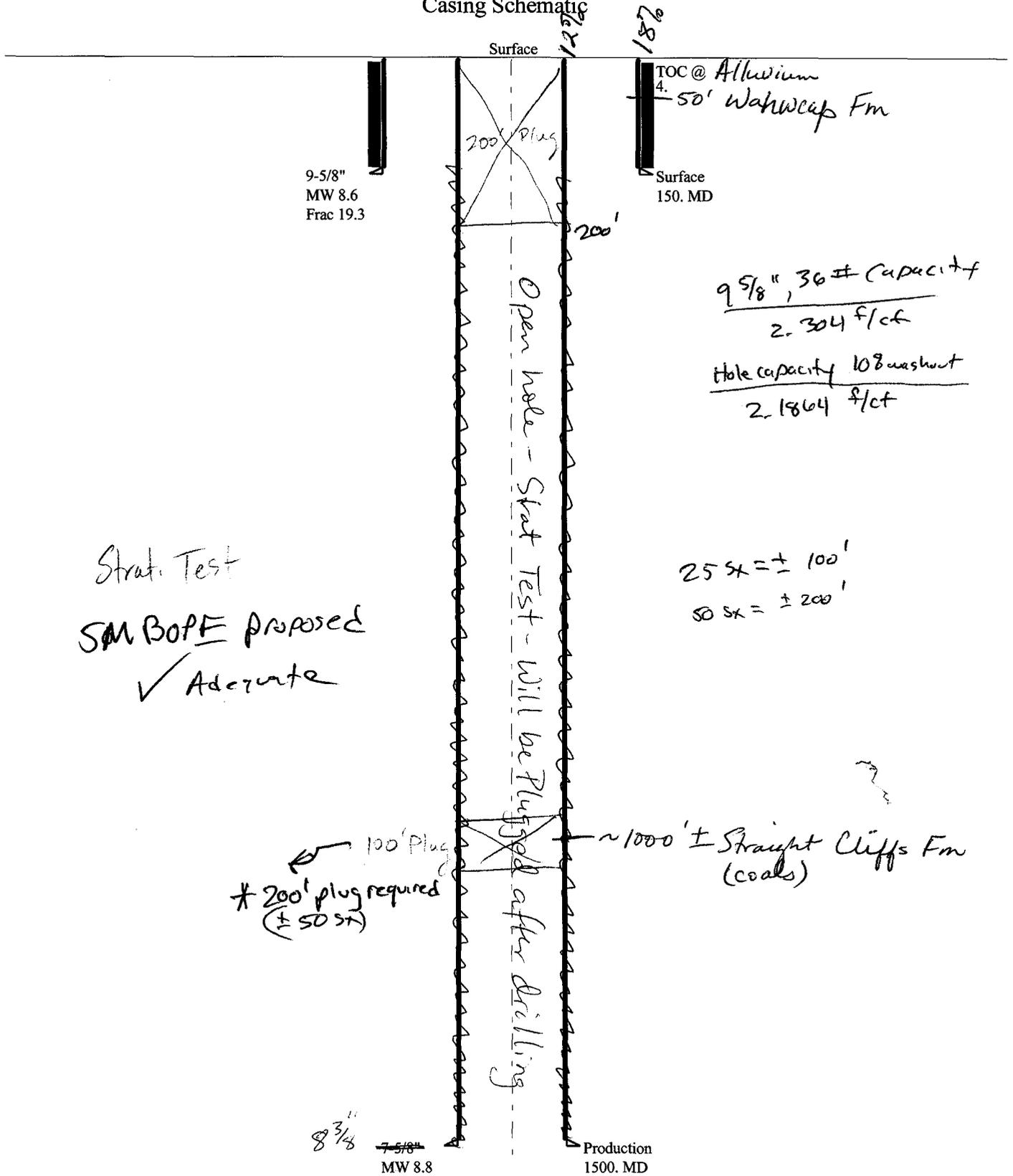
July 14, 2008

Date

Copy of review sent to applicant

2008-07 Cedar Mtn Gas Clark 1-28

Casing Schematic



Strat. Test
SM BOPE proposed
✓ Adequate

$$\frac{9\ 5/8",\ 36\ \# \text{ Capacity}}{2.304\ \text{f/ct}}$$

Hole capacity 108 washout

$$\frac{2.1864\ \text{f/ct}}$$

$$25\ \text{ST} = \pm 100'$$

$$50\ \text{ST} = \pm 200'$$

100' Plug
* 200' plug required
(± 50 ST)

~1000' ± Straight Cliffs Fm
(coals)

8 3/4"
7 5/8"
MW 8.8

Production
1500. MD

Well name:	2008-07 Cedar Mtn Gas Clark 1-28	
Operator:	Cedar Mountain Gas, LLC	Project ID:
String type:	Surface	43-021-30011
Location:	Iron County	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 132 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 150 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: 131 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 67 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 150 ft

 Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 1,500 ft
 Next mud weight: 8.800 ppg
 Next setting BHP: 686 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 150 ft
 Injection pressure: 150 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	150	9.625	36.00	K-55	ST&C	150	150	8.765	65.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	67	2020	30.143	150	3520	23.47	5	423	78.33 J

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

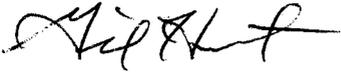
Phone: 801-538-5357
 FAX: 801-359-3940

Date: July 29, 2008
 Salt Lake City, Utah

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

 Burst strength is not adjusted for tension.

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

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or June 30, 2008
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Cedar Mountain Gas, LLC proposes to drill the Clark 1-28 well (wildcat) on Fee lease, Iron County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 665' FSL 655' FWL, SW/4 NW/4, Section 28, Township 37 South, Range 10 West, Iron County, Utah	
6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Five County Utah Association of Government	
10. For further information, contact: Diana Mason Phone: (801) 538-5312	11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: June 16, 2008

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: CEDAR MOUNTAIN GAS, LLC		9. WELL NAME and NUMBER: CLARK #1-28	
3. ADDRESS OF OPERATOR: P.O. BOX 54589 CITY OKLA. CITY STATE OK ZIP 73154		PHONE NUMBER: (405) 848-2222	10. FIELD AND POOL, OR WILDCAT: WILDCAT
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 665.65' FSL AND 655.69' FWL OF NW/4 AT PROPOSED PRODUCING ZONE:		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 28 37S 10W S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 15 MILES SOUTHEAST OF CEDAR CITY, UTAH		12. COUNTY: IRON	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 665.69'	16. NUMBER OF ACRES IN LEASE: 3,418.85	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 40' - SEE EXPLANATION IN WELL PLAN	19. PROPOSED DEPTH: 1,500	20. BOND DESCRIPTION: LETTER OF CREDIT #759139	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 9,040' AT GROUND LEVEL	22. APPROXIMATE DATE WORK WILL START: 7/1/2008	23. ESTIMATED DURATION: 1 WEEK	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	9 5/8" K55 36#	150	REDIMIX 80 SACKS 18#
8 3/8"	NONE	1,500	WELL TO BE P&A

25. **ATTACHMENTS**

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

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

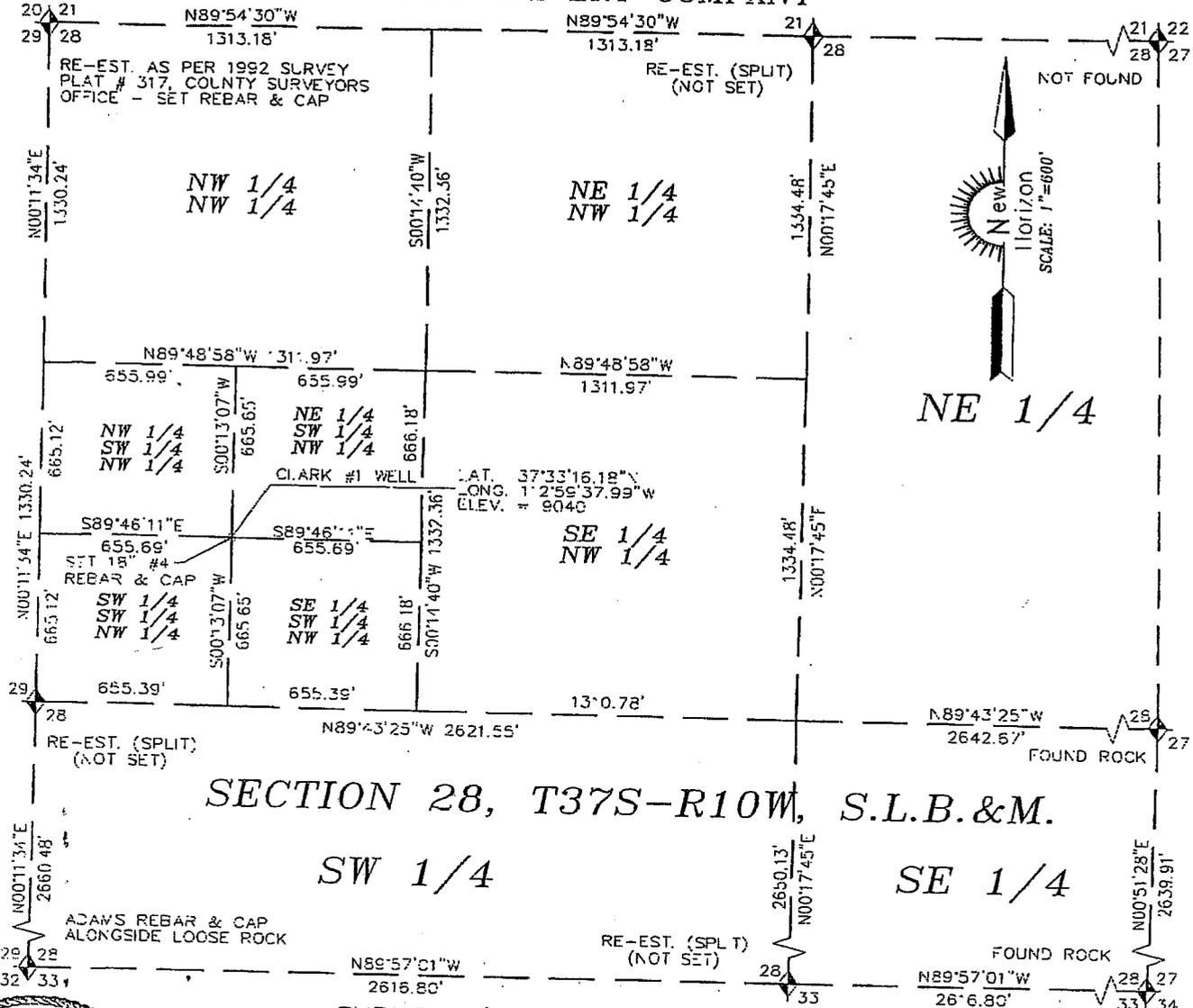
NAME (PLEASE PRINT) GARY A. WOOD TITLE CORPORATE SECRETARY/LAND MANAGER
SIGNATURE *G. A. Wood* DATE 6/5/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-021-30011 APPROVAL: _____

RECEIVED
JUN 06 2008
DIV. OF OIL, GAS & MINING

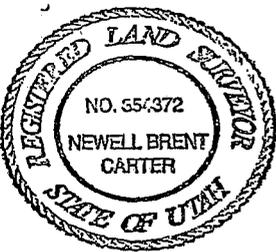
EXHIBIT WELL #1 THE CALVERT COMPANY



SECTION 28, T37S-R10W, S.L.B.&M.

SW 1/4

SE 1/4



SURVEYOR'S CERTIFICATE

NEWELL BRENT CARTER, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR, AND THAT I HOLD CERTIFICATE No. 354372, AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE HEREON DESCRIBED PROPERTY AND THAT THIS IS A TRUE AND CORRECT REPRESENTATION OF SAID SURVEY.

Newell Brent Carter 8-15-07
NEWELL BRENT CARTER DATE

RECORD OF SURVEY

PREPARED FOR:	THE CALVERT COMPANY
LOCATION:	NW 1/4 SECTION 28, T37S-R10W, S.L.B.&M.
SURVEY DATE:	8/15/2007

BOUNDARY DESCRIPTION

CLARK #1 WELL LOCATION:
THE NE CORNER OF THE SW 1/4 SW 1/4 NW 1/4 SECTION 28, T37S-R10W, S.L.B.&M. ALSO DESCRIBED AS A POINT LYING N00°11'35"E ALONG THE SECTION LINE 665.12 FEET AND S89°46'11"E 655.69 FEET FROM THE WEST 1/4 CORNER OF SECTION 28, T37S-R10W, S.L.B.&M.


NEW HORIZON
Engineering & Surveying LLC
252 N. 200 W. Suite 3 (435) 586-8897
Cedar City UT, 84720 (435) 865-2682

RECEIVED
JUN 10 2008

CLARK #1-28

KOLOBE RESERVOIR

CEDAR

ACCESS ROAD

WELL LOCATION

Spring

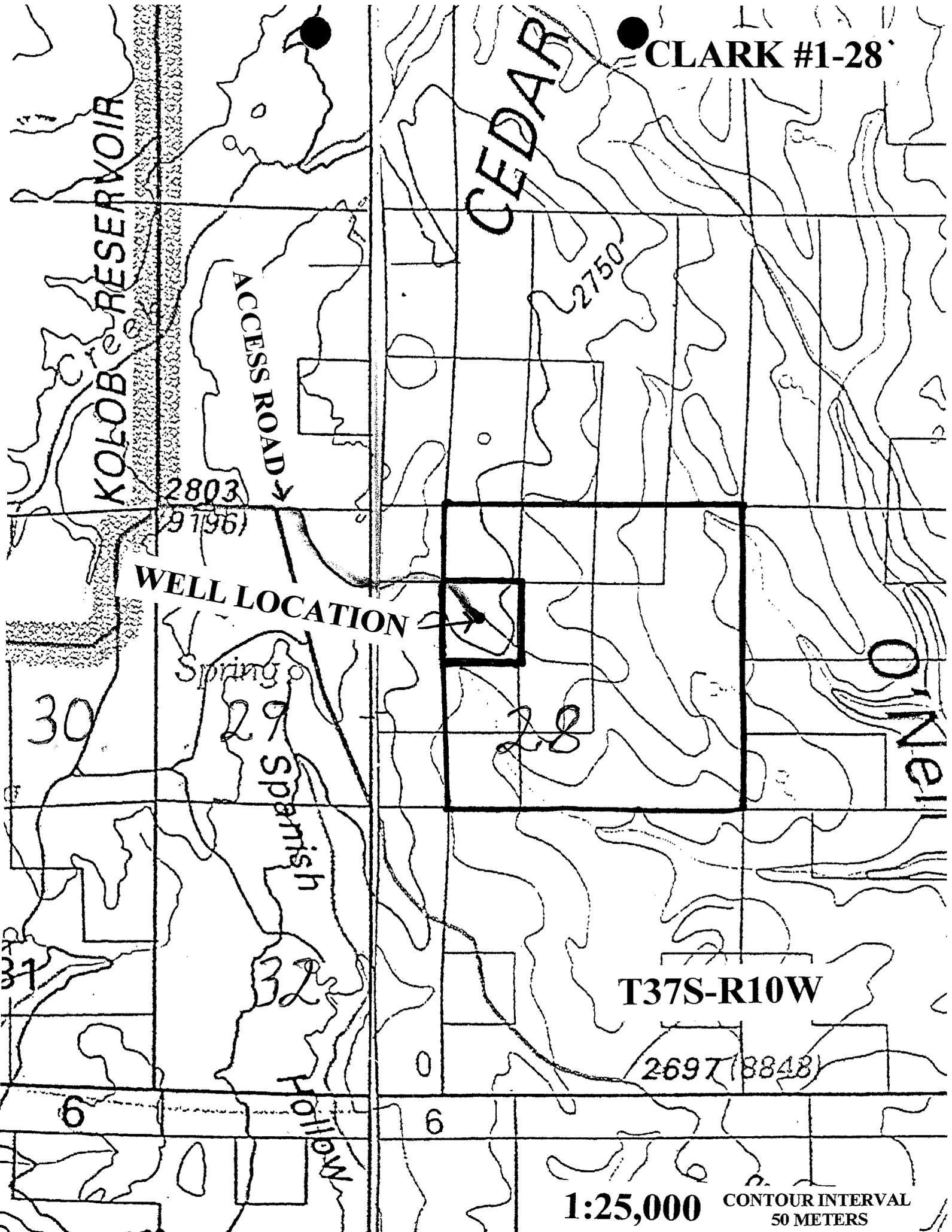
Spanish

O'Neil

T37S-R10W

2697 (8848)

1:25,000 CONTOUR INTERVAL 50 METERS



Helen Sadik-Macdonald - Clark #1-28 and Clark #2-28, Iron County, Utah

From: "Gary Wood (The Calvert Company)"
To:
Date: 06/23/2008 10:14 AM
Subject: Clark #1-28 and Clark #2-28, Iron County, Utah
CC: "Whitt Lee (swl@transfaccaptial.com)", "Mark Svoboda",

Ted,

In response to your requests to Whitt Lee, the following is submitted:

Sun Rock, Inc. in Cedar City will supply any gravel needed on the access road or location. The gravel will be from a local Cedar City area location.

Sun Rock, Inc. will also provide the cement for the casing and will pre-mix it and truck it to the location.

Pits will be dug with a backhoe provided by the drilling contractor, Gardner Brothers, and lined.

Gardner Brothers states that there should be very minimal, if any, dirt moving necessary to place the rig. The rig will be a truck-mounted water well rig.

After drilling, logging and plugging the Clark #1-28, the rig will be moved 40 feet South to drill the Clark #2-28.

The preliminary plugging plan for the Clark #1-28 is: (1) Bottom Hole Plug – 10 sacks of cement at 1,000 feet below surface; (2) Bottom Surface Casing Plug – 30 foot (25 sacks cement) plug in and out of surface casing shoe (150 feet below surface); (3) Top of Surface Casing - 10 sacks of cement to top of cut off surface casing

Access road over part of NE/4 Section 29 – Mr. Clark and I feel that he has a prescriptive easement over this section of road since he and other land owners to the East of his property have been using it for years for livestock movement, drilling and maintaining water wells and any other uses incident to their operations. Mr. Clark and I are going to talk with Jack Smith and make sure there is no misunderstanding about what we are doing. I am going to be in Cedar City on Saturday, June 28, on a vacation trip to Washington. I am hoping to have a meeting with Mr. Clark and Jack Smith and get a letter from Mr. Smith stating that he has no objection to our use of his part of the road for operations necessary to drill the two test wells.

If you have more questions or need more information, please let me know. If everything looks good, I hope you can move

the applications along to Helen Sadik-McDonald without having to wait until I have had a chance to meet with or talk with Jack Smith. I and Mr. Clark do not expect any problem in this area.

Thanks and have a nice day.

Regards,

Gary A. Wood

Land Manager

(405) 848-2222 (office)

(405) 202-9626 (cell)

From: Robert Clark
To: Mason, Diana
Date: 6/23/2008 11:14 AM
Subject: RDCC short turn-around comments

43-021-30011

CC: Anderson, Tad; Mcneill, Dave; Wright, Carolyn
The following comments are in response to **RDCC #9419**.

RDCC #9419, Comments begin: The Cedar Mountain Gas, LLC proposal to drill the Clark 1-28 wildcat well, in Iron County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm .

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

Robert Clark

Division of Air Quality
801-536-4435



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

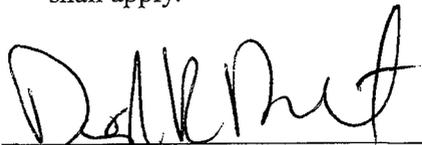
JOHN R. BAZA
Division Director

CONDITIONS OF APPROVAL TO PLUG AND ABANDON STRAT WELL

Well Name and Number: Clark 1-28
API Number: 43-021-30011
Operator: Cedar Mountain Gas, LLC
Reference Document: APD for strat test dated June 5, 2008,
received by DOGM on June 6, 2008.

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. Plug #1 (at top of Straight Cliffs Formation at approximately 1000') shall be 200' in length (± 50 sx).
3. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration. Evidence of compliance with this rule should be supplied to the Division upon completion of reclamation.
4. Balance plugs shall be tagged to ensure they are at the depths specified in the proposal.
5. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
6. If there are freshwater flows or other hydrocarbon shows encountered while drilling this well or if there are any changes to the plugging procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.
7. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.



Dustin K. Doucet
Petroleum Engineer

August 13, 2008

Date



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

August 26, 2008

Cedar Mountain Gas, LLC
P O Box 54589
Oklahoma City, OK 73154

Re: Clark 1-28 Well, 665' FSL, 655' FWL, SW NW, Sec. 28, T. 37 South, R. 10 West,
Iron 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.

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 43-021-30011.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Iron County Assessor

Operator: Cedar Mountain Gas, LLC

Well Name & Number Clark 1-28

API Number: 43-021-30011

Lease: Fee

Location: SW NW Sec. 28 T. 37 South R. 10 West

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 2

43-021-30011

August 26, 2008

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

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: CEDAR MOUNTAIN GAS, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: P.O. BOX 54589 CITY OKLAHOMA CITY STATE OK ZIP 73154		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 665.65' FSL AND 655.69' FWL OF NW/4 QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 28 37S 10W S		8. WELL NAME and NUMBER: CLARK #1-28
PHONE NUMBER: (405) 848-2222		9. API NUMBER: 4302130011
		10. FIELD AND POOL, OR WILDCAT: WILDCAT

COUNTY: IRON
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: <u>10/25/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

CHANGE PROPOSED CASING AND CEMENTING PROGRAM DUE TO UNAVAILABILITY OF 9 5/8" CASING AS FOLLOWS: (1) SURFACE CASING - 8 5/8", J55 GRADE, 24#, 150' SETTING DEPTH, CEMENTED WITH 100 SACKS REDIMIX WITH 18# SLURRY WEIGHT; (2) SIZE OF HOLE BELOW SURFACE CASING - 6 3/8" TO 1,500'

CHANGES TO DRILLING PLAN - SEE ATTACHED AMENDED DRILLING PLAN - (1) CHANGE OF DRILLING CONTRACTOR TO GARY'S DRILLING, LLC; (2) CHANGE TYPE AND SPECIFICATIONS OF BLOWOUT PREVENTER AS SET FORTH IN ATTACHED AMENDED DRILLING PLAN WITH ATTACHED SCHEMATIC AND SPECIFICATIONS

COPY SENT TO OPERATOR

Date: 10-28-2008
Initials: KS

NAME (PLEASE PRINT) <u>GARY A. WOOD</u>	TITLE <u>CORPORATE SECRETARY/LAND MANAGER</u>
SIGNATURE <u>[Signature]</u>	DATE <u>10/20/2008</u>

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 10/27/08
BY: [Signature]

RECEIVED
OCT 21 2008

DIV. OF OIL, GAS & MINING

Cedar Mountain Gas, LLC
Application for Permit to Drill
Clark #1-28
SW/4NW/4 of Section 28, T37S, R10W, Iron County, Utah

1. **Completed and signed Form 3** – included herewith.
2. **Contact information and phone number for surface owner**

Person responsible for field operations in Utah

Mark Svoboda (geologist)
The Calvert Company (Cedar Mountain Gas, LLC)
P.O. Box 54589, Oklahoma City, Oklahoma 73154
(405) 642-3670

Person responsible for Application to Drill questions and information

Gary A. Wood (land)
The Calvert Company (Cedar Mountain Gas, LLC)
P.O. Box 54589, Oklahoma City, OK 73154
(405) 848-2222

Person responsible for production reporting

Stacey Brown (accounting)
The Calvert Company (Cedar Mountain Gas, LLC)
P.O. Box 54589, Oklahoma City, OK 73154
(405) 848-2222

Drilling Contractor

Gary's Drilling LLC
1451 N. 775 W.
Washington, UT 84780
(435) 619-4679

Surface owner

Clark Livestock, Richard Q. Clark, President
620 E 200 S, Cedar City, UT 84720
(435) 586-8876

3. **Location plat, topographic map and pad layout** – all included herewith
Topographic map shows access road from Kolob Reservoir Road Scenic Backway

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OCT 21 2008

DIV. OF OIL, GAS & MINING

4. Water rights approval

As no surface or ground water is available at the drill site, all water necessary for drilling and completion purposes will be provided by the drilling contractor and brought to the site by truck. A Request for Non-Production Well Construction (copy included herewith) was filed with the Division of Water Rights. We were informed by Mr. Nathan Moses of the Cedar City office that since we were not going to use any water from the site and since we were not going to monitor water in the well, we did not need approval from the Division of Water Rights.

5. Estimated geologic markers

Coal beds in Straight Cliffs Formation (1,100 – 1,500 feet below surface)

6. Estimated top and bottom of anticipated water, oil, gas other mineral zones and plans for their protection

Quaternary Alluvium – surface to 50 feet (water bearing) This zone will be protected by cemented surface casing to 150 feet.

Waheap Formation – 50 feet to 1,000 feet (shale)

Cretaceous Straight Cliffs Formation – 1,000 feet to 1,500 feet (coal and gas bearing)

7. Plan for pressure control (BOPE), including schematic and casing test

A blowout preventer will be used and water will be available on site for killing well. Well schematic included herewith. BOP will be tested daily. Casing will be pressure tested in hole. BOP will be a 9" x 3000PSI Double Ram BOP (Double Ram with 4 1/2 pipe/blind ram with pictured nipple). BOP schematic and specifications included herewith.

8. Description of mud system, including mud weights

Mud will be water-based biodegradable foam with barite and possibly polymers. Weight will be maintained between 8.6 – 8.8 lbs/gallon.

Mud logger and pit level monitor will be used. All pits will be portable or be lined. All mud and cuttings and any formation water produced during drilling will be removed from the site by the drilling contractor.

9. Plans for testing, logging and coring

A gamma ray and neutron density electric log suite will be run to total depth to determine the existence and depth of potentially gas productive coal beds. The well will then be plugged and abandoned according to Utah regulations. If it is determined from log evaluations that potentially gas productive zones are present, the Clark #2-28 will be drilled and these potentially gas productive zones will be cored and the core samples laboratory analyzed.

10. Expected bottom hole pressure, any anticipated abnormal pressures, temperatures, or hazards and plans for mitigation

Expected bottom hole pressure should not exceed 600 psi. A blowout preventer will be used and water will be available on site to kill the well. There are no expected abnormal pressures, temperatures or other hazards.

11. Casing design (size, type, weight) – see Application for Permit to Drill

12. Cement design (type, weight, yield, estimated top, # sacks) – see Application for Permit to Drill

13. Diagram of horizontal or directional well bore path including directional survey plan – not applicable, vertical well

14. Designation of agent if necessary – included herewith

**15. Bond – Bond #759139 - information included herewith
Certificate of Deposit (\$15,000) with Chase Bank local branch in Salt Lake City**

16. Affidavit of surface agreement – copy of surface agreement included herewith

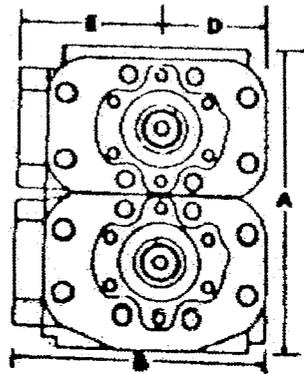
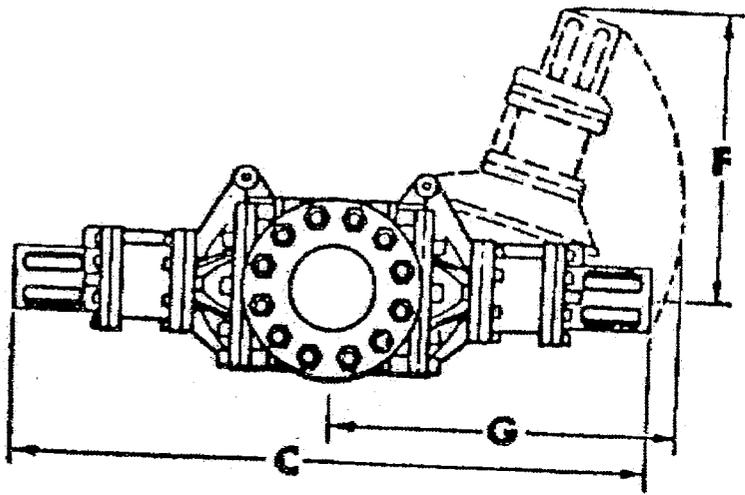
17. Exception location application (if needed) – not applicable

DIV. OF OIL, GAS & MINING

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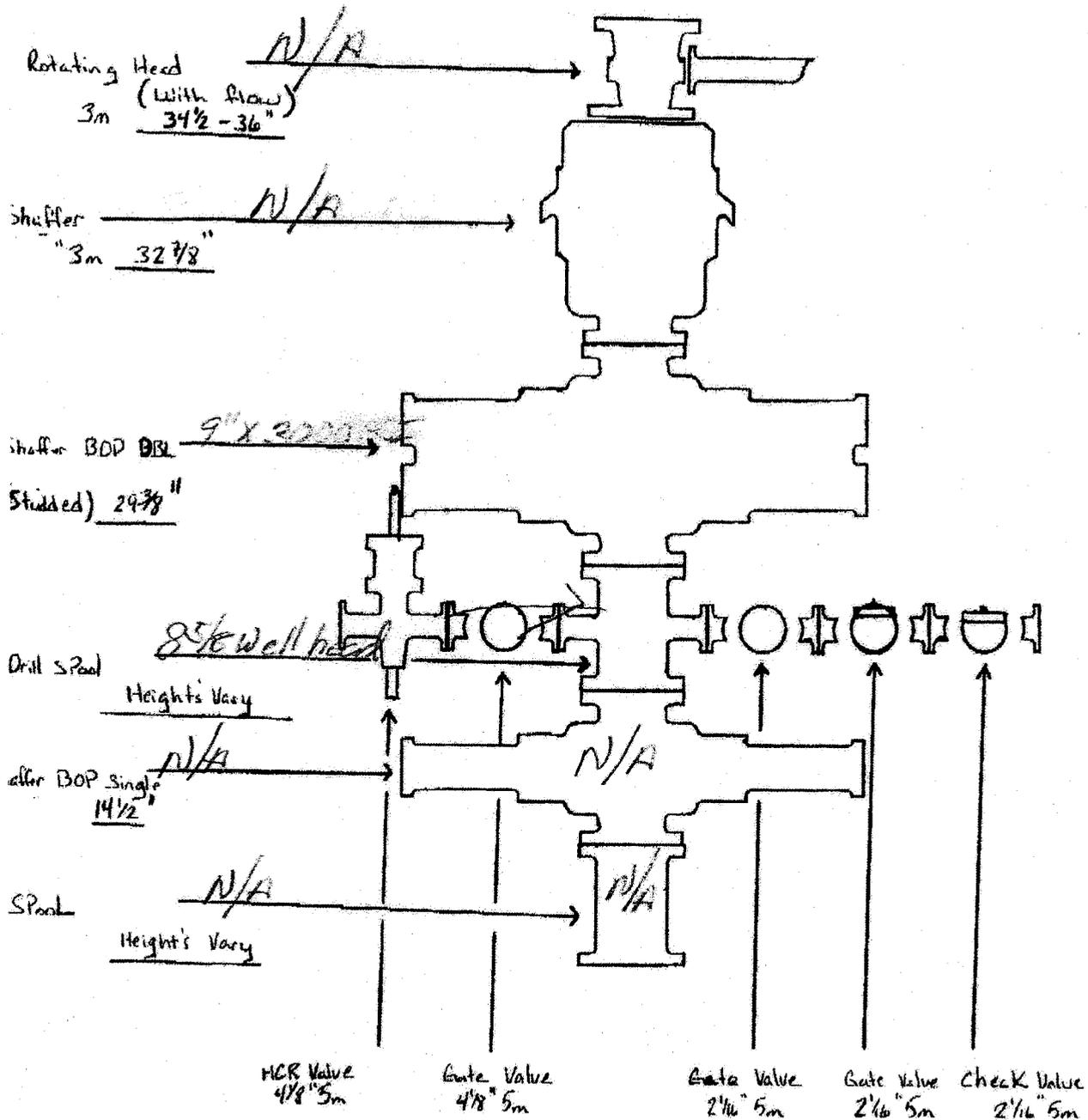
SHAFFER TYPE LWS GATES



ENGINEERING DATA FOR
SHAFFER LWP, LWS, and SL MANUAL LOCK RAM PREVENTERS

	MODEL	WEIGHT (Complete)				(A) HEIGHT				(B) WIDTH	(C) LENGTH	(D) Center to Front	(E) Center to Rear	(F) Clearance to Open Door	(G)
		Studded		Flanged		Studded		Flanged							
		SqI	DbI	SqI	DbI	SqI	DbI	SqI	DbI						
6"	3000 LWP	956	1908	1226	2178	14-7/16	21-7/8	19-1/8	30-1/2	18-7/16	52-3/8	8-5/16	18-1/8	22	23-1/2
6"	5000 LWS	1355	1798	3895	3530	13-5/8	26-3/4	27-5/8	37-1/2	21-7/8	58	9-5/16	12-1/8	20-5/16	41-1/8
8"	3000 LWP	1317	2894	1268	2422	11-1/16	23-7/8	-	34-3/4	22-1/16	68-1/16	9-3/4	12-5/16	31-5/16	34-1/8
8"	5000 LWS	-	5630	-	6230	-	29-1/2	-	45-1/8	25-3/4	79-1/8	11-1/8	14-5/8	27-7/16	46-5/16
10"	3000 LWS	2681	5400	-	5780	14-1/2	29-3/8	-	42	26-1/8	72-1/8	11-9/16	14-9/16	23-15/16	40-9/16
10"	5000 LWS	4050	8130	4350	9880	19-1/2	33	34-3/8	50-1/2	29-1/8	89	12-3/4	16-3/8	29-5/16	56-7/8
12"	3000 SL	7555	18,115	9018	19,570	19-1/2	34	33	48	48	130-1/4	17	23	41-1/4	68-1/8
13-5/8"	5000 LWS	5820	10,140	7370	11,698	23	34	33-5/8	49-5/8	33-1/2	92-3/4	14-3/4	18-3/4	30-1/2	52-5/16
13-5/8"	5000 SL	7555	18,115	9018	19,570	17-1/4	34	32-1/2	49-1/4	40	108-1/4	17	23	41-1/4	68-1/8
14-3/4"	5000 LWS	-	13,980	-	25,230	-	42-1/2	-	67-1/2	40-13/16	133-7/8	18-1/4	22-9/16	45-7/16	72-3/8
14-3/4"	5000 SL	14,892	27,326	15,926	22,860	25	42-7/8	42-1/4	66-1/8	46-3/4	141	21-5/8	25-1/8	43-3/8	75-1/2
21-1/4"	2000 LWS	8885	17,890	18,885	-	23-1/8	49-1/4	38-7/8	-	41-1/4	127-1/2	17-1/4	24	27	28
21-3/4"	3000 LWS	9185	-	10,985	19,928	23-1/8	-	-	-	-	-	-	-	-	-

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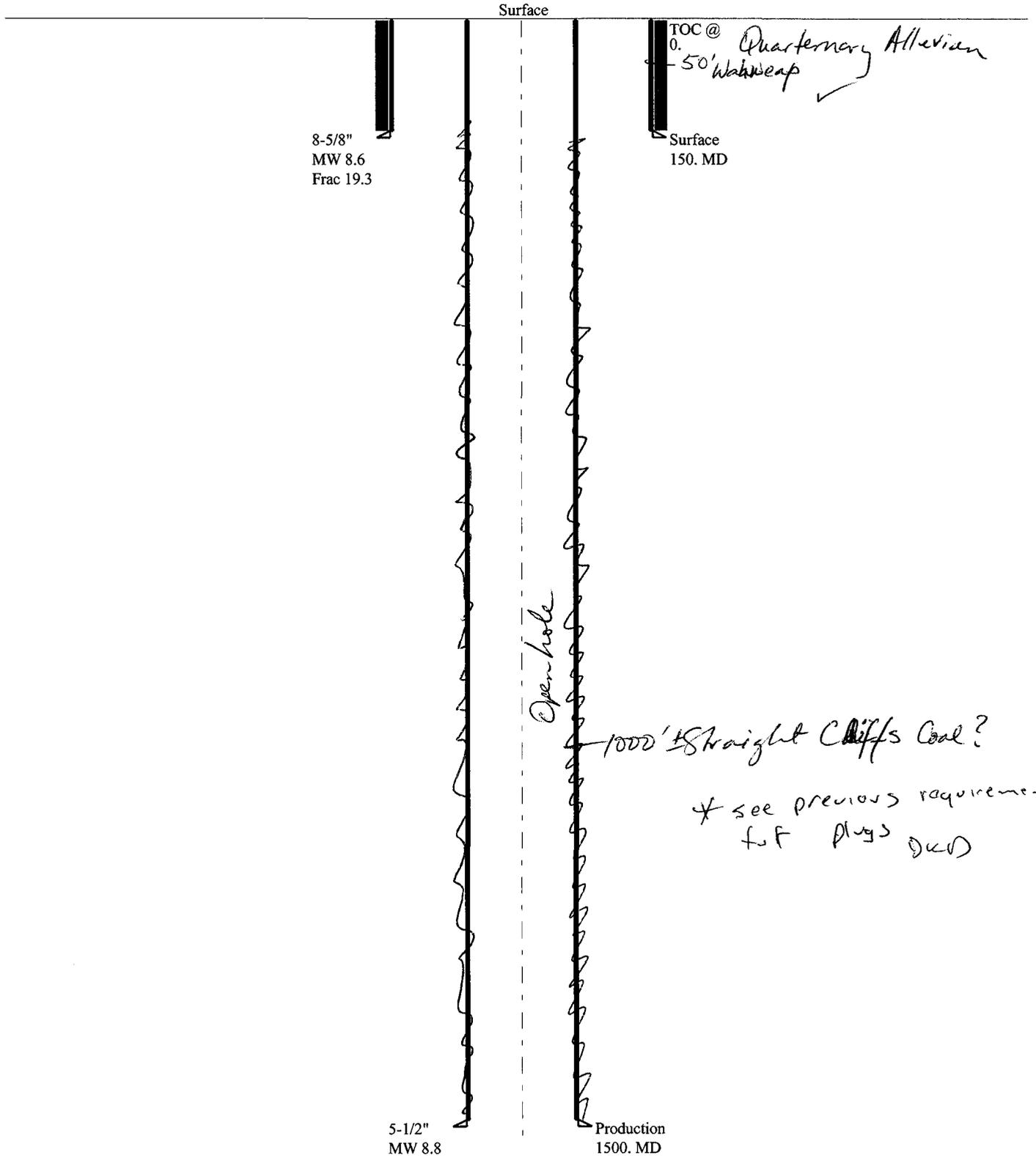


Note: Spool, Drill spool, Single BOP, are all interchangeable for height.

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OCT 21 2008
 DIV. OF OIL, GAS & MINING

2008-07 Cedar Mtn Gas Clark 2-28 (rev 10-22-08)

Casing Schematic



Well name:

2008-07 Cedar Mtn Gas Clark 2-28 (rev 10-22-08)

Operator: **Cedar Mountain Gas, LLC**

String type: **Surface**

Project ID:

43-021-30010

Location: **Iron County**

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: 67 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 150 ft

Burst:

Design factor 1.00

Cement top: Surface

Burst

Max anticipated surface pressure: 132 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 150 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: 131 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 1,500 ft
Next mud weight: 8.800 ppg
Next setting BHP: 686 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 150 ft
Injection pressure: 150 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	150	8.625	24.00	J-55	ST&C	150	150	7.972	53.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	67	1370	20.444	150	2950	19.67	4	244	67.78 J

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

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

Date: October 22, 2008
Salt Lake City, Utah

ENGINEERING STIPULATIONS:

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

Burst strength is not adjusted for tension.

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

BOPE REVIEW

Cedar Mtn. Gas Clark 1-28

API 43-021-30011

INPUT

Well Name

Cedar Mtn. Gas	Clark 1-28	API 43-021-30011
String 1	String 2	
8 5/8	6 3/8	
150	1500	} open hole
0	150	
8.8	8.8	
0	3000	
2950	650	
600	7.7 ppg	

Change from 7 5/8 to 8 5/8 surf. csg. OK.

Casing Size (")

Setting Depth (TVD)

Previous Shoe Setting Depth (TVD)

Max Mud Weight (ppg)

BOPE Proposed (psi)

Casing Internal Yield (psi)

Operators Max Anticipated Pressure (psi)

Calculations

String 1 8 5/8 "

Max BHP [psi]	$.052 * \text{Setting Depth} * \text{MW} =$	69	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	$\text{Max BHP} - (0.12 * \text{Setting Depth}) =$	51	NO
MASP (Gas/Mud) [psi]	$\text{Max BHP} - (0.22 * \text{Setting Depth}) =$	36	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	$\text{Max BHP} - .22 * (\text{Setting Depth} - \text{Previous Shoe Depth}) =$	36	NO <i>reasonable depth</i>
Required Casing/BOPE Test Pressure		150 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		0 psi	*Assumes 1psi/ft frac gradient

Calculations

String 2 6 3/8 "

Max BHP [psi]	$.052 * \text{Setting Depth} * \text{MW} =$	686	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	$\text{Max BHP} - (0.12 * \text{Setting Depth}) =$	506	YES ✓
MASP (Gas/Mud) [psi]	$\text{Max BHP} - (0.22 * \text{Setting Depth}) =$	356	YES
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	$\text{Max BHP} - .22 * (\text{Setting Depth} - \text{Previous Shoe Depth}) =$	389	NO <i>OK</i>
Required Casing/BOPE Test Pressure		455 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		150 psi	*Assumes 1psi/ft frac gradient

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

FORM 6

ENTITY ACTION FORM

Operator: CEDAR MOUNTAIN GAS, LLC Operator Account Number: N 3215
 Address: P. O. BOX 54589
city OKLAHOMA CITY
state OK zip 73154 Phone Number: (405) 848-2222

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4302130011	CLARK #1-28		SWNW	28	37S	10W	IRON
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	17340	8/3/2009		8/13/09		
Comments: <u>STRC</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)

GARY A. WOOD

Name (Please Print)

Signature

LAND MANAGER

Title

8/13/2009

Date

RECEIVED

AUG 13 2009

DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: CEDAR MOUNTAIN GAS, LLC N3215		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: P. O. BOX 54589 CITY OKLAHOMA CITY STATE OK ZIP 73154		7. UNIT or CA AGREEMENT NAME: N/A
PHONE NUMBER: (405) 848-2222		8. WELL NAME and NUMBER: CLARK #1-28
4. LOCATION OF WELL FOOTAGES AT SURFACE: 655.69' FWL and 665.65' FSL of NW/4		9. API NUMBER: 4302130011
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 28 37S 10W S		10. FIELD AND POOL, OR WILDCAT: WILDCAT
COUNTY: IRON		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: <u>10/7/2009</u>	<input type="checkbox"/> ACIDIZE	<input checked="" type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Deepen drilling well from permitted total depth of 1,500 feet to total depth of 2,050 feet due to failure to find coal veins above 1,500 foot total depth.

COPY SENT TO OPERATOR

Date: 10.13.2009

Initials: KS

NAME (PLEASE PRINT) Gary A. Wood

TITLE Land Manager

SIGNATURE [Signature]

DATE 10/6/2009

(This space for State use only)

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

DATE: 10/6/09
BY: [Signature]

(See Instructions on Reverse Side)

RECEIVED

OCT 06 2009

DIV. OF OIL, GAS & MINING

RECEIVED

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

JUN 20 2011

AMENDED REPORT FORM 8
(highlight changes)

DIV. OF OIL, GAS & MINING

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: Cedar Mountain Gas, LLC

3. ADDRESS OF OPERATOR: 5609 N Classen BLVD CITY Okla. City STATE OK ZIP 73118
PHONE NUMBER: (405) 848-2222

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 665.66 FSL & 655.69 FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW:
AT TOTAL DEPTH:

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER: Clark 1-28

9. API NUMBER: 43-021-300 11

10 FIELD AND POOL, OR WILDCAT wildcat

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 28 37S 10W S

12. COUNTY Iron 13. STATE UTAH

14. DATE SPUNDED: 7/31/2009 15. DATE T.D. REACHED: 10/23/2009 16. DATE COMPLETED: 11/8/2009
ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):

18. TOTAL DEPTH: MD 2,017 TVD 2,017
19. PLUG BACK T.D.: MD 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)

23. WAS WELL CORED? WAS DST RUN? DIRECTIONAL SURVEY?

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

Table with columns: 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

25. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS

Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD)

27. PERFORATION RECORD

Table with columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS

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

Table with columns: 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:

30. WELL STATUS:

Plugged

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.)

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.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (Include plugging procedure)

Cut off casing 5' below the surface and circulated cement to about 6' from top of cutoff casing.

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

NAME (PLEASE PRINT) Thomas C. Lough TITLE COO
 SIGNATURE *Thomas C. Lough* DATE 6/16/2011

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
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

Phone: 801-538-5340
 Fax: 801-359-3940