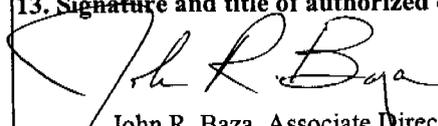


**STATE ACTIONS**  
**State Clearinghouse Coordinator**  
**116 State Capitol, SLC, UT 84114**  
**538-1535**

<b>1. Administering State Agency</b> Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	<b>2. State Application Identifier Number: (assigned by State Clearinghouse)</b>  
<b>3. Approximate date project will start:</b> Upon Approval	
<b>4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1)</b>  Five County Association of Governments	
<b>5. Type of action:</b> // Lease /X/ Permit // License // Land Acquisition  // Land Sale // Land Exchange // Other _____	
<b>6. Title of proposed action:</b>  Application for Permit to Drill	
<b>7. Description:</b> Legend Energy of Utah, LLC proposes to drill the Pugh #1, Pugh #2, Pugh #4, Pugh #5, Pugh #7, Pugh #8, Pugh #9, Pugh #10, Pugh #11, Pugh #13, Pugh #14, Pugh #15, Pugh #16, Pugh #17, Pugh #20, Pugh #21 wells (wildcat) on Fee leases, Kane 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.	
<b>8. Land affected (site location map required) (indicate county)</b> SW/4 SE/4 and NE/4 SE/4 Section 32; NE/4 SW/4 and SW/4 NE/4 Section 33; NW/4 SW/4 and NE/4 NW/4 and SW/4 NE/4 and NE/4 SE/4 Section 34; SW/4 NW/4 Section 35; SW/4 SE/4 and NE/4 SE/4 and SW/4 NE/4 and SW/4 NW/4 Section 27; SW/4 NW/4 Section 26 Township 38 South, Range 5 West;  SW/4 NE/4 and NE/4 NW/4 Section 5, Township 39 Range 5 West, Kane County, Utah	
<b>9. Has the local government(s) been contacted?</b> No	
<b>10. Possible significant impacts likely to occur:</b>  Degree of impact is based on the discovery of oil or gas in commercial quantities.	
<b>11. Name and phone of district representative from your agency near project site, if applicable:</b>  	
<b>12. For further information, contact:</b>  Lisha Cordova <b>Phone:</b> (801) 538-5296	<b>13. Signature and title of authorized officer</b>  John R. Baza, Associate Director <b>Date:</b> September 10, 2001

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>			5. LEASE DESIGNATION AND SERIAL NUMBER: <b>Fee</b>	
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER <u>Disposal</u> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			7. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: <b>Legend Energy of Utah, LLC</b>			8. WELL NAME and NUMBER: <b>Pugh #8</b>	
3. ADDRESS OF OPERATOR: <b>30 E. Center, Box 63</b> CITY <b>Kanab</b> STATE <b>Ut</b> ZIP <b>84741</b>		PHONE NUMBER: <b>(435) 644-8666</b>	9. FIELD AND POOL, OR WMLDCAT:	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <del>670 FNL 1960 FWL</del> <b>387 FNL 1788 FWL</b> <b>4147711 Y</b> AT PROPOSED PRODUCING ZONE: <b>SAME</b> <b>375599 X</b>			10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NENW 34 38S 5W</b>	
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>4.6 miles NE of Alton Town</b>			11. COUNTY: <b>Kane</b>	12. STATE: <b>UTAH</b>
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>670</b>	15. NUMBER OF ACRES IN LEASE: <b>2567</b>	16. NUMBER OF ACRES ASSIGNED TO THIS WELL:		
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) <b>1800</b>	18. PROPOSED DEPTH: <b>1,670</b>	19. BOND DESCRIPTION:		
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>7680GR</b>	21. APPROXIMATE DATE WORK WILL START: <b>10/1/2001</b>	22. ESTIMATED DURATION: <b>21 days</b>		

**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	8 5/8" J-55 32	200	Low Density	75sx 1.75 cf/sx	12.5
7 7/8	5 1/2" J-55 15.5	2,000	Low Density	250sx 1.75 cf/sx	12.5

*Amended 5-22-01*

**RECEIVED**

SEP 06 2001

DIVISION OF  
OIL, GAS AND MINING

24. ATTACHMENTS

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

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

NAME (PLEASE PRINT) Walter A. Kelly, Jr. TITLE Designated Representative

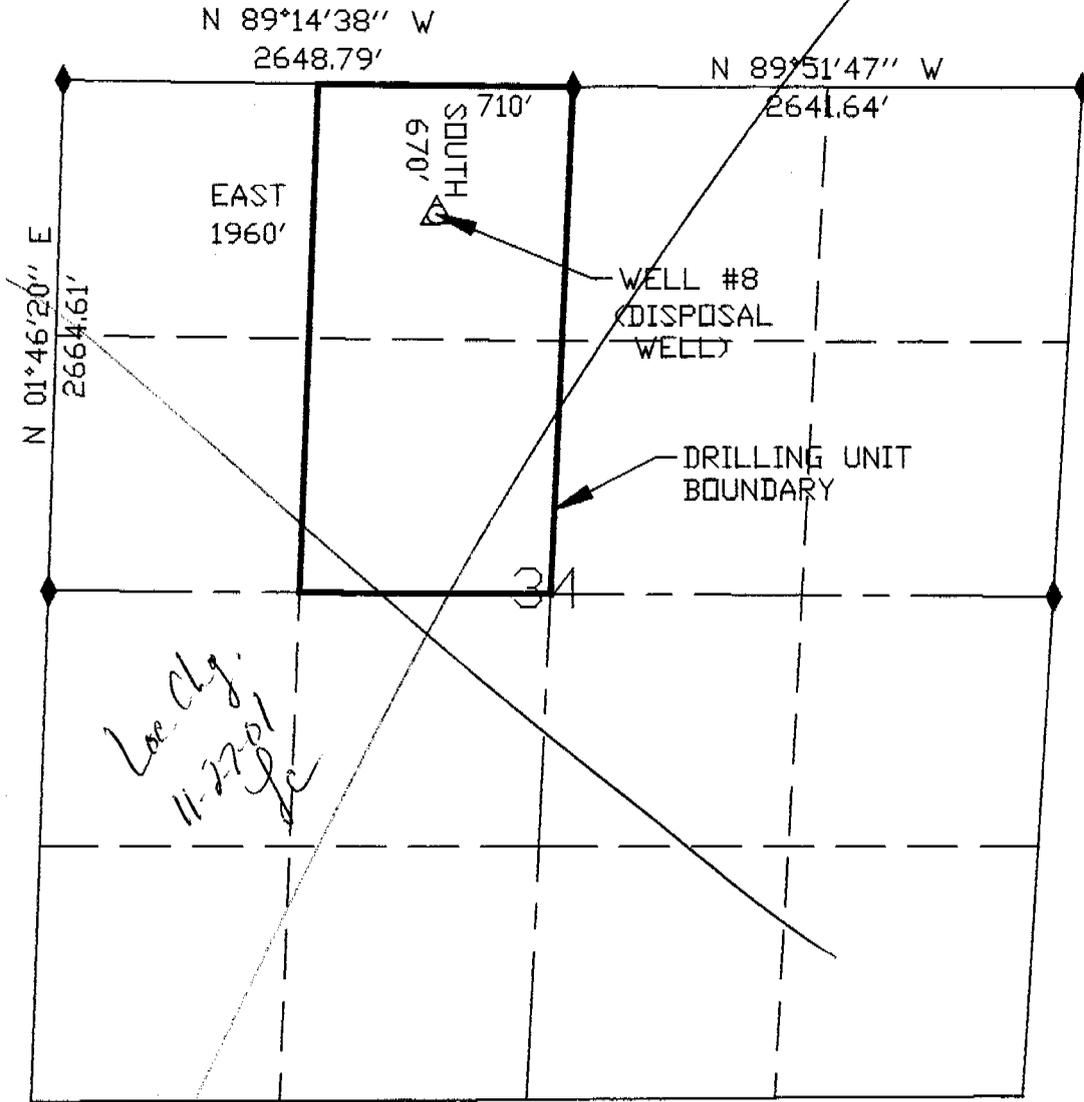
SIGNATURE *Walter A. Kelly Jr* DATE 8/28/01

(This space for State use only)

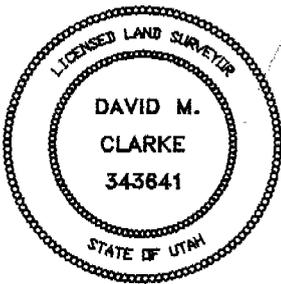
API NUMBER ASSIGNED: 43-025-30039

APPROVAL:

SECTION 34, T. 38 S., R. 5 W.,  
S.L.B. & M.



*Loc. Chg.  
11-27-01  
jc*



◆ DENOTES LOCATED GLO CORNER  
 T OTHER EXTERIOR CORNER  
 LOCATIONS FIXED BY GLO  
 INFORMATION

DRAWN BY: K.L. NELSON	PROJECT	SHT. NAME	SHT. NO.
DATE: AUG., 2001	EARTH ENERGY OF UTAH, LLC (LEGEND ENERGY CORP.)	PUGH	1
SCALE: 1 INCH = 1000 FEET	ALTON VALLEY PROSPECT, 2001 DRILLING PROGRAM	WELL #8	
APPROVED BY: R.B. PLATT	WITHIN SECTION 34, T. 38 S., R. 5 W., S.L.B. & M.	(DISPOSAL WELL)	

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

FORM 3

AMENDED REPORT   
 (highlight changes)

**APPLICATION FOR PERMIT TO DRILL**

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NUMBER: Fee		
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER <u>Disposal</u> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:		
2. NAME OF OPERATOR: Legend Energy of Utah, LLC			7. UNIT or CA AGREEMENT NAME:		
3. ADDRESS OF OPERATOR: 30 E. Center, Box 63 CITY Kanab STATE Ut ZIP 84741		PHONE NUMBER: (435) 644-8666	8. WELL NAME and NUMBER: Pugh #8		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 670 FNL 1960 FWL AT PROPOSED PRODUCING ZONE: SAME			9. FIELD AND POOL, OR WLD/CAT:  10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W		
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 4.6 miles NE of Alton Town			11. COUNTY: Kane		12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 670		15. NUMBER OF ACRES IN LEASE: 2567		16. NUMBER OF ACRES ASSIGNED TO THIS WELL:	
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1800		18. PROPOSED DEPTH: 1,670		19. BOND DESCRIPTION:	
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7680GR		21. APPROXIMATE DATE WORK WILL START: 10/1/2001		22. ESTIMATED DURATION: 21 days	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4	8 5/8" J-55 32	200	Low Density	75sx	1.75 cf/sx 12.5
7 7/8	5 1/2" J-55 15.5	2,000	Low Density	250sx	1.75 cf/sx 12.5

**RECEIVED**  
 SEP 06 2001  
 DIVISION OF  
 OIL, GAS AND MINING

**ATTACHMENTS**

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

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

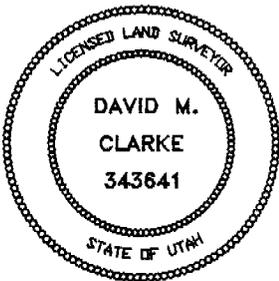
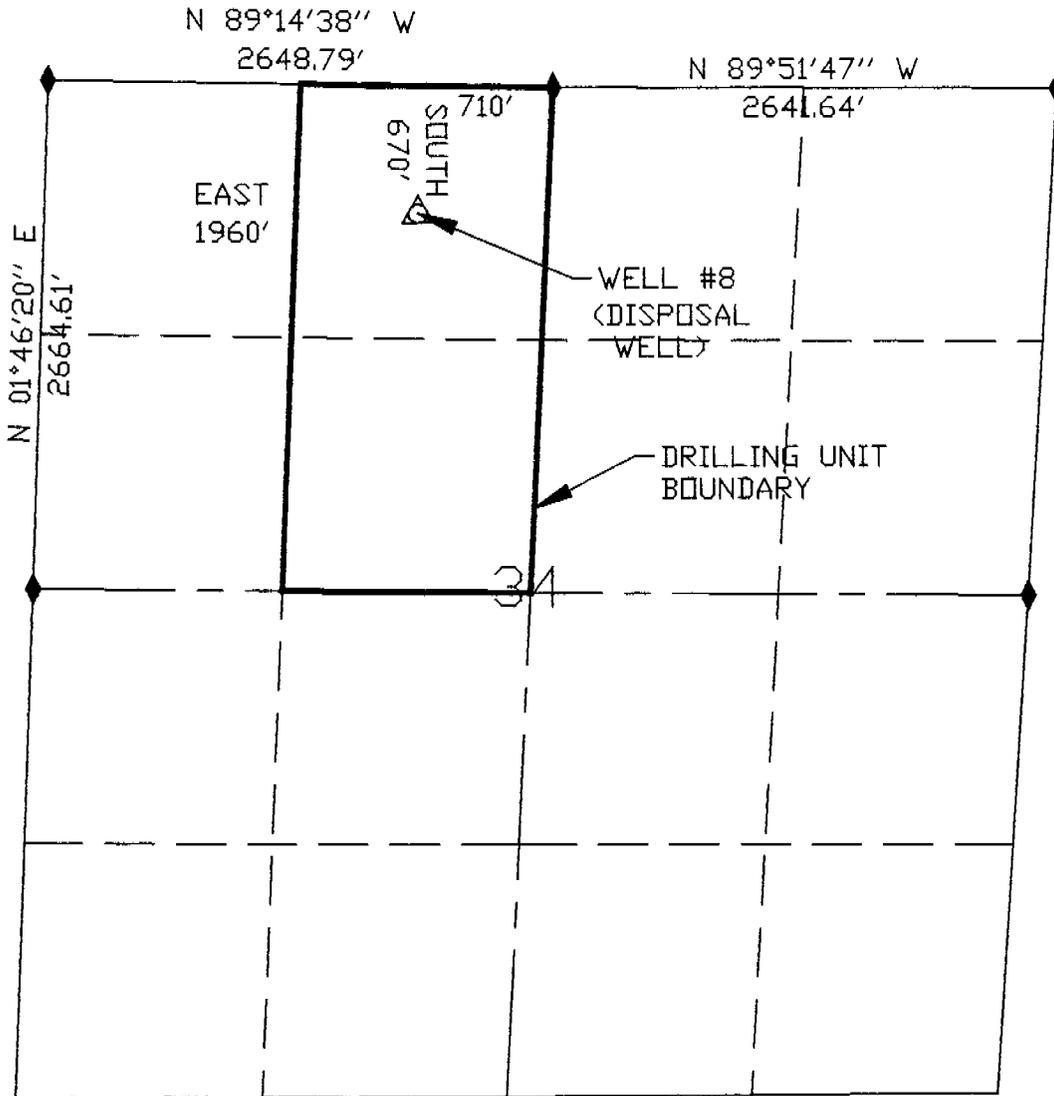
NAME (PLEASE PRINT) Walter A. Kelly, Jr. TITLE Designated Representative  
 SIGNATURE *Walter A. Kelly Jr* DATE 8/28/01

(This space for State use only)

API NUMBER ASSIGNED: 43-025-30039

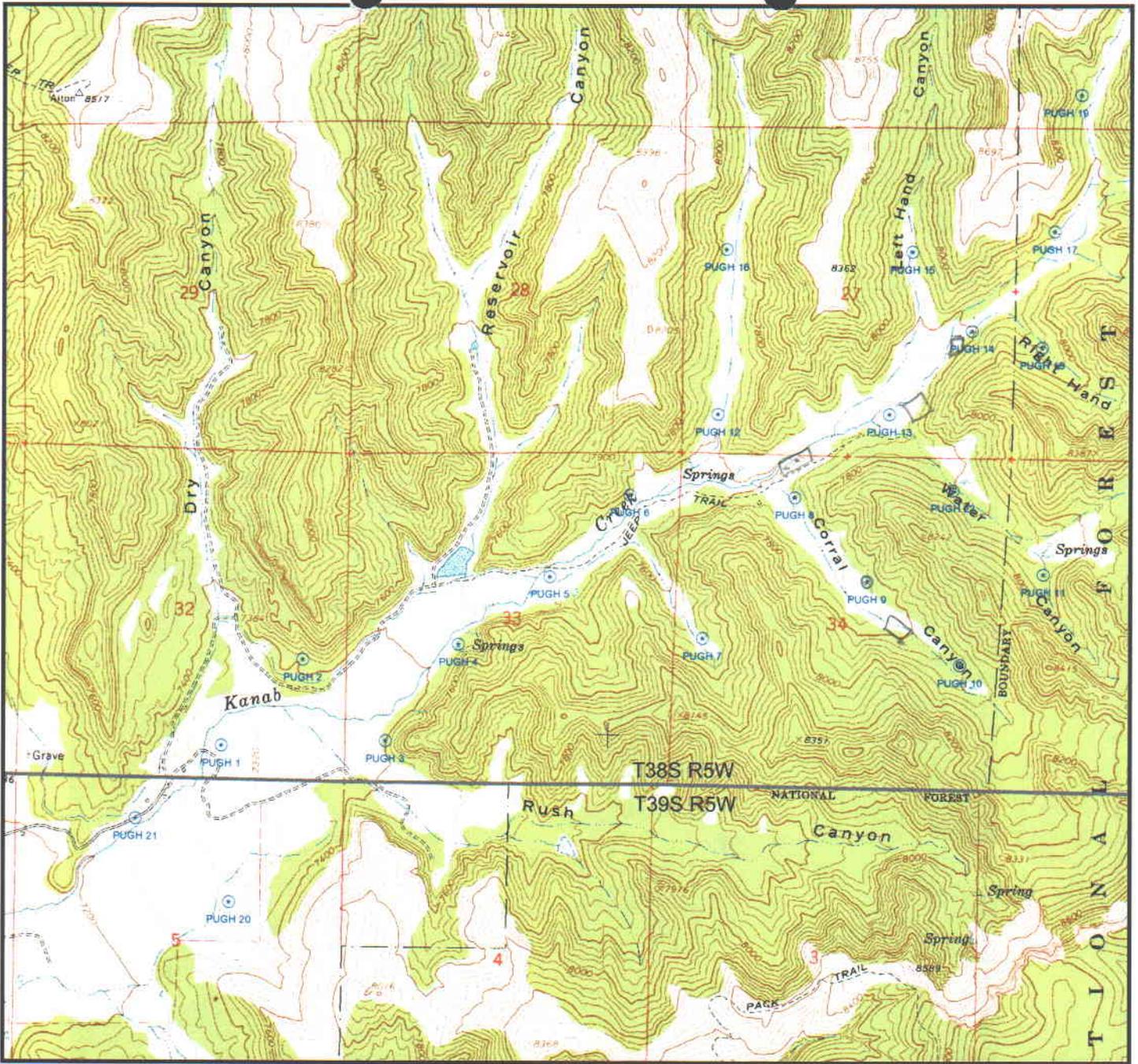
APPROVAL:

SECTION 34, T. 38 S., R. 5 W.,  
S.L.B. & M.



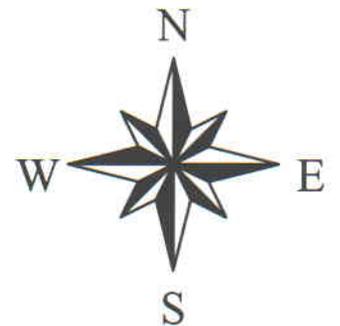
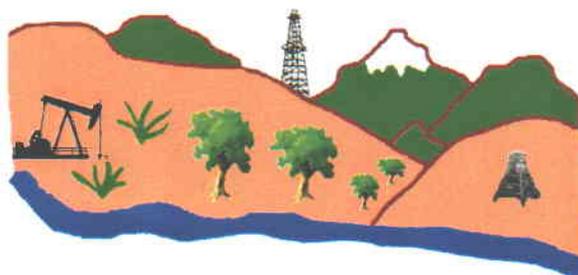
◆ DENOTES LOCATED GLO CORNER  
 T OTHER EXTERIOR CORNER LOCATIONS FIXED BY GLO INFORMATION

DRAWN BY: K.L. NELSON	PROJECT	SHT. NAME	SHT. NO.
DATE: AUG., 2001	EARTH ENERGY OF UTAH, LLC (LEGEND ENERGY CORP.) ALTON VALLEY PROSPECT, 2001 DRILLING PROGRAM WITHIN SECTION 34, T. 38 S., R. 5 W., S.L.B. & M.	PUGH WELL #8 (DISPOSAL WELL)	1
APPROVED BY: R.B. PLATT			

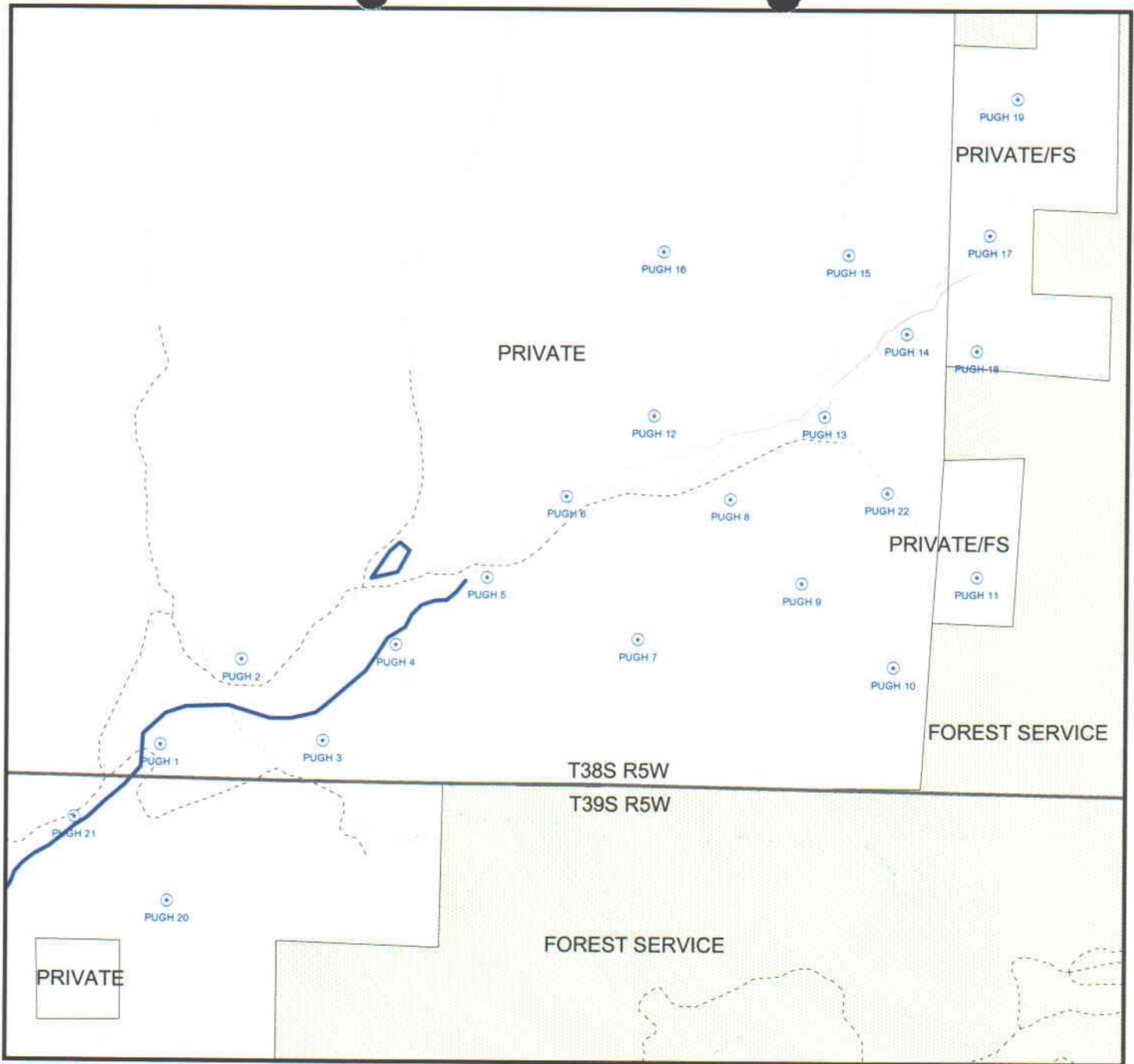


**Well Status**

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- ⊙ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- WATER SUPPLY
- △ WATER DISPOSAL
- Sections
- Township

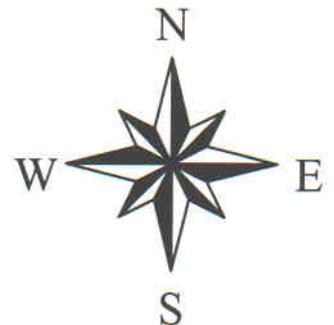
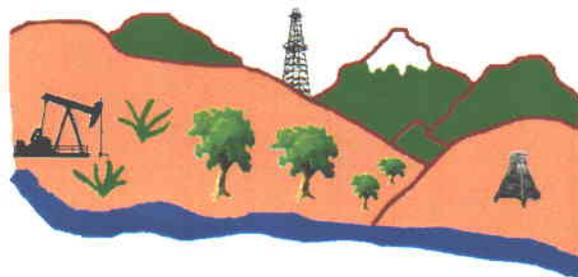


Prepared By: K. M. Hebertson



**Well Status**

- ◊ GAS INJECTION
- ◊ GAS STORAGE
- ◊ LOCATION ABANDONED
- ⊙ NEW LOCATION
- ◊ PLUGGED & ABANDONED
- ◊ PRODUCING GAS
- PRODUCING OIL
- ◊ SHUT-IN GAS
- SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- WATER SUPPLY
- ◊ WATER DISPOSAL
- ▭ Sections
- ▭ Township

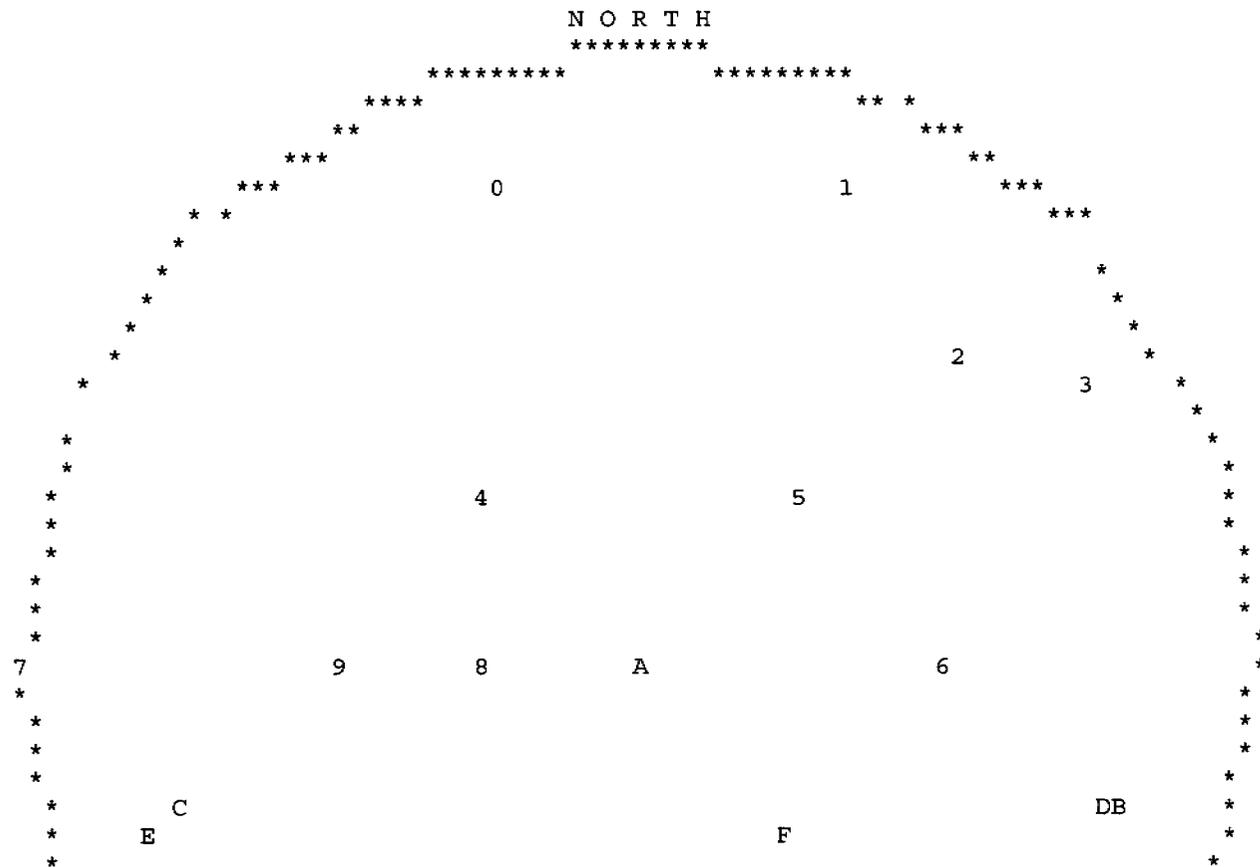


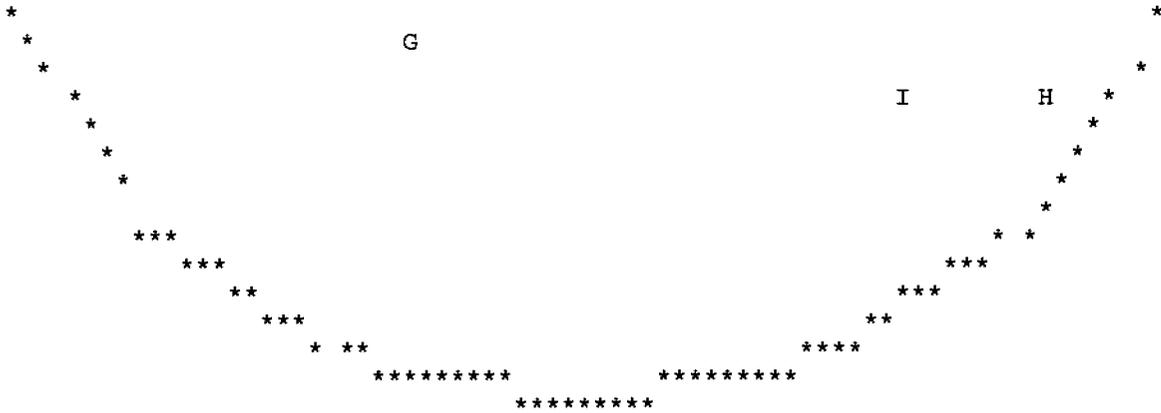
Prepared By: K. M. Hebertson

UTAH DIVISION OF WATER RIGHTS  
WATER RIGHT POINT OF DIVERSION PLOT CREATED FRI, NOV 23, 2001, 11:38 AM  
PLOT SHOWS LOCATION OF 24 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT  
S 670 FEET, E 1960 FEET OF THE NW CORNER,  
SECTION 34 TOWNSHIP 38S RANGE 5W SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET





UTAH DIVISION OF WATER RIGHTS  
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS	AND/OR AC-FT	SOURCE DESCRIPTION	or WELL INFO DIAMETER DEPTH YEAR LOG	POINT OF DIVERSION DESCRIPTION NORTH EAST CNR SEC TWN RNG B&M
0	85 1065	.0000	575.00	WATER USE(S): OTHER Earth Energy of Utah LLC	9 200 - 2000 30 East Center Street	S 1934 E 714 NW 27 38S 5W SL PRIORITY DATE: 10/17/20 Kanab
1	85 1065	.0000	575.00	WATER USE(S): OTHER Earth Energy of Utah LLC	9 200 - 2000 30 East Center Street	S 1978 W 1620 NE 27 38S 5W SL PRIORITY DATE: 10/17/20 Kanab
2	85 1065	.0000	575.00	WATER USE(S): OTHER Earth Energy of Utah LLC	9 200 - 2000 30 East Center Street	N 1994 W 664 SE 27 38S 5W SL PRIORITY DATE: 10/17/20 Kanab
2	85 206	.0000	.00	Right Hand Canyon Creek Pugh, Roger M.	140 South 1st West #2	PRIORITY DATE: 00/00/18 Kanab

3	85 1065	.0000	575.00	9	200 - 2000	N	1812	E	469	SW 26	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
4	85 1065	.0000	575.00	9	200 - 2000	N	665	E	580	SW 27	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
5	85 1065	.0000	575.00	9	200 - 2000	N	660	W	1984	SE 27	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
5	85 207	.0000	.00		Water Canyon Creek								
	WATER USE(S):										PRIORITY DATE:	00/00/18	
	Pugh, Roger M											Kanab	
	140 South 1st West #2												
5	85 205	.0000	.00		Left Hand Canyon Creek								
	WATER USE(S): STOCKWATERING										PRIORITY DATE:	00/00/18	
	Pugh, Roger M.											Kanab	
	140 South 1st West #2												
6	85 1065	.0000	575.00	9	200 - 2000	S	564	W	732	NE 34	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
7	85 543	.0000	.00		Reservoir Hollow								
	WATER USE(S): STOCKWATERING										PRIORITY DATE:	00/00/18	
	Heaton, Lloyd W. & Ross E. & Gail P. & V											Alton	
8	85 208	.0000	.00		Cabin Hollow Stream								
	WATER USE(S):										PRIORITY DATE:	00/00/18	
	Pugh, Roger M.											Kanab	
	140 South 1st West #2												
9	85 1065	.0000	575.00	9	200 - 2000	S	665	W	668	NE 33	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
A	85 1065	.0000	575.00	9	200 - 2000	S	670	E	1960	NW 34	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
B	85 1065	.0000	575.00	9	200 - 2000	S	1777	E	724	NW 35	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												
C	85 1065	.0000	575.00	9	200 - 2000	S	1978	W	1967	NE 33	38S	5W	SL
	WATER USE(S): OTHER										PRIORITY DATE:	10/17/20	
	Earth Energy of Utah LLC											Kanab	
	30 East Center Street												



004

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/06/2001

API NO. ASSIGNED: 43-025-30039

**AMENDED**

WELL NAME: PUGH 8

OPERATOR: LEGEND ENERGY OF UTAH ( N1890 )

CONTACT: WALTER KELLY

PHONE NUMBER: 435-644-8666

PROPOSED LOCATION:

NENW 34 380S 050W  
SURFACE: 0670 FNL 1960 FWL 387 FNL 1788 FWL  
BOTTOM: 0670 FNL 1960 FWL 387 FNL 1788 FWL  
KANE  
WILDCAT ( 1 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	6/28/02
Geology		
Surface		

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: ~~NAVA~~ DKTA

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[4]  
(No. 052-935294-0 ) Ref 5-28-02
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. T25802 )
- RDCC Review (Y/N)  
(Date: 9-26-01 )
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

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

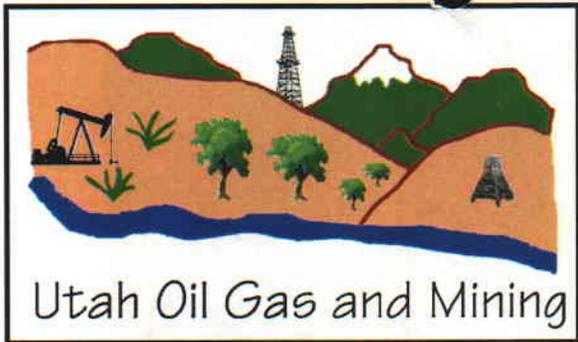
COMMENTS:

Need Presite (11-27-01)

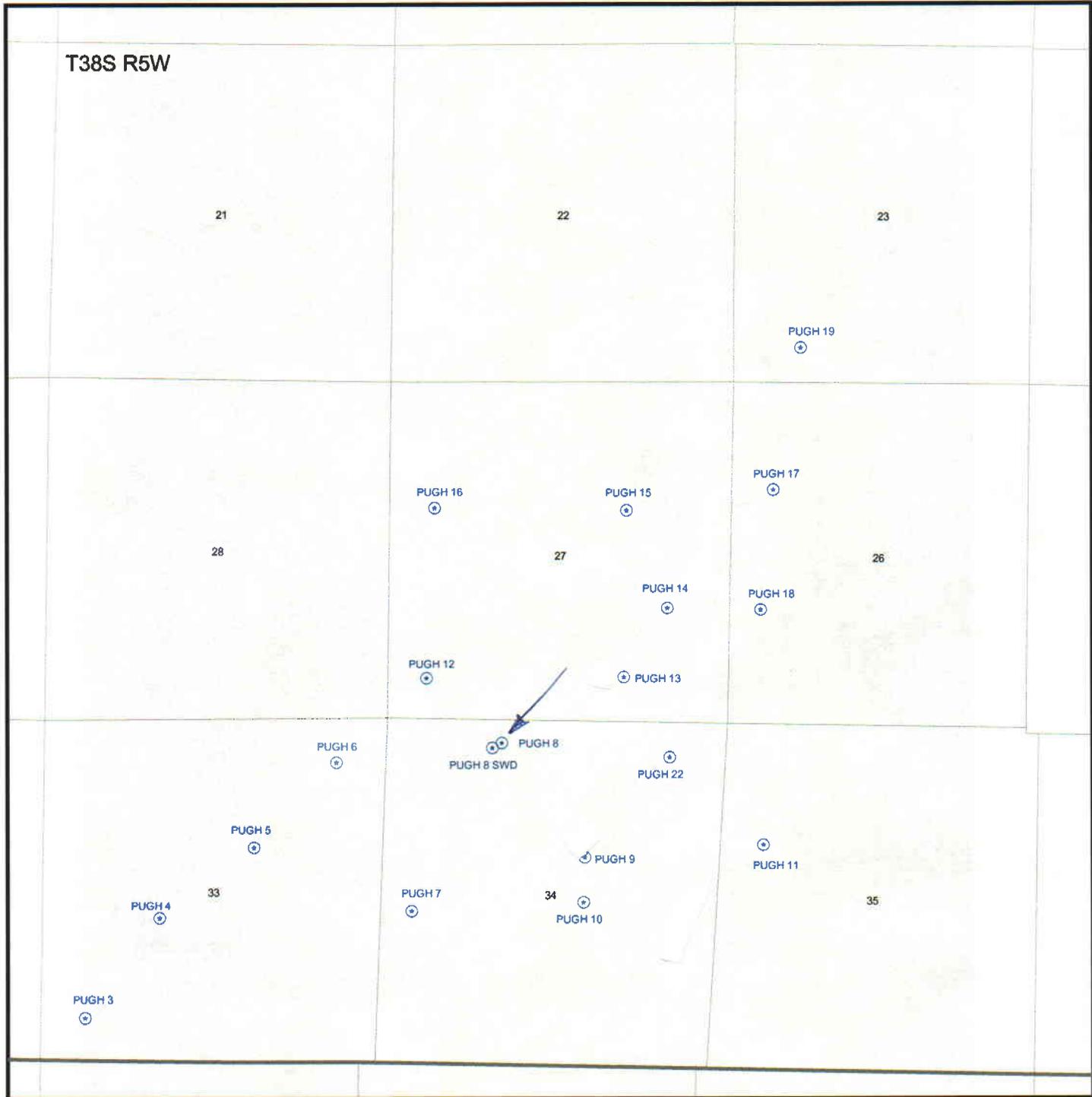
300' Strip From  
445' straight Logs  
Coals 720' down  
± 1200-1240  
Shales start @ ± 1000' top L  
Start  
Sands 1340 - 1440 Dakota  
surf @ 250'

STIPULATIONS:

- 1- Spacing Strip
- 2- Statement of basis
- 3- Production Casing Cement Strip (Class 6 tail shall be above the top of the Dakota ± 1500')
- 4- Surface Casing must be set in competent formation



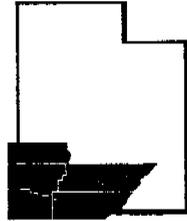
OPERATOR: LEGEND ENERGY OF UT (N1890)  
SEC. 27 & 34, T38S, R5W  
FIELD: WILDCAT (001)  
COUNTY: KANE



# Five County Association of Governments

906 North 1400 West  
St. George, Utah 84770

Fax (435) 673-3540



SOUTHWEST UTAH

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  Application   
Notice of Federal Action

Receipt Date 09/26/01 SAI Number \_\_\_\_\_ ACH Number \_\_\_\_\_

Applicant Identification, Address  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84102-2818

<u>Funding:</u>	
Federal	N/A
Supplemental	N/A
State	N/A
Local	N/A
Other	N/A
<b>TOTAL</b>	<b>N/A</b>

Applicant's Project Title:

**APPLICATION FOR PERMIT TO DRILL**

Description: Legend Energy of Utah, LLC proposes to drill the Pugh #1, Pugh #2, Pugh #4, Pugh #5, Pugh #7, Pugh #8, Pugh #9, Pugh #10, Pugh #11, Pugh #13, Pugh #14, Pugh #15, Pugh #16, Pugh #17, Pugh #20, Pugh #21 wells (wildcat) on Fee leases, Kane 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): **10/02/01**

Screening Committee review completed (date) **10/10/01**

Executive Board Review Completed (date)

Referred to original for additional information (date)

- Recommend Approval  Comments (see reverse side of page)
- 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

October 10, 2001  
\_\_\_\_\_  
Date

Copy of review sent to applicant

**From:** Frances Bernards  
**To:** Lisha Cordova  
**Date:** 10/9/01 1:48PM  
**Subject:** comment on wildcat well

The proposed wildcat well drilling projects Pugh 1, 2, 4, 5, 7-11, 13-17, 20 and 21 may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating at the site. A permit application, known as a Notice of Intent (NOI) should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order.



Suite 1100, Eagle Gate Plaza & Office Tower  
60 East South Temple, Salt Lake City, UT 84111-1019  
P.O. Box 11808, Salt Lake City, UT 84147-0808

Tel (801) 532-1900 • Fax (801) 532-1913

nielsen.senior@ns-law.com  
www.ns-law.com

RECEIVED

OCT 29 2001

DIVISION OF  
OIL, GAS AND MINING

October 26, 2001

VIA FACSIMILE 359-3940  
AND FIRST CLASS MAIL

John Baza  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Re Legend Energy of Utah - Pugh Wells/Kane County

Dear John:

Thank you for speaking with me on the telephone yesterday. As we discussed, Legend Energy needs to have 160 acre spacing for its first four production wells and one disposal well to assess the conditions and dewatering of the Alton Coalbed natural gas field. After these wells are drilled, appropriate tests conducted, and measurements taken, we will be in a position to approach the Board of Oil, Gas & Mining about a spacing order for subsequent wells. I am writing, as promised in our telephone conversation, to provide location of the Pugh Wells at 160 Acre Spacing rather than 640 acre spacing. The five wells are as follows:

Pugh #8 (disposal)  
Pugh #9  
Pugh #10  
Pugh #12  
Pugh #14

Enclosed is a copy of a map previously submitted to the Division identifying the location of these wells. Please note that they all conform to the 160 acre spacing we discussed except for the disposal well which will not have any product. It is my understanding that the Division may be willing to provisionally approve these five wells. Please advise me if that is correct. Legend Energy is desirous of moving forward on drilling as soon as appropriate approvals are received.

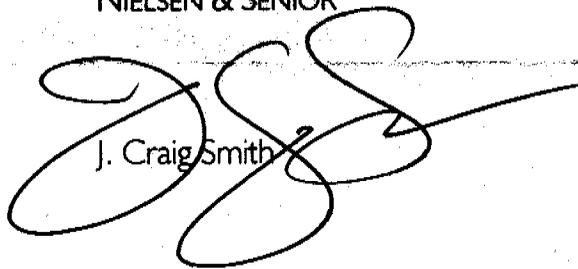
John Baza  
October 26, 2001  
Page 2

Thank you for your assistance.

Please contact me with any questions.

Sincerely,

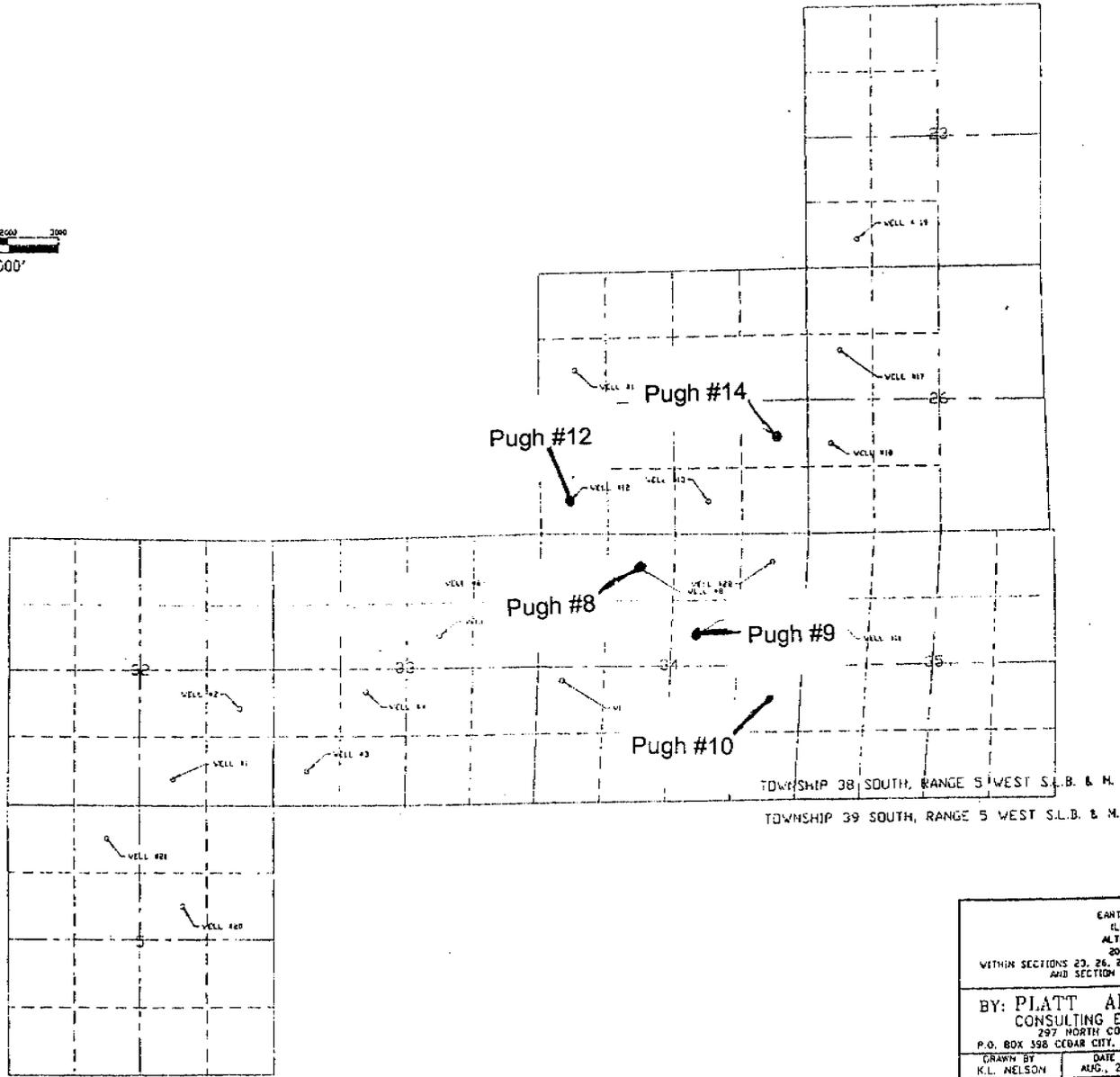
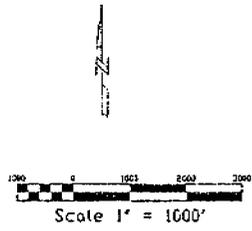
NIELSEN & SENIOR



J. Craig Smith

Enclosure

cc: Walter Kelly  
cc: Sam Kelly  
cc: Harriman Morgan



TOWNSHIP 38 SOUTH, RANGE 5 WEST S.L.B. & M.  
 TOWNSHIP 39 SOUTH, RANGE 5 WEST S.L.B. & M.

EARTH ENERGY OF UTAH, LLC  
 (LEGEND ENERGY CORP.)  
 ALTON VALLEY PROSPECT,  
 2001 DRILLING PROGRAM  
 WITHIN SECTIONS 23, 24, 27, 28, 30, 31, 34 & 35 N 34, T. 38 S., R. 5 W.,  
 AND SECTION 5, T. 39 S., R. 5 W., S.L.B. & M.

**BY: PLATT AND PLATT, INC.**  
 CONSULTING ENGINEERS & SURVEYORS  
 297 NORTH COVE DRIVE, CEDAR CITY, UTAH  
 P.O. BOX 598 CEDAR CITY, UTAH 84721-0398 PHONE: 435-588-6151

DRAWN BY K.L. NELSON	DATE AUG., 2001	SCALE 1 INCH = 1000 FT.	SHEET 1 OF 1
-------------------------	--------------------	----------------------------	-----------------

DRAWING NAME:

**(production well)  
Drilling Program**

Wells planned for the Pugh Leases

**Kane County, Utah**

**Depths**

Important Geological Markers	Estimated Depth in Feet
▪ Kaiparowits	400
▪ Straight Cliffs	600
▪ John Henry	700
▪ Tropic Shale	1200
▪ Top Dakota	1500
▪ Smirl	1600
▪ Bottom Bald Knoll	2000

Estimated Top & Bottom Depths of Mineral-Bearing Formations	
➤ Water	surface – 200 ft.
◆ Oil	none
◇ Gas	Dakota Formation:
	Smirl: 1600–1620
	Bald Knoll: 1985–2000
● Other	none

**Notable Zones**

Gas is expected in the Smirl (1600–1620) and Bald Knoll (1985–2000) coal seams. No other oil or gas zone is expected.

**Pressure Control**

An approximate 10" x 2,000 psi double ram with 2,000 psi choke manifold will be used from bottom of surface casing to TD. (A typical annular BOP is attached Actual model will not be known until the bid is let). BOP system will be tested to 70% of the minimum internal yield before drilling the surface casing shoe. Tests will be recorded in the driller's log. BOPs will be inspected and operated daily to assure good mechanical working order.

**Casing and Cementing**

Hole Size	O.D.	Weight	Grade	Type	Age	~Setting depth
12 1/4"	8 5/8"	23	K-55	ST&C	Tested to New Specs	200'
7 7/8"	4 1/2"	11	K-55	ST&C	Tested to New Specs	2,000'

Surface casing will be circulated to surface with ~200 sacks Class G Premium cement + Cello Flake. Weight = 15.6 ppg. Yield = 1.20 cubic feet per sack. Excess = 187%. If lost circulation is encountered, then the cement may be changed to a 50-50 poz mix to lighten the slurry to 13.3 ppg to allow the cement to be circulated to the surface. This cement will be tailed in with Class G Premium.

Long string will be cemented to surface with 280 sacks Class G Premium + 1% Microbond + 0.3% CFR-3 + 3% Halad. Weight = 15.6 ppg. Yield = 1.20 cubic feet per sack. If lost circulation is encountered, then the cement may be changed to a 50-50 poz mix to lighten the slurry to 13.3 ppg to allow the cement to be circulated to the surface. This cement will be tailed in with Class G Premium. Excess = 50% in open hole, 0% in cased hole.

### ***Mud Program***

Surface hole will be drilled with mud. Water used in the mix will be produced from this well and augmented as needed from a fresh water well at Pugh's Pond. Expected mud weight will be 8.6-9.2 pounds per gallon. Expected viscosity = 35 to 45. No fluid loss control will be used.

The remainder of the hole will be drilled to TD with mud as described above.

### ***Data Gathering***

First deviation survey will run ~200' below BSC. Additional surveys will be run every 300' to TD. Deviation limit will be 1°/100' and a maximum of 6° at TD. If deviation exceeds 4°, will decrease WOB, increase RPM, and survey at 200' intervals until corrected. If deviation becomes severe (>5°), may use a fourth stabilizer and convert to a full packed BHA.

Mud loggers will be onsite from ~800' to TD. They will have full chromatograph. Will collect samples every 30' from 800' to 1200'. Will collect samples every 10' from 1200' to TD.

Will run the following log suites:

HRI/DSN/SDL/GR (EVR Mode): 200' to TD  
HRI/DSN/SLD/GR: BSC TO TD

### ***Down Hole Conditions***

Maximum anticipated bottom hole pressure is 1000 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

### ***Miscellaneous***

Will spud date upon approval. It will take ~1 week to drill the well and ~1 week to complete the well.

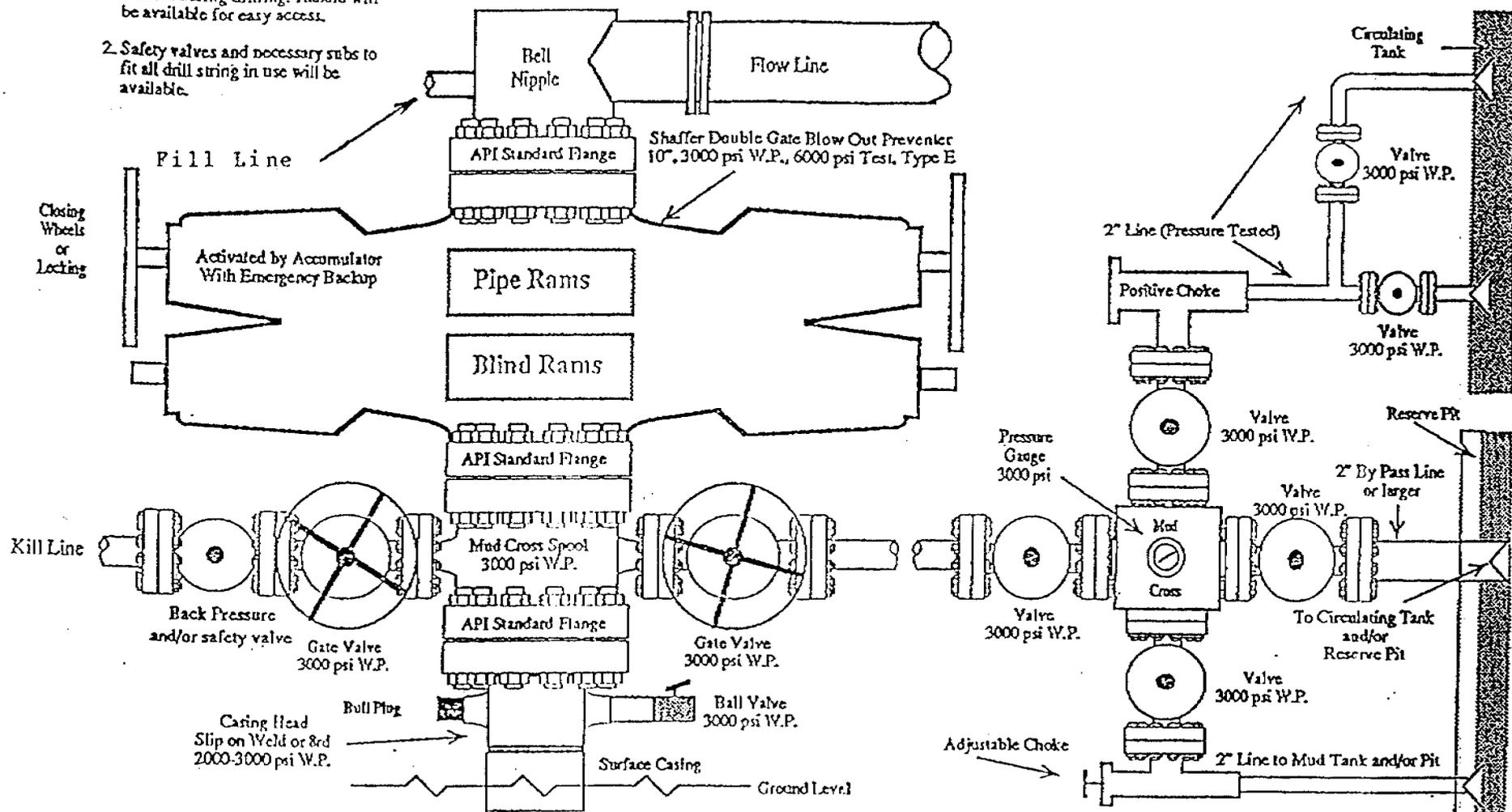
Kane County Hospital is located at 220 West 300 North in Kanab, Utah. The phone number is 435-644-5811

Pressure Control Equipment

Minimum 2" Choke Line.  
Minimum 2" Kill Line.  
At Least One 2" Minimum Kill Line Valve.

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

## ***Surface Use Plan***

### Existing Roads & Directions

From Highway 89 east approximately five miles to Alton Town. From Alton Town, travel approximately five miles east to northeasterly by then NE to project area.

### Existing Wells

There are no existing water, gas, oil, injection, or disposal wells within a mile.

### Proposed Facilities

Facilities may include tanks, filters, pumps, equipment shelters, fence, and generators. Well facilities will be painted a dark olive green color.

### Water Supply

Water will be trucked from existing water well at Pugh's Pond [WATER RIGHT T25802].

### Waste Disposal

All trash will be placed in a trash cage. When full, it will be hauled to a state approved landfill. There will be no trash burning or disposal of trash in the reserve pit. Chemical toilets will be used for human waste. Their contents will be disposed of in state approved facilities.

### Ancillary Facilities

There will be no airstrip or formal camp. Camper trailers will be on site for the company man, roughnecks, mud logger, tool pusher, etc.

### Well Site Layout

See attached site layout diagram for depictions of well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation.

## Reclamation

After completing drilling, the well site and immediate area will be cleared of all debris and material not needed for waste disposal.

Reclamation will start when the reserve pit is dry. At least  $\frac{1}{2}$  of cover will be placed on the reserve pit. All areas not needed for disposal will be backfilled, recontoured to match natural contours, and reserved topsoil and brush evenly spread. If the well is a producer, then enough topsoil will be kept aside to reclaim the rest of the pad. Disturbed areas will be ripped, harrowed, or scarified on the contour before seeding. All reclaimed areas will be broadcast seeded in late fall or winter with seed mixes specified by the state. Seeded areas will be left rough and lightly harrowed or dragged with a chain after seeding. Silt fence will be maintained until the revegetation is successful.

SURFACE OWNER  
OR NATURAL INDIGENOUS

## Surface Owner

The surface owner is Roger Pugh of Kanab, Utah.

## Representation

Anyone having questions concerning the APD should contact

J. Craig Smith  
Nielsen & Senior  
60 E. South Temple, Suite 1100  
Salt Lake City, UT 84111

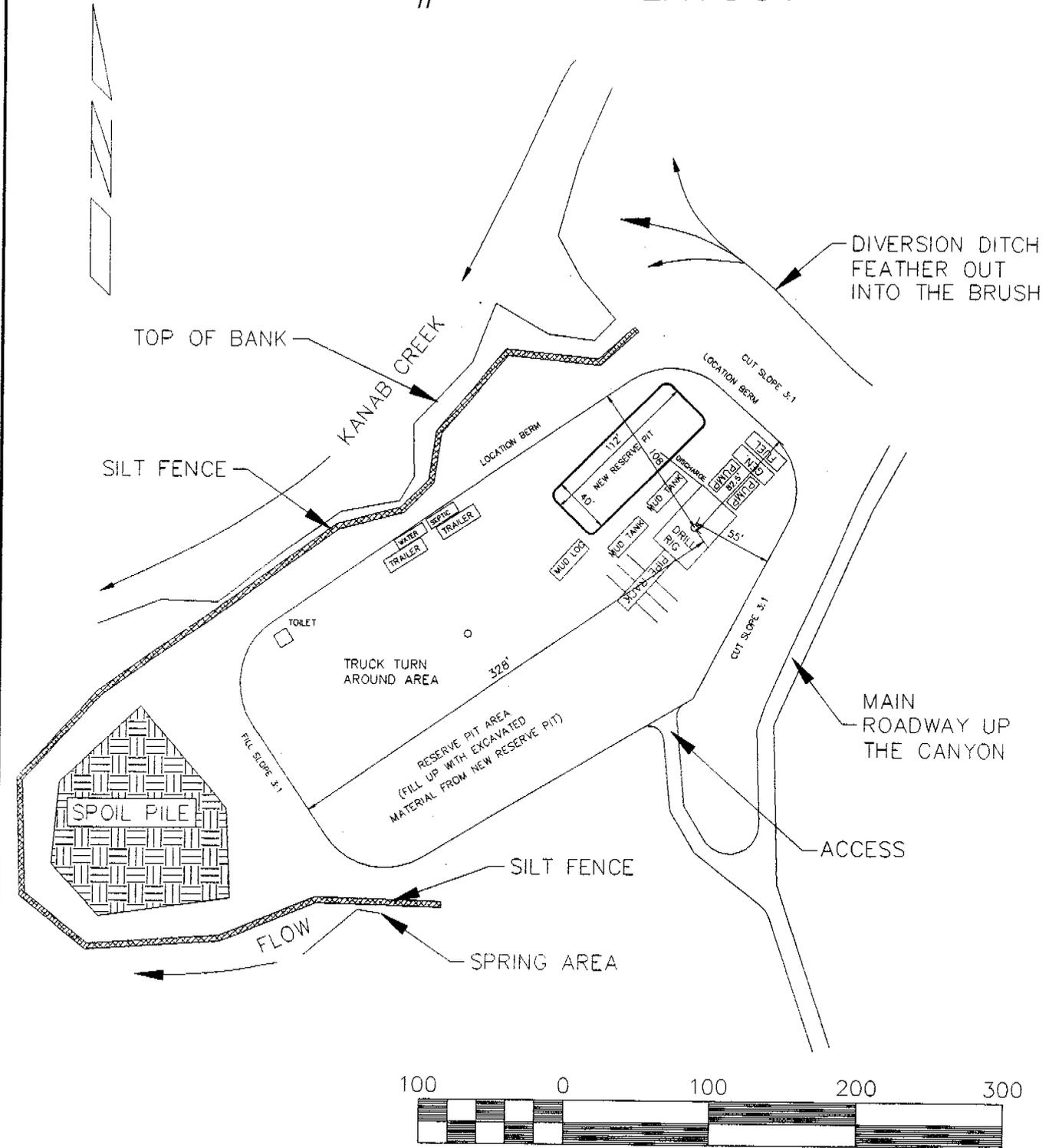
(801) 532-1900  
(801) 532-1913 (facsimile)

The field representative will be:

A.H. Morgan  
15 North 200 East  
P.O. Box 231  
Glendale, UT 84729

(435) 648-2647

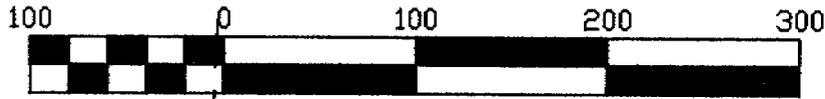
# PUGH #8 WELL LAYOUT



DRAWN BY: D.M. CLARKE  
 DATE:  
 DWG. NO.:  
 APPROVED BY:

EARTH ENERGY OF UTAH, LLC  
 ROGER M. PUGH LEASE  
 WELL PUGH #8  
 387' FNL & 1778' FWL  
 SECTION 34, T. 38 S., R. 5 W.  
 SLB&M, KANE COUNTY, UTAH

**PLATT & PLATT, INC.**  
 CONSULTING ENGINEERS & SURVEYORS  
 297 N. COVE DRIVE, P.O. BOX 398  
 CEDAR CITY, UTAH 84721-0398  
 (435)586-6151 FAX (435)586-8567



Scale 1" = 100'

WELL 8 SITE  
AREA 1.68 ACRES  
FINISH EL 7628.5



REVISED  
DISPOSAL WELL  
GROUND 7627.7  
FILL 0.80

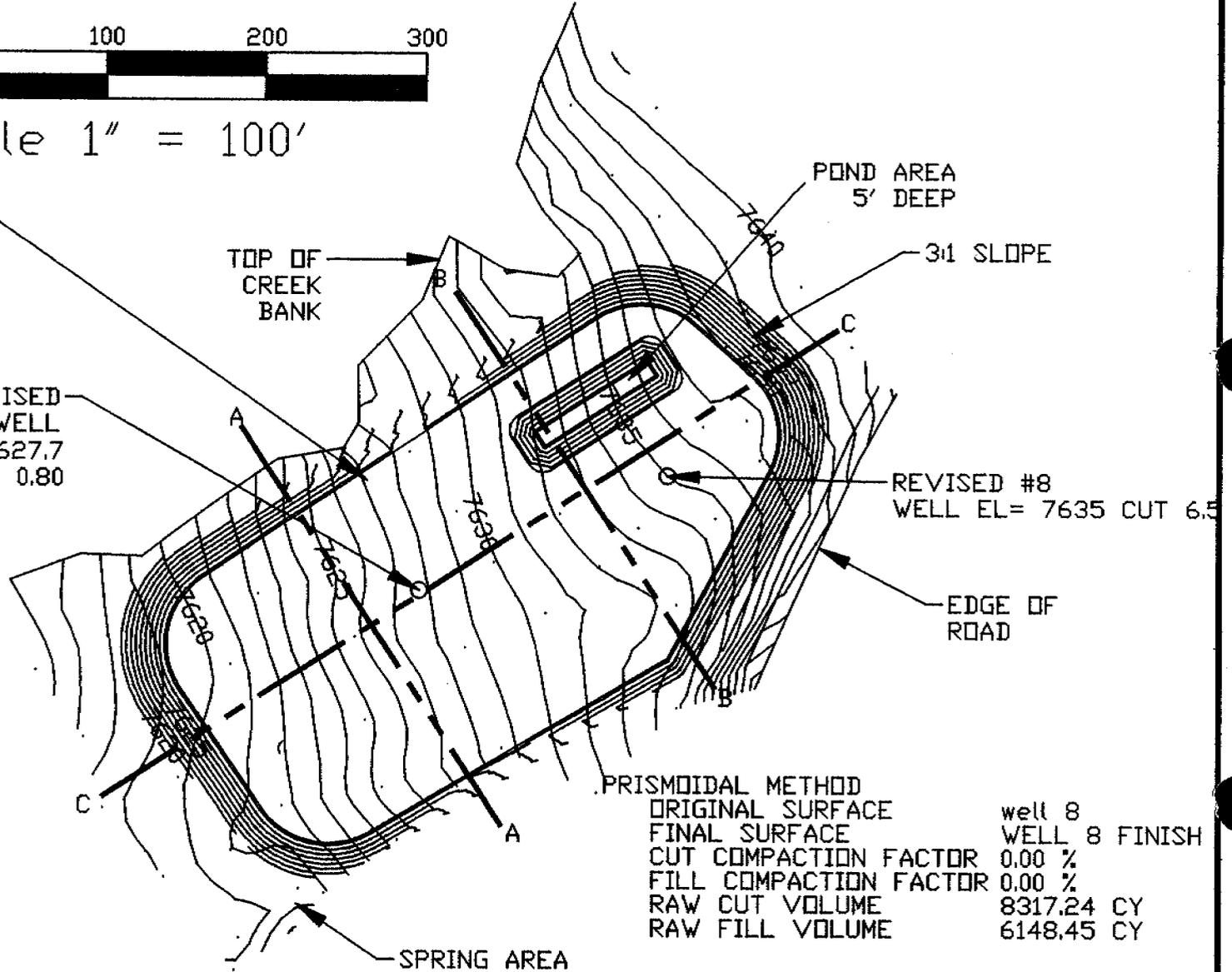
TOP OF  
CREEK  
BANK

POND AREA  
5' DEEP

3:1 SLOPE

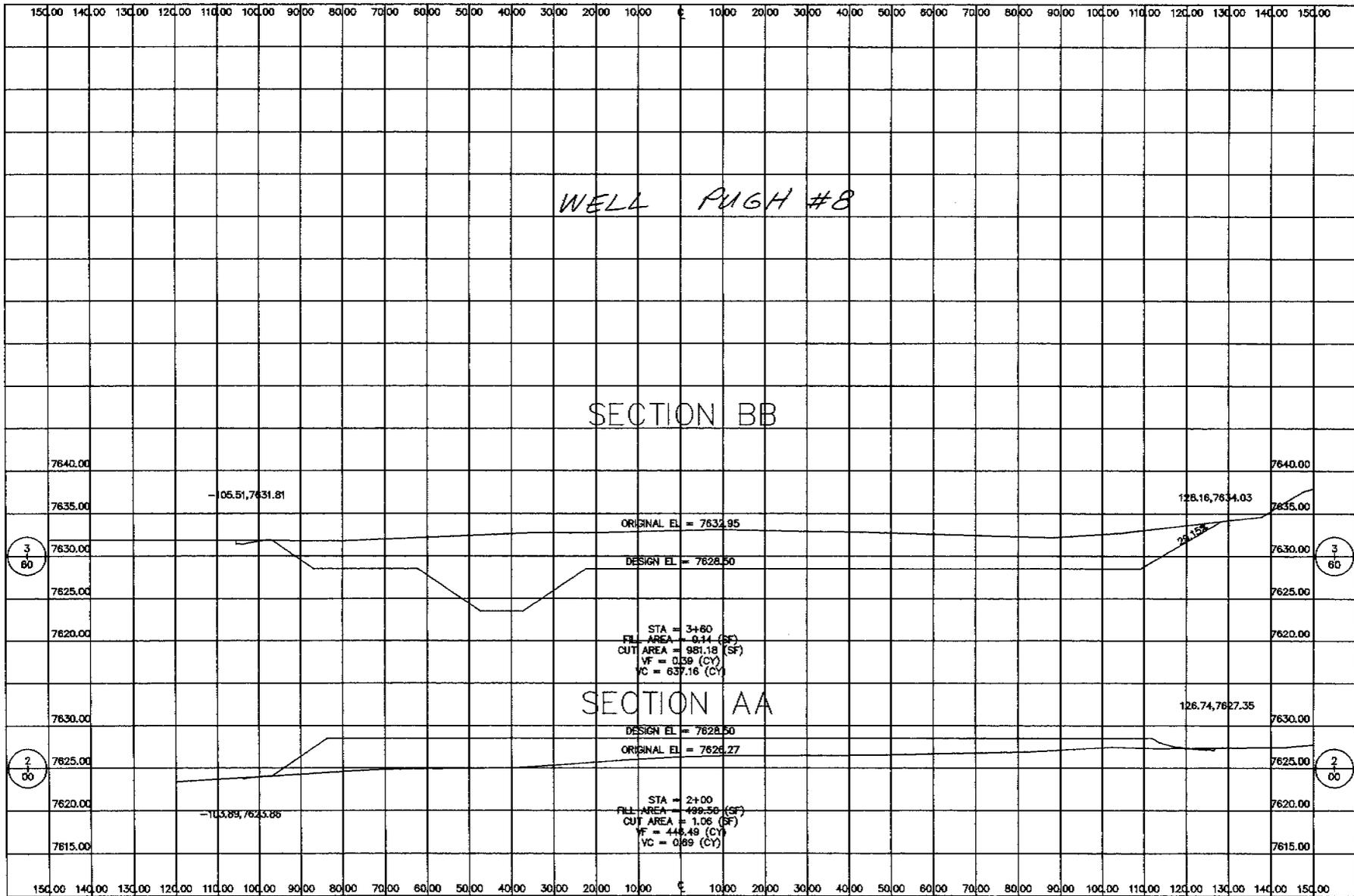
REVISED #8  
WELL EL= 7635 CUT 6.5

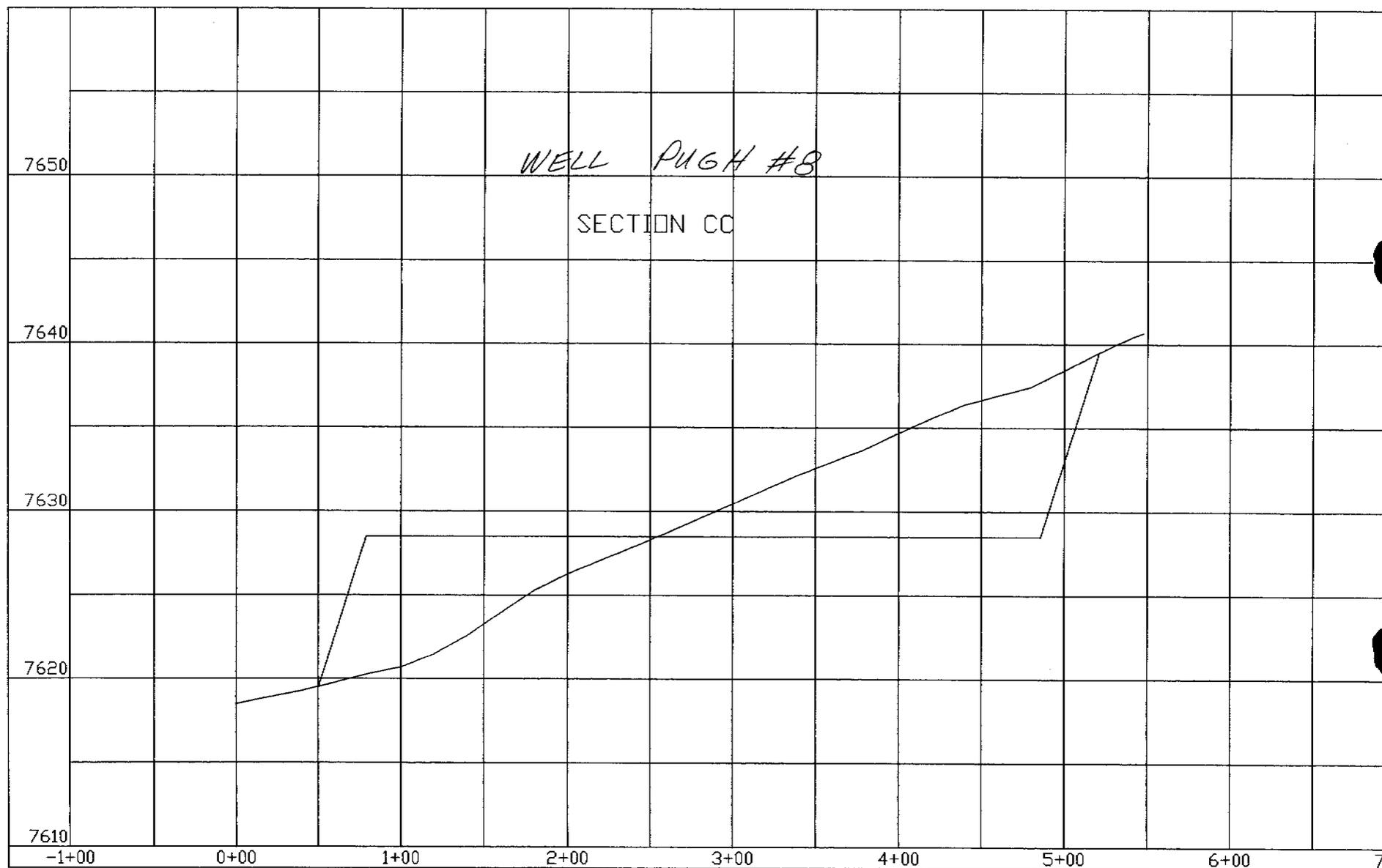
EDGE OF  
ROAD



PRISMOIDAL METHOD	
ORIGINAL SURFACE	well 8
FINAL SURFACE	WELL 8 FINISH
CUT COMPACTION FACTOR	0.00 %
FILL COMPACTION FACTOR	0.00 %
RAW CUT VOLUME	8317.24 CY
RAW FILL VOLUME	6148.45 CY

DRAWN BY:	REVISIONS	PROJECT	SHT. NAME	SHT. NO.
DATE:		EARTH ENERGY OF UTAH, LLC (LEGEND ENERGY CORP) ALTON VALLEY PROSPECT	PUGH WELL #8	
DWG. NO.:				
APPROVED BY:				





## Assignment of Surface Damage and Water Agreement

This Assignment is made by and between EARTH ENERGY OF UTAH, LLC ("Earth Energy"), a Utah limited liability company, as Assignor, and LEGEND ENERGY OF UTAH ("Legend Energy"), a Utah limited liability company, as Assignee.

### RECITALS

A. On or about June 9, 2001, Earth Energy entered into a Surface Damage and Water Agreement with Roger M. Pugh and Kathleen R. Pugh, husband and wife, and with Roger M. Pugh as attorney in fact for Verna H. Pugh (the "Pugh Agreement," a copy of which is attached hereto as Exhibit "1"), who are the owners of certain lands in Kane County, State of Utah.

B. Earth Energy now desires to assign its interests under the Pugh Agreement to Legend Energy, which is willing to assume, keep, observe, and perform all of the terms, conditions, and provisions of the Pugh Agreement originally to be kept, observed, and performed by Earth Energy.

NOW, THEREFORE, in consideration of the covenants contained in this Assignment of Lease and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Incorporation of Recitals.** The foregoing Recitals are incorporated as part of this Assignment by reference.
2. **Assignment.** Earth Energy hereby transfers and assigns, as of the date of this Assignment, all of its rights, duties, obligations, and interest under the Pugh Agreement to Legend Energy.
3. **Assumption.** Legend Energy, as of the date of this Assignment, hereby assumes all of the rights, duties, obligations, and interest of Earth Energy in the Pugh Agreement, and agrees to keep, observe, and perform all of the terms, conditions, and provisions of the Pugh Agreement that are specified therein to be kept, observed, and performed by Earth Energy.
4. **Acknowledgment.** Legend Energy acknowledges that all the terms, conditions, and provisions of the Pugh Agreement shall remain unchanged, other than the change effected by this Assignment.

ASSIGNOR:

EARTH ENERGY OF UTAH, L.L.C., a Utah limited liability company

By A. Harriman Morgan  
A. Harriman Morgan, Manager

By Kyle T. Jorgensen  
Kyle T. Jorgensen, Manager

ASSIGNEE:

LEGEND ENERGY OF UTAH, L.L.C., a Utah limited liability company

By A. Harriman Morgan  
A. Harriman Morgan, Manager

SURFACE DAMAGE AND WATER AGREEMENT

Let it be known that on June 9, 2001, ROGER M. PUGH and KATHLEEN R. PUGH, husband and wife of Kane County, State of Utah and ROGER M. PUGH, Attorney in Fact and Power of Attorney for VERNA H. PUGH agrees to accept as Surface Damages \$1,500 per approved well drilled on said land owned by the above persons as described in SCHEDULE "A".

See SCHEDULE "A" ATTACHED

Also above persons and Trustee of said Trust agrees to furnish water for the drilling and completion of each well described in SCHEDULE "A" for \$500.00 per well, if available.

EARTH ENERGY OF UTAH, LLC agrees to pay the above amounts to said owners on a well by well basis.

EARTH ENERGY OF UTAH, LLC and / or it's assigns will not enter said premises until EARTH ENERGY OF UTAH, LLC has paid the owners \$1,500.00 for Surface Damages and \$500.00 for water for drilling of the first well.

All payments will be made on a well by well basis.

This SURFACE DAMAGE AND WATER AGREEMENT was signed and approved June \_\_, 2001.

\_\_\_\_\_  
EARTH ENERGY OF UTAH, LLC

*Walter A. Kelly Jr.*  
\_\_\_\_\_  
WALTER A. KELLY JR. MANAGER

*Roger M. Pugh*  
\_\_\_\_\_  
ROGER M. PUGH

*Kathleen R. Pugh*  
\_\_\_\_\_  
KATHLEEN R. PUGH

*Roger M. Pugh*  
\_\_\_\_\_  
ROGER M. PUGH, Attorney in Fact  
and POWER OF ATTORNEY for  
VERNA H. PUGH

## SCHEDULE "A"

### Surface Damage and Water Agreement

Schedule A is made a part of the SURFACE DAMAGE AND WATER AGREEMENT dated June 9, 2001, between Earth Energy of Utah, LLC and by Roger M. Pugh and Kathleen R. Pugh, husband and wife, of Kane County, Utah, and Roger M. Pugh, Attorney in Fact and Power of Attorney for the Verna H. Pugh Trust.

Pugh Well #1	SW $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 32, T 38 S, R 5 W, SLBM
Pugh Well #2	NE $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 32, T 38 S, R 5 W, SLBM
Pugh Well #3	SW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #4	NE $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #5	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #6	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #7	NW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #8	NE $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM
Pugh Well #9	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM
Pugh Well #10	NE $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM
Pugh Well #11	SW $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 35, T 38 S, R 5 W, SLBM
Pugh Well #12	SW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #13	SW $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #14	NE $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #15	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #16	SW $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #17	SW $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 26, T 38 S, R 5 W, SLBM
Pugh Well #18	NW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 26, T 38 S, R 5 W, SLBM
Pugh Well #19	SW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 23, T 38 S, R 5 W, SLBM
Pugh Well #20	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 5, T 39 S, R 5 W, SLBM
Pugh Well #21	NE $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 5, T 39 S, R 5 W, SLBM
Pugh Well #22	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM

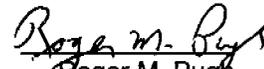
  
 \_\_\_\_\_  
 Walter A. Kelly, Jr.  
 Earth Energy LLC

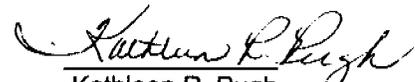
## SCHEDULE "A"

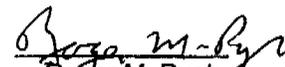
### Surface Damage and Water Agreement

Schedule A is made a part of the SURFACE DAMAGE AND WATER AGREEMENT dated June 9, 2001, between Earth Energy of Utah, LLC and by Roger M. Pugh and Kathleen R. Pugh, husband and wife, of Kane County, Utah, and Roger M. Pugh, Attorney in Fact and Power of Attorney for the Verna H. Pugh Trust.

Pugh Well #1	SW $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 32, T 38 S, R 5 W, SLBM
Pugh Well #2	NE $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 32, T 38 S, R 5 W, SLBM
Pugh Well #3	SW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #4	NE $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #5	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #6	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #7	NW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 33, T 38 S, R 5 W, SLBM
Pugh Well #8	NE $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM
Pugh Well #9	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM
Pugh Well #10	NE $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM
Pugh Well #11	SW $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 35, T 38 S, R 5 W, SLBM
Pugh Well #12	SW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #13	SW $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #14	NE $\frac{1}{4}$ of SE $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #15	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #16	SW $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 27, T 38 S, R 5 W, SLBM
Pugh Well #17	SW $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 26, T 38 S, R 5 W, SLBM
Pugh Well #18	NW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 26, T 38 S, R 5 W, SLBM
Pugh Well #19	SW $\frac{1}{4}$ of SW $\frac{1}{4}$	Sec. 23, T 38 S, R 5 W, SLBM
Pugh Well #20	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 5, T 39 S, R 5 W, SLBM
Pugh Well #21	NE $\frac{1}{4}$ of NW $\frac{1}{4}$	Sec. 5, T 39 S, R 5 W, SLBM
Pugh Well #22	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	Sec. 34, T 38 S, R 5 W, SLBM

  
Roger M. Pugh

  
Kathleen R. Pugh

  
Roger M. Pugh  
for Verna H. Pugh





**DESIGNATION OF AGENT OR OPERATOR**

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

**LEASE NAME:** Fee Leases (see attached leases)

**LEASE NUMBER:** \_\_\_\_\_

and hereby designates

**NAME:** Legend Energy of Utah, LLC

**ADDRESS:** 30 E. Center, Box 63

city Kanab state UT zip 84741

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.)

Pugh Well #1 - Disposal	Pugh Well #11 - Gas	Pugh Well #21 - Gas
Pugh Well #2 - Gas	Pugh Well #12 - Gas	Pugh Well #22 - Gas
Pugh Well #3 - Gas	Pugh Well #13 - Gas	
Pugh Well #4 - Gas	Pugh Well #14 - Gas	
Pugh Well #5 - Gas	Pugh Well #15 - Gas	
Pugh Well #6 - Gas	Pugh Well #16 - Gas	
Pugh Well #7 - Gas	Pugh Well #17 - Gas	
Pugh Well #8 - Disposal	Pugh Well #18 - Gas	
Pugh Well #9 - Gas	Pugh Well #19 - Gas	
Pugh Well #10 - Gas	Pugh Well #20 - Gas	SEE ATTACHED MAP

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:** \_\_\_\_\_

**BY:** (Name) Walter A. Kelly, Jr.  
(Signature) *Walter A. Kelly, Jr.*  
(Title) Manager  
(Phone) (435) 644-8666

**OF:** (Company) Earth Energy of Utah, LLC  
(Address) 30 E. Center, Box 73  
city Kanab  
state UT zip 84741

OIL AND GAS LEASE

HIS AGREEMENT made and entered into this 3rd day of November, 1920 and between Roger M. Pugh and Kathleen R. Pugh, Husband and Wife

of Kane County, State of Utah hereinafter called the lessor (whether one or more), whose address is 140 South 100 West, Kanab, Utah 84741 and Legend Energy Corp., Stillwater, Oklahoma 74074 hereinafter called the lessee, WITNESSETH:

(1) That said lessor for and in consideration of the sum of Ten and more Dollars in hand paid by the lessee, the receipt of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessee to be paid, kept and performed, by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of mining and operating for and producing oil, gas and other hydrocarbons (including the exclusive right to make any kind or character of geological or geophysical surveys or tests) and of laying pipe lines, constructing tanks, erecting buildings and other structures, and all other rights and privileges necessary, incident, or convenient for the economical operation of said lands, alone or co-jointly with neighboring lands, the following described premises situate in Township 38, 39 S. Range 5 W. County of Kane State of Utah, to wit:

See Exhibit "A" attached hereto and made a part of this Oil and Gas Lease.

containing 2,567.35 acres, more or less, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State.

(2) This lease shall remain in force for a term of ten (10) years from this date and as long thereafter as oil or gas is or can be produced from said lands by the lessee. The consideration above stated is paid to and accepted by lessor as a good and sufficient consideration for all rights and privileges herein granted to lessee, its successors or assigns.

(3) The lessee shall pay to the lessor as royalty the proceeds from one-eighth (1/8) of all the oil and gas and other hydrocarbon produced and sold from the leased premises at the prevailing market price therefor at the wells.

(4) If operations for the drilling of a well are not commenced on said lands on or before one year from the date hereof this lease shall terminate unless the lessee shall, on or before one year from the date hereof, pay or tender to the lessor or for the lessor's credit in the Zions First National Bank, at Kanab, Utah, or its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of Two Thousand Five Hundred Sixty-Seven 350 Dollars (\$2,567.35) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make such payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at its election may pay all rentals and royalties thereafter accruing, to the credit of this lease in the depository bank last designated by lessor as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

(5) Subject to the provisions of Section 6 hereof, it is agreed that: (a) If during the primary term lessee shall, prior to obtaining production, drill a dry hole, or if after discovery production shall cease from any cause, this lease shall not terminate, provided (1) production shall be resumed or operations for the drilling of a well shall be commenced on or before the next ensuing rental paying date, or (2) lessee begins or resumes the payment of rentals in the manner and amount above provided on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production; (b) If, at or after the expiration of the primary term, oil, gas or other hydrocarbon cannot be or is not being produced on said land, or lands unitized therewith, for any cause, but lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than sixty consecutive days, and, if they result in the production of oil, gas or other hydrocarbon, so long thereafter as oil, gas or other hydrocarbon is or can be produced.

(6) It is agreed that the times for beginning or for performing any work or operations under this lease shall be suspended or extended during such periods of time as such work or operations shall be delayed, interrupted or prevented by any cause of whatever kind or nature beyond the reasonable control of the lessee. If, after production has been obtained, operations under this lease are delayed, interrupted or prevented by lack of reasonable market, or by any cause of whatever kind or nature beyond the reasonable control of the lessee, this lease shall not terminate or be forfeited and no right of damages shall exist against lessee by reason thereof, provided operations are commenced or resumed within a reasonable time after removal of such cause. If at any time within three months prior to the expiration of the primary term of this lease, production has not been obtained and the commencement or continuance of operations for the drilling of a well on said lands is delayed or prevented by any of the causes mentioned in this paragraph, the said primary term and all other terms of this lease may be extended for successive periods of time while such cause or causes exist, by continuing the payment or tender of delay rentals in the manner and amount and for the periods of time as provided in Section 4 of this lease for deferment of the commencement of drilling operations during the said primary term.

(7) Lessee, free of cost, may use oil, gas, or water found on said lands for operating purposes, but not water from lessor's wells; lessor to have free gas for stoves and inside lights in the principal dwelling house on said lands, from any well thereon producing gas only, by making his own connections therewith, the use of such gas to be at the sole risk and expense of the lessor. Gas, including casinghead gas and residue gas, produced from any oil or gas well unavoidably lost, or which may be used by lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the ground, whether through wells located on leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. When requested by the lessor, the lessee shall bury its pipe lines below plow depth and also pay for damages caused by its operations to growing crops on said land. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration or cancellation of this lease to remove all machinery, fixtures, houses, buildings, and any and all other structures placed on said premises, including the right to draw and remove all casing.

(8) If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until it has been notified thereof and has been furnished, forty-five (45) days before payment is due, with the original recorded transfer or assignment or a certified copy thereof. If lessee assigns this lease, in whole or as to specific parts, or as to an undivided interest therein, the obligation, if any, to pay rentals shall be apportioned as between the several lease owners ratably according to their respective interests therein, and default by one or more in the payments or tenders of rentals shall not affect the validity of the lease on the portion of said lands or mineral interest therein upon which pro rata rentals are duly paid or tendered. Upon any assignment by lessee, it shall thereafter be relieved of all future expressed or implied obligations as to the portion or part assigned.

(9) The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

(10) Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above described lands, and may also redeem said lands for and on behalf of the lessor or lessee, and in the event lessee exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such judgment, tax, mortgage or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatsoever kind or character now or hereafter levied by any duly constituted taxing authority upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

\*\$2,567.35 is the total sum. One-half or \$1,288.68, is payable to Roger M. Pugh and Kathleen R. Pugh as Husband and Wife. One-half or \$1,288.68 is payable to Roger M. Pugh, Attorney in Fact for Verna H. Pugh.

RECORDED AT REQUEST OF LEASOR \$1.00  
KANE COUNTY RECORDER  
PAGE 515-591  
DATE MAY 3, 1920 AT 12:30 PM

(11). If lessee at any time should include all or any part of the lands covered by this lease in a unit or cooperative operating agreement, lessee shall have the right to include lessor's royalty interest in said unit and thereupon said agreement shall exclusively control the drilling, operating, and producing of such lands, anything to the contrary in this lease notwithstanding. The commencement of operations on any part of the lands included in such agreement shall be deemed to comply with and satisfy all provisions of this lease relative to commencement and conduct of drilling operations. If oil, gas or other hydrocarbon is found in paying quantities on any of the tracts of land included in such agreement, whether or not on lands included in this lease, the royalty payments provided by Section 3 hereof, shall be paid only upon the portion of such production which is allocated under said agreement to lands covered by this lease; and this lease shall remain in force as long as oil, gas or other hydrocarbon is or can be produced from such tracts, or any of them. Any agreement made by lessee under this paragraph shall be in writing, and lessee shall furnish lessor with a copy of the signed agreement.

(12). This lease shall not be terminated, forfeited or cancelled for failure by lessee to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have been first finally and judicially determined that such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessee's election it may surrender the lease with option of reserving under the terms of this lease each producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

(13). Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to easements for rights of way necessary or convenient for lessee's operations on land retained by it.

(14). This lease and all its terms, conditions, and stipulations, shall extend to and be binding upon all heirs, devisees, representatives, successors or assigns of said lessor or lessee.

(15). This lease may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document; and this lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing notwithstanding some of the lessors above named may not join in the execution hereof.

EXECUTED as of the day and year first above written.

Signed and delivered in the presence of:

\_\_\_\_\_  
 Roger M. Pugh  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Kathleen R. Pugh

STATE OF Utah ) (INDIVIDUAL ACKNOWLEDGMENT)  
 ) SS.  
 COUNTY OF Kane )

On the 3rd day of November, 2000, personally appeared before me Roger M. Pugh and Kathleen R. Pugh, Husband & Wife the signers of the above instrument, who duly acknowledged to me that they executed the same.

My Commission expires 1-13-01 Karon R. Jacobsen  
 Notary Public

Notary Public  
 KARON R. JACOBSEN  
 1020 South Monument Road  
 Kanab, Utah 87411  
 My Commission Expires  
 January 13, 2001



STATE OF \_\_\_\_\_ ) (CORPORATION ACKNOWLEDGMENT)  
 ) SS.  
 COUNTY OF \_\_\_\_\_ )

On the \_\_\_ day of \_\_\_\_\_, 2000, before me, the undersigned, a Notary Public in and for the state aforesaid, personally appeared

to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ execute the same as \_\_\_\_\_ 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. Given under my hand and seal the day and year last above written.

My Commission expires \_\_\_\_\_  
 Notary Public

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

(RECORDER'S CERTIFICATE)

STATE OF \_\_\_\_\_ at \_\_\_\_\_  
 County of \_\_\_\_\_

This instrument was filed for record at \_\_\_\_\_  
 o'clock \_\_\_\_\_ M., on the \_\_\_\_\_ day of \_\_\_\_\_  
 A. D. 19\_\_\_\_, and  
 duly recorded in Book \_\_\_\_\_ of \_\_\_\_\_  
 at Page \_\_\_\_\_

(Name of Officer)  
 No. \_\_\_\_\_ Fees, \$ \_\_\_\_\_  
 Return to \_\_\_\_\_  
 P. O. Address \_\_\_\_\_

EXHIBIT "A"

Exhibit "A" to that certain Oil and Gas Lease entered into upon this 3rd day of November, 2000, by and between Roger M. Pugh and Kathleen R. Pugh, husband and wife as Lessors, and Legend Energy Corp. of Stillwater, Oklahoma, as Lessee.

Township 38 South, Range 5 West of the Salt Lake Meridian, Utah

- Section 22: S1/2 SW1/4, SW1/4 SE1/4
- Section 23: SE1/4 NW1/4, E1/2 SW1/4, SW1/4 SW1/4
- Section 26: N1/2 NW1/4, SW1/4 NW1/4, N1/2 SW1/4
- Section 27: S1/2 N1/2, S1/2 S1/2, N1/2 SE1/4
- Section 32: Beginning at the East Quarter Corner of Section 32, and running thence South 86° 10' West 1,812.0 feet; thence North 84° 10' West 239.0 feet; thence South 2° 30' West 222.0 feet; thence South 24° 15' West 2,734.0 feet to the South line of Section 32, at a point which is North 89° 39' West 423.0 feet from the South Quarter Corner of Section 32; thence South 89° 39' East 2,334.6 feet; thence North 69° 30' East 782.0 feet to the East line of Section 32; thence North 0° 02' West along the Section line 2,296.6 feet to the point of beginning, containing 150 acres more or less.
- Section 33: The NE1/4 NE1/4, S1/2 NE1/4, N1/2 S1/2, SE1/4 NW1/4 and beginning at a point 455.855 feet East of the Southwest corner of the NE1/4 NW1/4 of Section 33, thence North 152 feet, thence East 456 feet, thence South 152 feet, thence West 456 feet to the point of beginning, containing 1.59 acres, more or less.  
ALSO: Beginning at the West quarter corner of Section 33, thence North 53° 08' East 24.73 chains to a point 5 chains South of the Northeast corner of the SW1/4 NW1/4, thence South 15 chains and West 20 chains to the point of beginning, containing 15 acres, more or less,  
ALSO: Beginning at a point on the West Section line 284 feet North of the Southwest corner of the Section 33, thence North 69° 30' East 344 feet, thence South 15° East 33 feet, thence North 67° East 356.4 feet, thence East 660 feet to the East line of the SW1/4 SW1/4, thence North along said line 810 feet to the Northeast corner of the SW1/4 SW1/4, thence West 1,320 feet to the Northwest corner of the SW1/4 SW1/4, thence South 1,036 feet to the point of beginning, containing 26.31 acres, more or less.
- Section 34: NW1/4, N1/2 NE1/4, SW1/4 NE1/4, N1/2 SE1/4, NW1/4 SW1/4.
- Section 35: W1/2 NW1/4

Township 39 South Range 5 West of the Salt Lake Meridian, Utah

- Section 5: Lot 2 (40.46 acres), Lot 3 (40.35 acres), SW1/4 NE1/4, SE1/4 NW1/4 and beginning 20 chains South and 14.4 chains East from the Northwest corner of Section 5, thence South 50° East 2 chains, thence South 13° 30' West 4.8 chains, thence South 25° West 5.4 chains, thence South 23° East 19.14 chains, thence North 28.47 chains and West 5.6 chains to the point of beginning, containing 11.91 acres, more or less, and ALSO: Beginning at the Northwest corner of Lot 1, thence East along the Section line 604 feet, thence South 69° West 650.96 feet, thence North 255 feet to the point of beginning, containing 1.77 acres, more or less
- Section 19: SE1/4 NE1/4, E1/2 SE1/4, SW1/4 SE1/4
- Section 20: Lot 5 (39 acres), Lot 8 (37.78 acres), N1/2 S1/2, S1/2 SW1/4
- Section 21: SW1/4 NW1/4, N1/2 SW1/4
- Section 29: Beginning at the Northwest corner of Section 29, thence South 34.69 chains, thence North 33° 22' East 35.5 chains, thence North 40° West 0.58 chains, thence North 37° 30' East 12.3 chains, thence West 22.23 chains to the point of beginning, containing 36.04 acres, more or less.
- Section 30: Lot 1 (38.6 acres), NE1/4 NW1/4, N1/2 NE1/4, and beginning 3.5 chains West of the East quarter corner, thence South 34° 34' West 22.64 chains, West 2.64 chains, North 40 chains, East 20 chains, South 14.69 chains and Southwesterly to the beginning, containing 58.54 acres, more or less.

OIL AND GAS LEASE

THIS AGREEMENT made and entered into this 3rd day of Nov. 1920 by and between Roger M. Pugh, Attorney in Fact & Power of Attorney for Verna H. Pugh

of Kane County, State of Utah hereinafter called the lessor (whether one or more), whose Post Office address is 116 South 100 West, Kanab, Utah 84741 and Legend Energy Corp., Stillwater, Oklahoma 74074 hereinafter called the lessee, WITNESSETH:

(1) That said lessor for and in consideration of the sum of Ten and more Dollars in hand paid by the lessee, the receipt of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessee to be paid, kept and performed, by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of mining and operating for and producing oil, gas and other hydrocarbons (including the exclusive right to make any kind or character of geological or geophysical surveys or tests) and of laying pipe lines, constructing tanks, erecting buildings and other structures, and all other rights and privileges necessary, incident, or convenient for the economical operation of said lands, alone or co-jointly with neighboring lands, the following described premises situate in Township 38 & 39 S., Range 5 W., County of Kane State of Utah to wit:

SEE SCHEDULE "A"

containing 2.567.35 acres, more or less, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State.

(2) This lease shall remain in force for a term of ten (10) years from this date and as long thereafter as oil or gas is or can be produced from said lands by the lessee. The consideration above stated is paid to and accepted by lessor as a good and sufficient consideration for all rights and privileges herein granted to lessee, its successors or assigns.

(3) The lessee shall pay to the lessor as royalty the proceeds from one-eighth (1/8) of all the oil and gas and other hydrocarbons produced and sold from the leased premises at the prevailing market price therefor at the wells.

(4) If operations for the drilling of a well are not commenced on said lands on or before one year from the date hereof this lease shall terminate unless the lessee shall, on or before one year from the date hereof, pay or tender to the lessor or for the lessor's credit in the Zions First National Bank, Kanab, Utah or its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of Two Thousand Five Hundred Sixty Seven and 35/100 Dollars (\$2,567.35) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make such payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at its election may pay all rentals and royalties thereafter accruing, to the credit of this lease in the depository bank last designated by lessor as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

(5) Subject to the provisions of Section 6 hereof, it is agreed that: (a) If during the primary term lessee shall, prior to obtaining production, drill a dry hole, or if after discovery production shall cease from any cause, this lease shall not terminate, provided (1) production shall be resumed or operations for the drilling of a well shall be commenced on or before the next ensuing rental paying date, or (2) lessee begins or resumes the payment of rentals in the manner and amount above provided on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production; (b) If, at or after the expiration of the primary term, oil, gas or other hydrocarbon cannot be or is not being produced on said land, or lands unitized therewith, for any cause, but lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force as long as operations are prosecuted with no cessation of more than sixty consecutive days, and, if they result in the production of oil, gas or other hydrocarbon, so long thereafter as oil, gas or other hydrocarbon is or can be produced.

(6) It is agreed that the times for beginning or for performing any work or operations under this lease shall be suspended or extended during such periods of time as such work or operations shall be delayed, interrupted or prevented by any cause of whatever kind or nature beyond the reasonable control of the lessee. If, after production has been obtained, operations under this lease are delayed, interrupted or prevented by lack of reasonable market, or by any cause of whatever kind or nature beyond the reasonable control of the lessee, this lease shall not terminate or be forfeited and no right of damages shall exist against lessee by reason thereof, provided the operations are commenced or resumed within a reasonable time after removal of such cause. If at any time within three months prior to the expiration of the primary term of this lease, production has not been obtained and the commencement or continuance of operations for the drilling of a well on said lands is delayed or prevented by any of the causes mentioned in this paragraph, the said primary term and all other terms of this lease may be extended for successive periods of time while such cause or causes exist, by continuing the payment or tender of delay rentals in the manner and amount and for the periods of time as provided in Section 4 of this lease for the deferment of the commencement of drilling operations during the said primary term.

(7) Lessee, free of cost, may use oil, gas, or water found on said lands for operating purposes, but not water from lessor's wells; lessor to have free gas for stoves and inside lights in the principal dwelling house on said lands, from any well thereon producing gas only, by making his own connections therewith, the use of such gas to be at the sole risk and expense of the lessor. Gas, including casinghead gas and residue gas, produced from any oil or gas well unavoidably lost, or which may be used by lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the ground, whether through wells located on leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. When requested by the lessor, the lessee shall bury its pipe lines below plow depth and also pay for damages caused by its operations to growing crops on said land. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration or cancellation of this lease to remove all machinery, fixtures, houses, buildings, and any and all other structures placed on said premises, including the right to draw and remove all casing.

(8) If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until it has been notified thereof and has been furnished, forty-five (45) days before payment is due, with the original recorded transfer or assignment or a certified copy thereof. If lessee assigns this lease, in whole or as owners ratable according to their respective interests therein, the obligation, if any, to pay rentals shall be apportioned as between the several lessees not affect the validity of the lease on the portion of said lands or mineral interest therein upon which pro rata rentals are duly paid or tendered. Upon any assignment by lessee, it shall thereafter be relieved of all future expressed or implied obligations as to the portion or part assigned.

(9) The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

(10) Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above described lands, and may also redeem said lands for and on behalf of the lessor or lessee, and in the event lessee exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such judgment, tax, mortgage or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands, any Lessor agrees to pay one-eighth (1/8) of all taxes of whatsoever kind or character now or hereafter levied by any duly constituted taxing authority upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

\*\$2,567.35 is the total sum. One-half or \$1,288.68, is payable to Roger M. Pugh and Kathleen R. Pugh as Husband and Wife. One-half or \$1,288.68 is payable to Roger M. Pugh, Attorney in Fact for Verna H. Pugh.

RECORDED AT REQUEST OF LEGAL INVESTIGATIVE FEES \$1.00 KANE COUNTY RECORDER DATE Nov 3 2000

ment, lessee shall have the right to include lessor's royalty interest in said agreement and thereupon said agreement shall exclusively control the drilling, operating, and producing of such lands, anything to the contrary in this lease notwithstanding. The commencement and conduct of the operations on any part of the lands included in such agreement shall be deemed to comply with and satisfy all provisions of this lease relative to commencement and conduct of drilling operations. If oil, gas or other hydrocarbon is found in paying quantities on any of the tracts of land included in such agreement, whether or not on lands included in this lease, the royalty payments, provided by Section 3 hereof, shall be paid only upon the portion of such production which is allocated under said agreement to lands covered by this lease; and this lease shall remain in force as long as oil, gas or other hydrocarbon is or can be produced from such tracts, or any of them. Any agreement made by lessee under this paragraph shall be in writing, and lessee shall furnish lessor with a copy of the signed agreement.

(12). This lease shall not be terminated, forfeited or cancelled for failure by lessee to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have been first finally and judicially determined that such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessee's election it may surrender the lease with option of reserving under the terms of this lease each producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

(13). Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to easements for rights of way necessary or convenient for lessee's operations on land retained by it.

(14). This lease and all its terms, conditions, and stipulations, shall extend to and be binding upon all heirs, devisees, representatives, successors or assigns of said lessor or lessee.

(15). This lease may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document; and this lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing notwithstanding some of the lessors above named may not join in the execution hereof.

EXECUTED as of the day and year first above written.

Signed and delivered in the presence of:

\_\_\_\_\_  
 Roger M. Pugh, Attorney in Fact  
 Power of Attorney for Verna H. Pugh  
 529-54-4294

STATE OF Utah ) (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF Kane ) SS.

On the 3rd day of November, 2000, personally appeared before me Roger M. Pugh, Attorney in Fact & Power of Attorney for the signer of the above instrument, who duly acknowledged to me that he executed the same. \*Verna H. Pugh

My Commission expires 1-13-01 *Karon S. Jackson*  
 Notary Public

Notary Public  
 KARON R. JACOBSEN  
 1020 South Monument Road  
 Kanab, Utah 84751  
 My Commission Expires  
 January 13, 2001

STATE OF \_\_\_\_\_ ) (CORPORATION ACKNOWLEDGMENT)

COUNTY OF \_\_\_\_\_ ) SS.

On the \_\_\_ day of \_\_\_\_\_, 2000, before me the undersigned, a Notary Public in and for the state aforesaid, personally appeared

to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ execute the same as \_\_\_\_\_ 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. Given under my hand and seal the day and year last above written.

My Commission expires \_\_\_\_\_  
 Notary Public

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

(RECORDERS CERTIFICATE)

50 19

STATE OF \_\_\_\_\_ at \_\_\_\_\_

County of \_\_\_\_\_

This instrument was filed for record at \_\_\_\_\_ o'clock \_\_\_\_\_ M., on the \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19\_\_\_\_, and duly recorded in Book \_\_\_\_\_ at Page \_\_\_\_\_

(Name of Office)

Fee, \$ \_\_\_\_\_

Return to \_\_\_\_\_

P. O. Address \_\_\_\_\_

EXHIBIT "A"

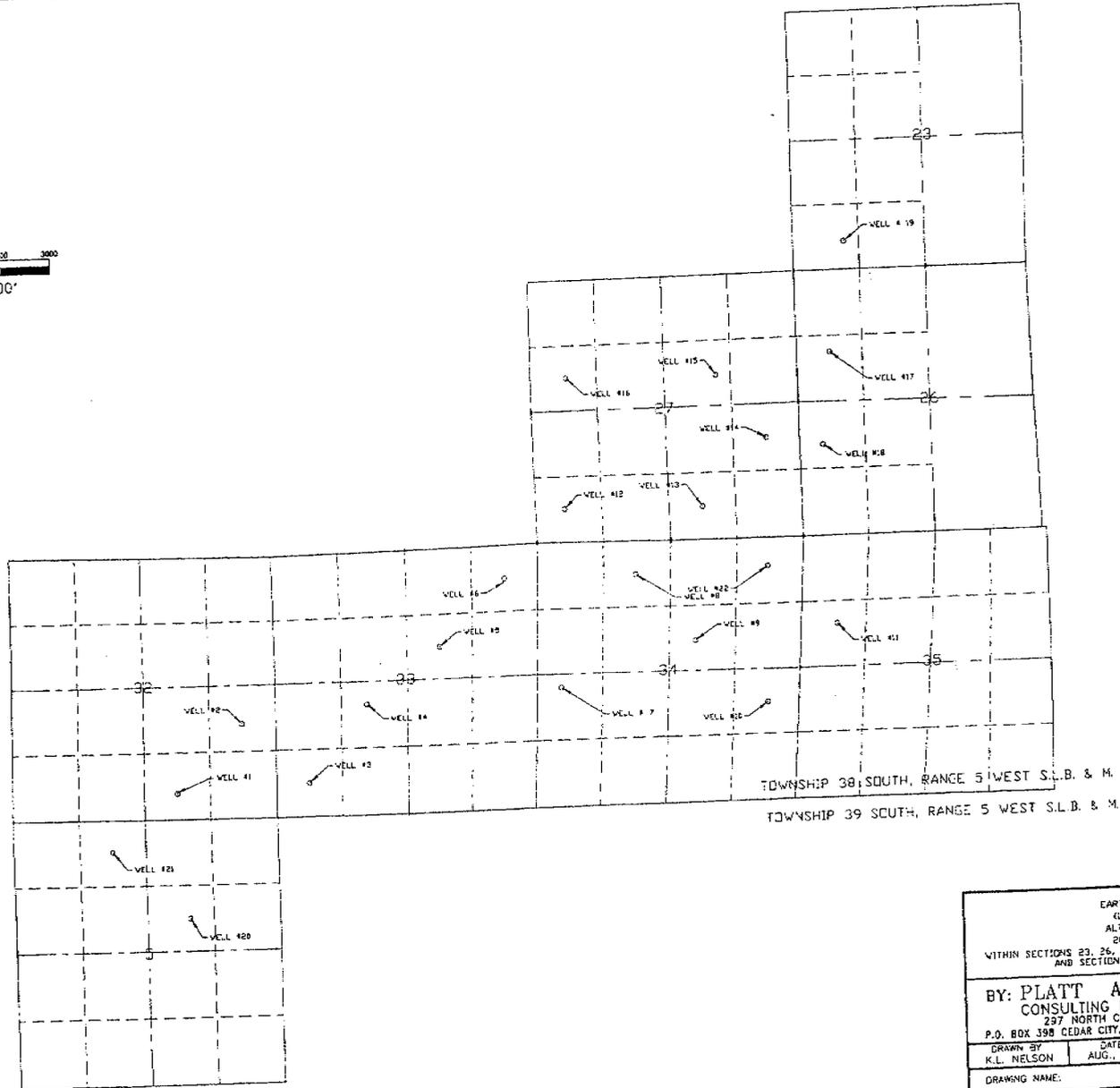
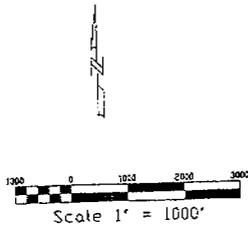
Exhibit "A" to that certain Oil and Gas Lease entered into upon this 3rd day of November, 2000, by and between Rebecca B. Bly, et al, as Lessors, and Legend Energy, S.C. of Stillwater, Oklahoma, as Lessee.

Township 38 South, Range 5 West of the Salt Lake Meridian, Utah

- Section 22: S1/2 SW1/4, SW1/4 SE1/4  
Section 23: SE 1/4 NW1/4, E1/2 SW1/4, SW1/4 SW1/4  
Section 26: N1/2 NW1/4, SW1/4 NW1/4, N1/2 SW1/4  
Section 27: S1/2 N1/2, S1/2 S1/2, N1/2 SE1/4  
Section 32: Beginning at the East Quarter Corner of Section 32, and running thence South 86°10' West 1812.0 feet; thence North 84°10' West 239.0 feet; thence South 2°30' West 222.0 feet; thence South 24°15' West 2734.0 feet to the the South line of Section 32, at a point which is North 89°39' West 423.0 feet from the South Quarter Corner of Section 32; thence South 89°39' East 2334.6 feet; thence North 69°30' East 782.0 feet to the East line of Section 32; thence North 0°02' West along the section line 2296.6 feet to the point of beginning, containing 150, acres more or less.  
Section 33: The NE 1/4 NE1/4, S1/2 NE1/4, N1/2 S1/2, SE1/4 NW1/4 and beginning at a point 455.855 feet East of the Southwest corner of the NE1/4 NW1/4 of Section 33, thence North 152 feet, thence East 456 feet, thence South 152 feet, thence West 456 feet to the point of beginning containing 1.59 acres, more or less, and ALSO: Beginning at the West quarter corner of Section, <sup>33</sup> thence North 53°08' East 24.73 chains to a point 5 chains South of the Northeast corner of the SW1/4 NW1/4, thence South 15 chains and West 20 chains to the point of beginning, containing 15 acres, more or less, ALSO: Beginning at a point on the West Section line 284 feet North of the Southwest corner of the Section, <sup>33</sup> thence North 69°30' East 344 feet, thence South 15° East 33 feet, thence North 67° East 356.4 feet, thence East 660 feet to the East line of the SW 1/4 SW1/4, thence North along said line 810 feet to the Northeast corner of the SW1/4 SW1/4, thence West 1320 feet to the Northwest corner of the SW1/4 SW1/4, thence South 1036 feet to the point of beginning, containing 26.31 acres, more or less.  
Section 34: NW 1/4, N1/2 NE1/4, SW1/4 NE1/4, N1/2 SE1/4, NW1/4SW1/4  
Section 35: W1/2 NW1/4

Township 39 South, Range 5 West of the Salt Lake Meridian, Utah

- Section 5: Lot 2 (40.46 acres), Lot 3 (40.35 acres) SW 1/4 NE1/4, SE 1/4 NW1/4 and beginning 20 chains South and 14.4 chains East from the Northwest corner of Section 5, thence South 50° East 2 chains, thence South 13°30' West 4.8 chains, thence South 25° West 5.4 chains, thence South 23° East 19.14 chains, thence North 28.47 chains and West 5.6 chains to the point of beginning, containing 11.91 acres, more or less, and ALSO: Beginning at the Northwest corner of Lot 1, thence East along the Section line 604 feet, thence South 69° West 650.93 feet, thence North 255 feet to the point of beginning, containing 1.77 acres, more or less  
Section 19: SE1/4 NE1/4, E1/2 SE1/4, SW1/4 SE1/4  
Section 20: Lot 5 (39 acres), Lot 8 (37.78 acres), N 1/2 S1/2, S1/2 SW1/4  
Section 21: SW1/4 NW1/4, N1/2 SW1/4  
Section 29: Beginning at the Northwest corner of Section 29, thence South 34.69 chains, thence North 33°22' East 35.5 chains, thence North 40 West 0.58 chains, thence North 37 30' East 12.3 chains, thence West 22.23 chains to the point of beginning, containing 36.04 acres, more or less.  
Section 30: Lot 1 (38.6 acres) NE1/4 NW1/4, N1/2 NE1/4, and beginning 3.5 chains West of the East quarter corner, thence South 34°34' West 22.64 chains, West 2.64 chains, North 40 chains, East 20 chains, South 14.69 chains and South westerly to the beginning, containing 58.54 acres, more or less.



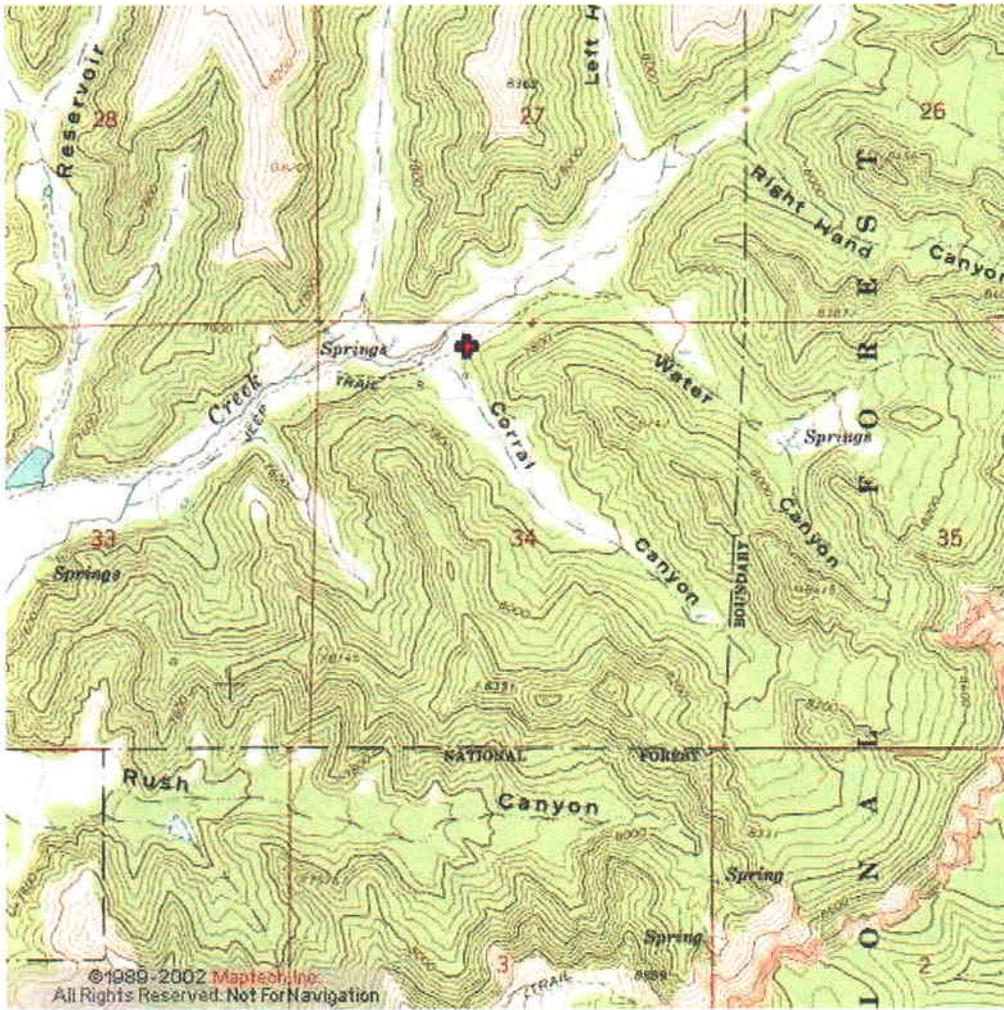
EARTH ENERGY OF UTAH, LLC  
(LEGEND ENERGY CORP.)  
ALTON VALLEY PROJECT,  
2001 DRILLING PROGRAM  
WITHIN SECTIONS 23, 26, 27, 32, 33, 34 & 35 N 34, T. 38 S., R. 5 W.,  
AND SECTION 5, T. 39 S., R. 5 W. S.L.B. & M.

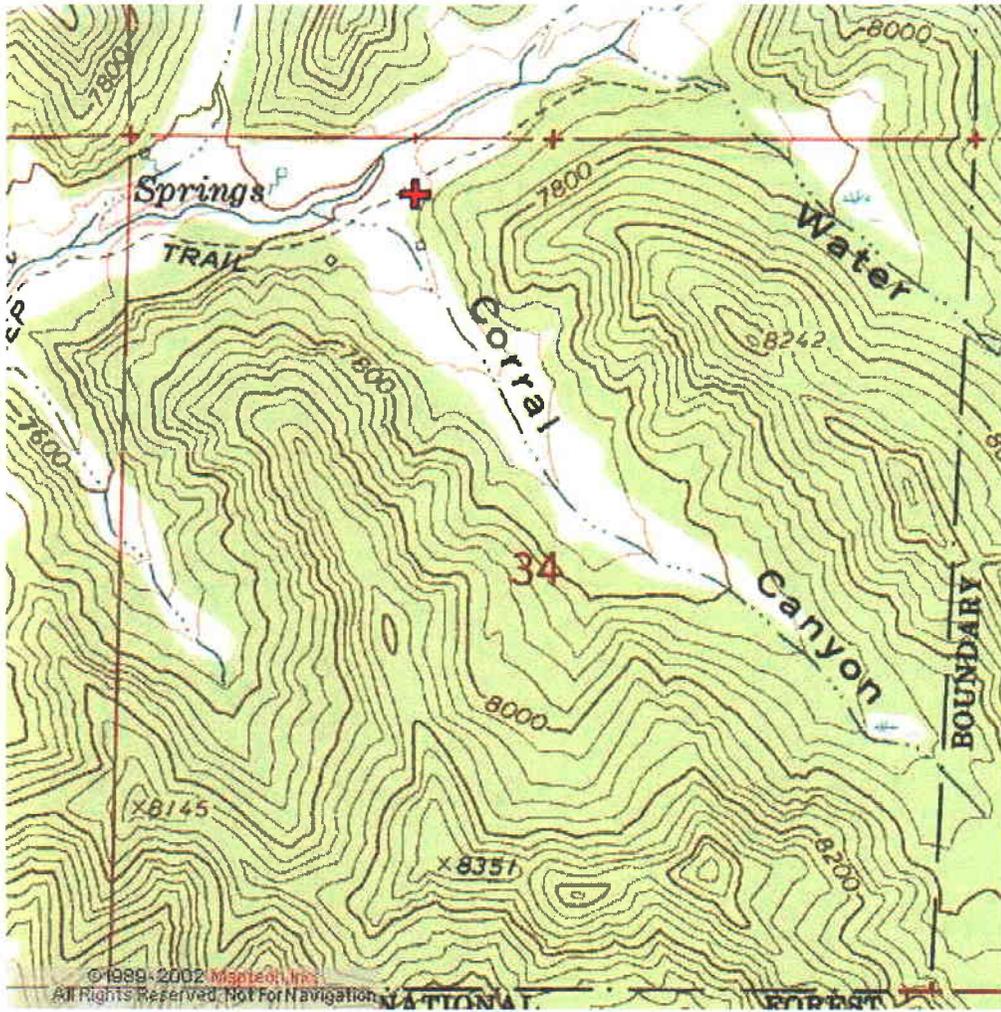
**BY: PLATT AND PLATT, INC.**  
CONSULTING ENGINEERS & SURVEYORS  
237 NORTH COVE DRIVE, CEDAR CITY, UTAH  
P.O. BOX 198 CEDAR CITY, UTAH 84721-0398 PHONE: 435-586-6151

DRAWN BY	DATE	SCALE	SHEET
K.L. NELSON	AUG., 2004	1 INCH = 1000 FT.	1 OF 1

DRAWING NAME:







# DIVISION OF OIL, GAS AND MINING

## APPLICATION FOR PERMIT TO DRILL STATEMENT OF BASIS

OPERATOR: Legend Energy of Utah

WELL NAME & NUMBER: Pugh #8

API NUMBER: 43-025-30039

LEASE: Fee (Pugh) FIELD/UNIT: Wildcat

LOCATION: 1/4, 1/4 NE NW Sec: 34 TWP: 38S RNG: 5 W 387 FNL 1788 FWL

### Geology/Ground Water:

There are 24 known points of diversion within 1 mile of this proposed well sight. 14 of these belong to Earth Energy of Utah the operator, who intends to develop the water, along with the hydrocarbon potential of the area. The potential permits will be underground sources between 200 and 2000' feet deep and at the source are 9 inches in diameter. Known sources of drinking water are not readily identified. 200 feet of surface casing will be sufficient, however, the light cement being proposed will not adequately protect the potential sources if there are any. Active water in the streams is used for agricultural purposes. Kanab Creek is an active water source and lies within less than 100' of this location. It is also the major drainage for this entire area since this location lies near the headwaters of this active watercourse.

Reviewer: K. Michael Hebertson

Date: 23-November- 2001

### Surface:

A surface use agreement has been executed and is on file with the division. Issues with wildlife on this private property are being investigated. There are no known restrictions for this project, and the RDCC comment period has not yielded any notable objections. Some of the unknown surface issues could include migratory bird regulations, US Forest Service objections, and big game wintering grounds. Kane County did comment that the county approves of this development as an economic boon to the county, and DEQ requested air regulations should compressor stations be built to move the hydrocarbons out of the area.

Reviewer: K. Michael Hebertson

Date: 23-November-2001

### Conditions of Approval/Application for Permit to Drill:

1. Location edge will not be allowed within 50 feet of Kanab Creek and a silt trap will be placed so as to catch and retain runoff from the well pad.
2. A berm will be placed around the top outside edge of the pad.
3. A brush barrier will be left between the Creek and the silt trap.
4. A Synthetic pit liner of a minimum 14 Mil thickness is required
5. Top soil will be stored in a low windrow on the road side of the pad, and will be revegetated before the drilling operations are completed.
6. Spoil piles will be placed in low windrows rather than tall piles or mounds.
7. Road shoulders, pipeline access, unused portions of the location, and other disturbed areas will be reseeded with the surface owners recommended seed mixture within year of being disturbed.
8. 80 Acre Drilling units are not approved for this project as indicated on the Survey Plat.

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

**OPERATOR:** Legend Energy of Utah

**WELL NAME & NUMBER:** Pugh #8

**API NUMBER:** 43-025-30039

**LEASE:** Fee (Pugh) **FIELD/UNIT:** Wildcat

**LOCATION:** 1/4,1/4 NE NW Sec: 34 TWP: 38S RNG: 5 W 387 FNL 1788 FWL

**LEGAL WELL SITING:** 660 F SEC. LINE; 660 F 1/4,1/4 LINE; 1320 F ANOTHER WELL.

**GPS COORD (UTM):** X =375,567 E;Y =4,147,697 N SURFACE OWNER: Pugh

**PARTICIPANTS**

Mike Hebertson (DOGM), Walter Kelly (Legend Energy), Roger Pugh (Surface Owner) Robert Platt & Larry Clarkson (Platt and Platt Inc.)

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

Regionally these wells are located on the Southwestern part of the Paunsaugunt Plateau. To the west the city of Alton is bounded by the upthrown side of the Sevier fault which runs northeast southwest as does the Sink Valley and Bald Knoll faults on the east. Kanab Creek runs through the prospective play and is the source of the alluvium which covers the entire area with up to 4,000 feet of deposits, consisting of alluvium, colluvium, pediment alluvium, and landslides over much of the area. The Tropic Shale, which is a non resistant fissile shale forms the Alton valley and Amphitheater. This location is located on Quaternary Alluvium near an outcrop of the John Henry Member of the Straight Cliffs Formation.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Agricultural and wildlife. The wildlife use of this area is very seasonal, and appears to be mostly used for migration. The area is prime for use by raptors, however there may not be a reliable survey for these species.

PROPOSED SURFACE DISTURBANCE: A pad, pit, and access road. The pad will be 175'X 410', the pit will be 40X112x8, and the access road will be improved for 100' off an established road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 7 unpermitted locations

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be kept on location. All pipelines and utilities will follow the access road.

SOURCE OF CONSTRUCTION MATERIAL: Borrowed from the construction of the well pad.

ANCILLARY FACILITIES: None were requested.

**WASTE MANAGEMENT PLAN:**

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. No crude oil is expected. Drilling fluid, completion/frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Used oil from drilling operations and support will be hauled to a used oil recycling facility and disposed of. Produced water will be disposed of at an approved facility.

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: the pad is on an active drainage known as Kanab Creek. The creek is a major source of agricultural water in this area and could easily be negatively impacted by this development.

FLORA/FAUNA: Deer, Coyotes, turkey, Birds, seasonal and resident, Sage Brush, pinion, Juniper, Spruce and other upper Sonoran Desert type vegetation.

SOIL TYPE AND CHARACTERISTICS: the soil is a pink to gray silt composed of sand, derived from the Pink Cliffs and a gray clay derived from the Tropic Shale.

SURFACE FORMATION & CHARACTERISTICS: Quaternary Alluvium composed of sand and clay.

EROSION/SEDIMENTATION/STABILITY: Erosion is more under control since the land is not being overgrazed by livestock, however during periods of high runoff erosion will be a problem. The sedimentation problems will exist down stream where the creek enters several reservoirs. The pad is stable.

PALEONTOLOGICAL POTENTIAL: None observed.

**RESERVE PIT**

CHARACTERISTICS: Unspecified.

LINER REQUIREMENTS (Site Ranking Form attached): A liner is required

**SURFACE RESTORATION/RECLAMATION PLAN**

As per the surface use agreement.

SURFACE AGREEMENT: Executed and filed with the APD.

CULTURAL RESOURCES/ARCHAEOLOGY: None is required

**OTHER OBSERVATIONS/COMMENTS**

This location was moved to a sagebrush flat, from a side hill that was

steep and not fully accessible. Several outstanding problems that exist with the paperwork were discussed, including the surface use and Legends responsibility to protect the environment and mitigate impact. Location layout and survey information were discussed, along with the need for cut and fill diagrams. As a result of the on-site inspection every pad was moved because of topography, riparian issues, or lack of space to accommodate the size of pad needed. It was also decided to use this pad as a Disposal well site and to twin the location.

**ATTACHMENTS**

Photos of this location were taken and placed on file.

K. Michael Hebertson  
DOGM REPRESENTATIVE

27-November-2001 12:00 PM  
DATE/TIME

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

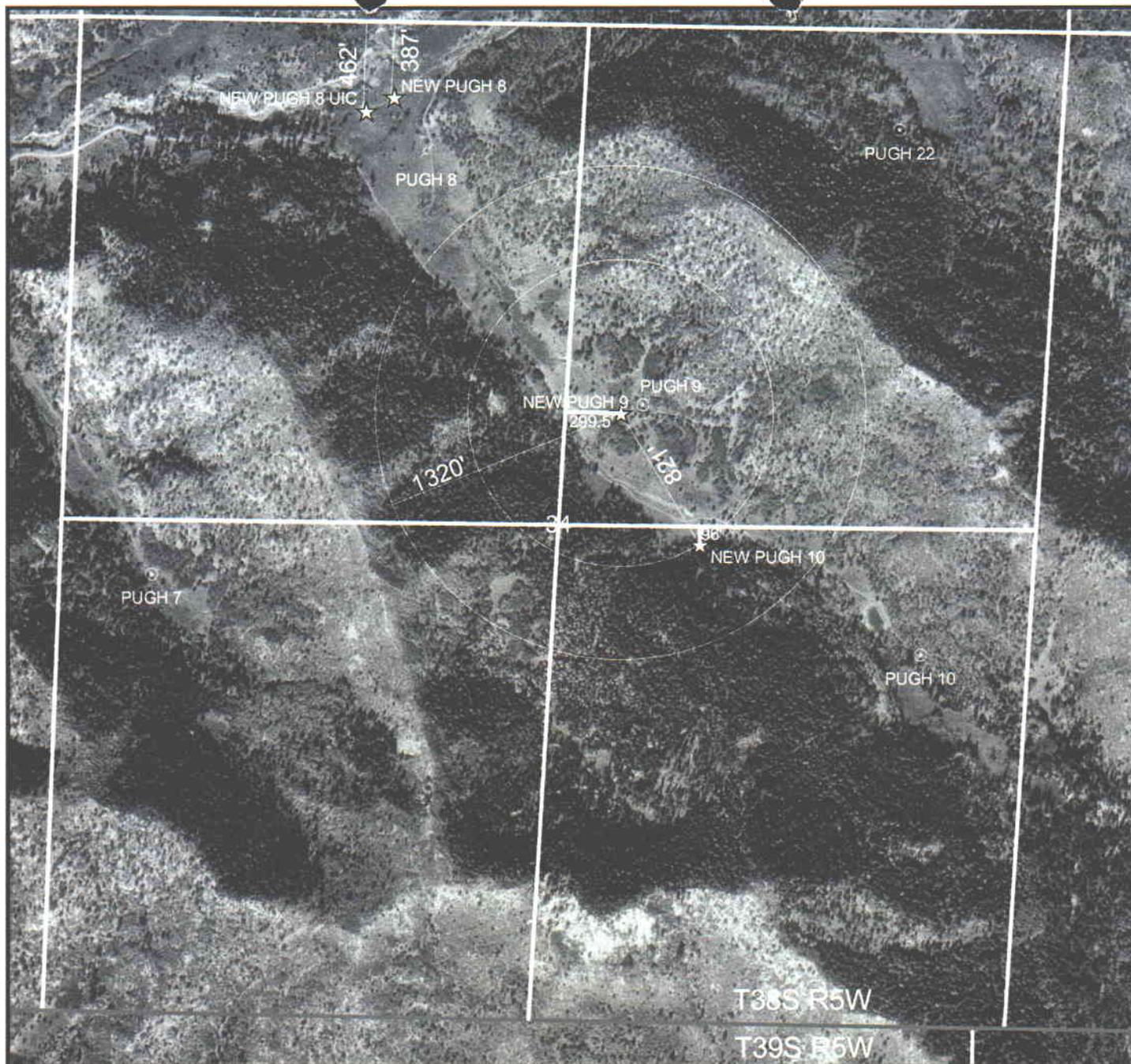
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>15</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>10</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>7</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      62      (Level I Sensitivity)

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

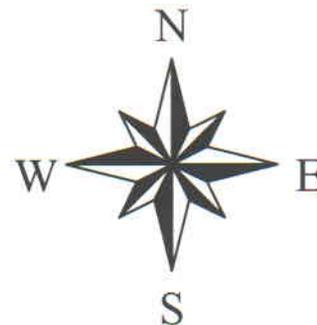
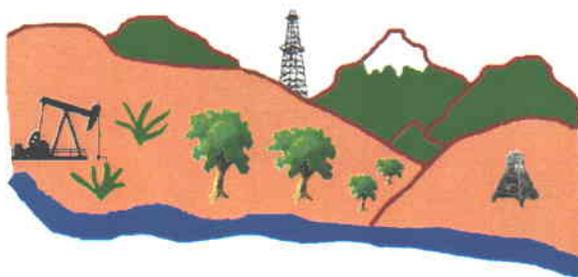






**Well Status**

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



Prepared By: K. M. Hebertson

Utah Oil Gas and Mining

RECEIVED

2001

DIVISION OF  
OIL, GAS AND MINING

**PLATT & PLATT, INC.**  
CONSULTING ENGINEERS & SURVEYORS  
297 North Cove Drive P.O. Box 398  
CEDAR CITY, UTAH 84721-0398  
Telephone (435)586-6151

STEPHEN R. PLATT, P.E. & L.S.  
ROBERT B. PLATT, P.E. & L.S.

December 7, 2001

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
Oil & Gas Program  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

ATTN: Mr. K. Michael Hebertson, Oil & Gas Permitting Agent

Dear Mike:

Enclosed you find the revised location maps for Pugh Well #8, Pugh Well #9, Pugh Well #10, and the Disposal Well near Pugh Well #8. I will get to you the revised location map for Pugh Well #14 when we complete the survey work relative thereto, as per our telephone conversation this morning.

You mentioned to me on the phone this week that if the proposed well locations are within 460 feet of a 1/4 Section Line, a request for administrative approval for exception to spacing should be made. This being the case, that request would apply to Well #10 and Well #9. Please advise me relative to this matter.

After you have reviewed this information I will look forward to hearing from you. Thank you in advance for all your help.

Respectfully,



Robert B. Platt  
Civil Engineer & Land Surveyor

pc: Mr. Scott Ellsworth, Nielsen & Senior  
Mr. Walter Kelly, Earth Energy of Utah

**PLATT & PLATT, INC.**  
CONSULTING ENGINEERS & SURVEYORS  
297 North Cove Drive P.O. Box 398  
CEDAR CITY, UTAH 84721-0398  
Telephone (435)586-6151  
Fax (435)586-8567

STEPHEN R. PLATT, P.E. & L.S.  
ROBERT B. PLATT, P.E. & L.S.

March 4, 2002

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS & MINING  
Oil & Gas Program  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

ATTN: Mr. K. Michael Hebertson, Oil & Gas Permitting Agent

RE: Earth Energy of Utah Drilling Locations

Dear Mike:

As per our previous conversations and my understanding, if a proposed well location is within 460 feet of a 1/4 Section Line, an administrative approval for exception to spacing is needed for well site approval.

That being the case, an administrative approval for exception to spacing is hereby requested for Pugh Well #9 and Pugh Well #10. The location maps for these wells are enclosed herewith, as well as location maps for Pugh Well #14, Pugh Well #8, and the Disposal Well near Pugh Well #8. It appears that the other three well locations meet the spacing criteria.

Please review this request for administrative approval for exception to spacing for Pugh Wells 9 & 10 and let me know if this request can be granted.

Thanks for all your help.

Respectfully,



Robert B. Platt  
Civil Engineer & Land Surveyor

pc: Mr. Scott Ellsworth, Neilsen & Senior  
Earth Energy of Utah

Well name:	<b>04-02 Legend Energy Pugh #8</b>	
Operator:	<b>Legernd Energy of Utah, LLC</b>	Project ID:
String type:	Surface	43-025-30039
Location:	Kane County	

**Design parameters:**

**Collapse**

Mud weight: 9.000 ppg  
 Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 0 psi  
 Internal gradient: 0.468 psi/ft  
 Calculated BHP: 94 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: 173 ft

**Environment:**

H2S considered? No  
 Surface temperature: 65 °F  
 Bottom hole temperature: 68 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 130 ft

Cement top: Surface

Non-directional string.

**Re subsequent strings:**

Next setting depth: 2,000 ft  
 Next mud weight: 8.400 ppg  
 Next setting BHP: 873 psi  
 Fracture mud wt: 13.000 ppg  
 Fracture depth: 200 ft  
 Injection pressure: 135 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ( )
1	200	8.625	32.00	J-55	ST&C	200	200	7.875	2031

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	94	2530	27.06	94	3930	42.03	6	372	58.13 J

Prepared by: Dustin Doucet  
 Utah Dept. of Natural Resources

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

Date: April 22, 2002  
 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 200 ft, a mud weight of 9 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: **04-02 Legend Energy Pugh #8**  
 Operator: **Legernd Energy of Utah, LLC**  
 String type: **Production** Project ID: **43-025-30039**  
 Location: **Kane County**

**Design parameters:**

**Collapse**  
 Mud weight: 9.000 ppg  
 Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**  
 Design factor 1.125

**Environment:**

H2S considered? No  
 Surface temperature: 65 °F  
 Bottom hole temperature: 93 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 250 ft

**Burst**

Max anticipated surface pressure: 0 psi  
 Internal gradient: 0.468 psi/ft  
 Calculated BHP: 935 psi  
 No backup mud specified.

**Burst:**

Design factor 1.00

Cement top: 450 ft

*Face@surface w/ 6 8 w.c.*

**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: 1,728 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)	Est. Cost ( )
1	2000	5.5	15.50	J-55	ST&C	2000	2000	4.825	8467

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 (Klips)	Tension Design Factor
1	935	4040	<u>4.32</u>	935	4810	<u>5.14</u>	31	202	<u>6.52 J</u>

Prepared by: Dustin Doucet  
 Utah Dept. of Natural Resources

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

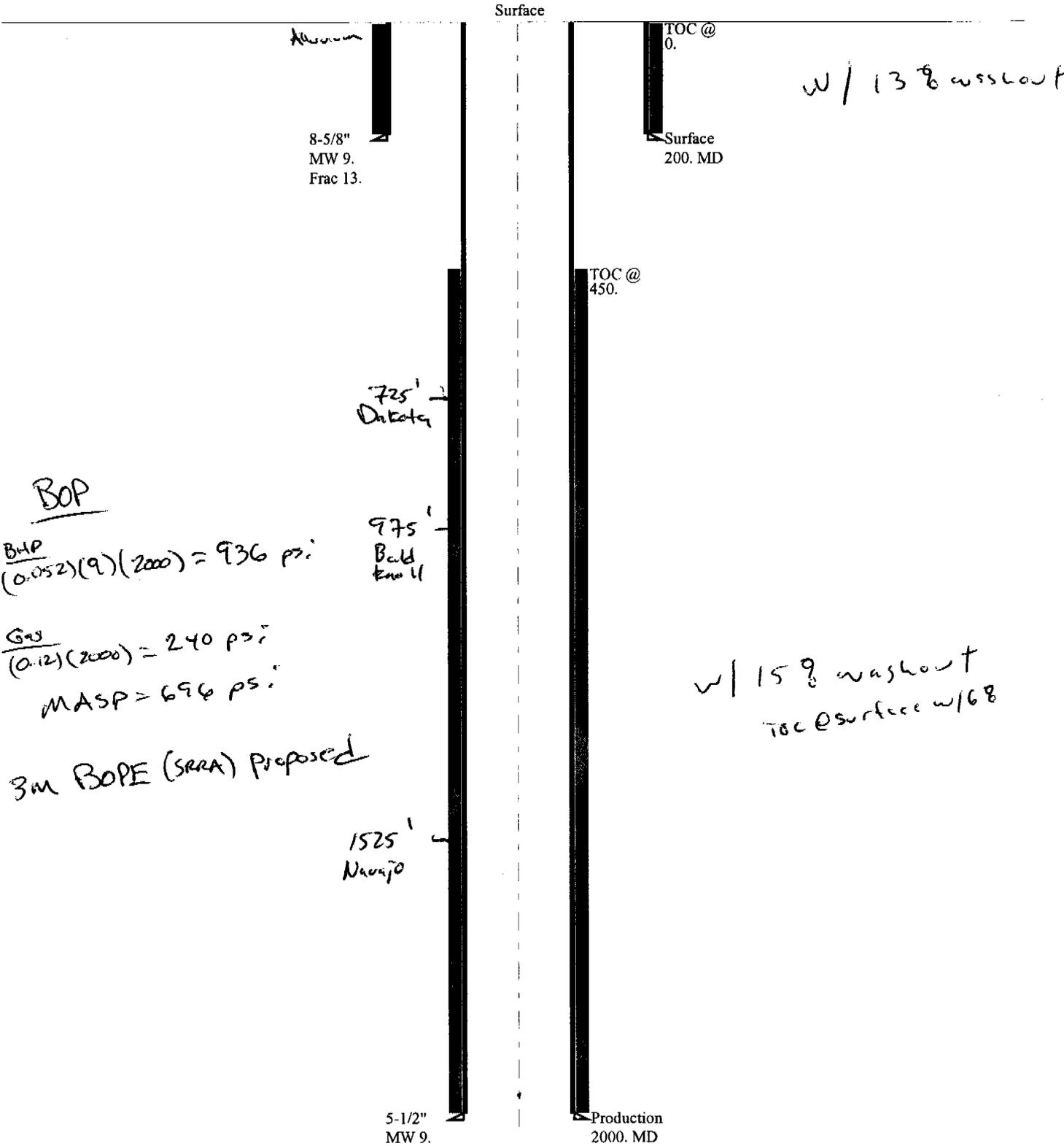
Date: April 22, 2002  
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE  
 Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.  
 Collapse is based on a vertical depth of 2000 ft, a mud weight of 9 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.*

# 04-02 Legend Energy Pugh #8

## Casing Schematic



**PLATT & PLATT, INC.**  
 CONSULTING ENGINEERS & SURVEYORS  
 297 North Cove Drive P.O. Box 398  
 CEDAR CITY, UTAH 84721-0398  
 Telephone (435)586-6151  
 Fax (435)586-8567

STEPHEN R. PLATT, P.E. & L.S.  
 ROBERT B. PLATT, P.E. & L.S.

May 17, 2002

STATE OF UTAH  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL, GAS & MINING  
 Oil & Gas Program  
 1594 West North Temple, Suite 1210  
 Box 145801  
 Salt Lake City, UT 84114-5801

ATTN: Mr. K. Michael Hebertson, Oil & Gas Permitting Agent

RE: Earth Energy of Utah Drilling Locations

Dear Mike:

As per our previous conversations and my understanding, if a proposed well location is within 460 feet of a 1/4 Section Line, an administrative approval for exception to spacing is needed for well site approval.

That being the case, an administrative approval for exception to spacing, due to the topography of the area, is hereby requested for Pugh Well #9 and Pugh Well #10. The location maps for these wells, as well as location maps of Pugh Well #14, #8, and the Disposal Well near Pugh Well #8, have already been submitted. It appears that the other three well locations meet the spacing criteria.

No other lease holder holds any interest within a 460-foot radius of Pugh Well #9 and Pugh Well #10.

Please review this request for administrative approval for exception to spacing for Pugh Well 9 & 10 and let me know if this request can be granted.

Thanks for all your help.

Respectfully,



Robert B. Platt  
 Civil Engineer & Land Surveyor

003

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>			5. MINERAL LEASE NO: <i>Fee</i>	6. SURFACE: <i>Fee</i>
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Legend Energy of Utah, LLC			9. WELL NAME and NUMBER: Pugh #8	
3. ADDRESS OF OPERATOR: 15 North 200 East CITY Alton STATE UT ZIP 84710		PHONE NUMBER: (435) 648-2647	10. FIELD AND POOL, OR WILDCAT:	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 387 FNL 1788 FWL <i>41477114 37.46974</i> AT PROPOSED PRODUCING ZONE: same <i>3755994 -112.40680</i>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 4.6 miles NE of Alton Town			12. COUNTY:	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 670	16. NUMBER OF ACRES IN LEASE: 2567	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1800	19. PROPOSED DEPTH: 2,000	20. BOND DESCRIPTION:		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7627 GR	22. APPROXIMATE DATE WORK WILL START: 6/1/2002	23. ESTIMATED DURATION: 14 days		

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12 1/4	8 5/8"	K-55	23	200	Class "G"	190 sx	1.20 cf/sx	15.6
7 7/8	4 1/2"	K-55	11	2,000	50/50 POZ standard	300 sx	1.48 cf/sx	13.0
7 7/8	4 1/2"	K-55	11	2,000	Class "G"	100 sx	1.20 cf/sx	15.6

25. ATTACHMENTS

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

- WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- COMPLETE DRILLING PLAN
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

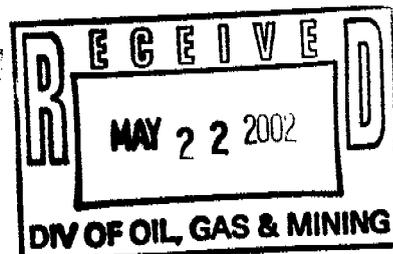
NAME (PLEASE PRINT) A. H. Morgan TITLE Manager  
 SIGNATURE *A. H. Morgan* DATE 5-20-02

(This space for State use only)

API NUMBER ASSIGNED: 43-025-30039

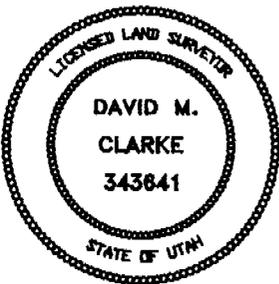
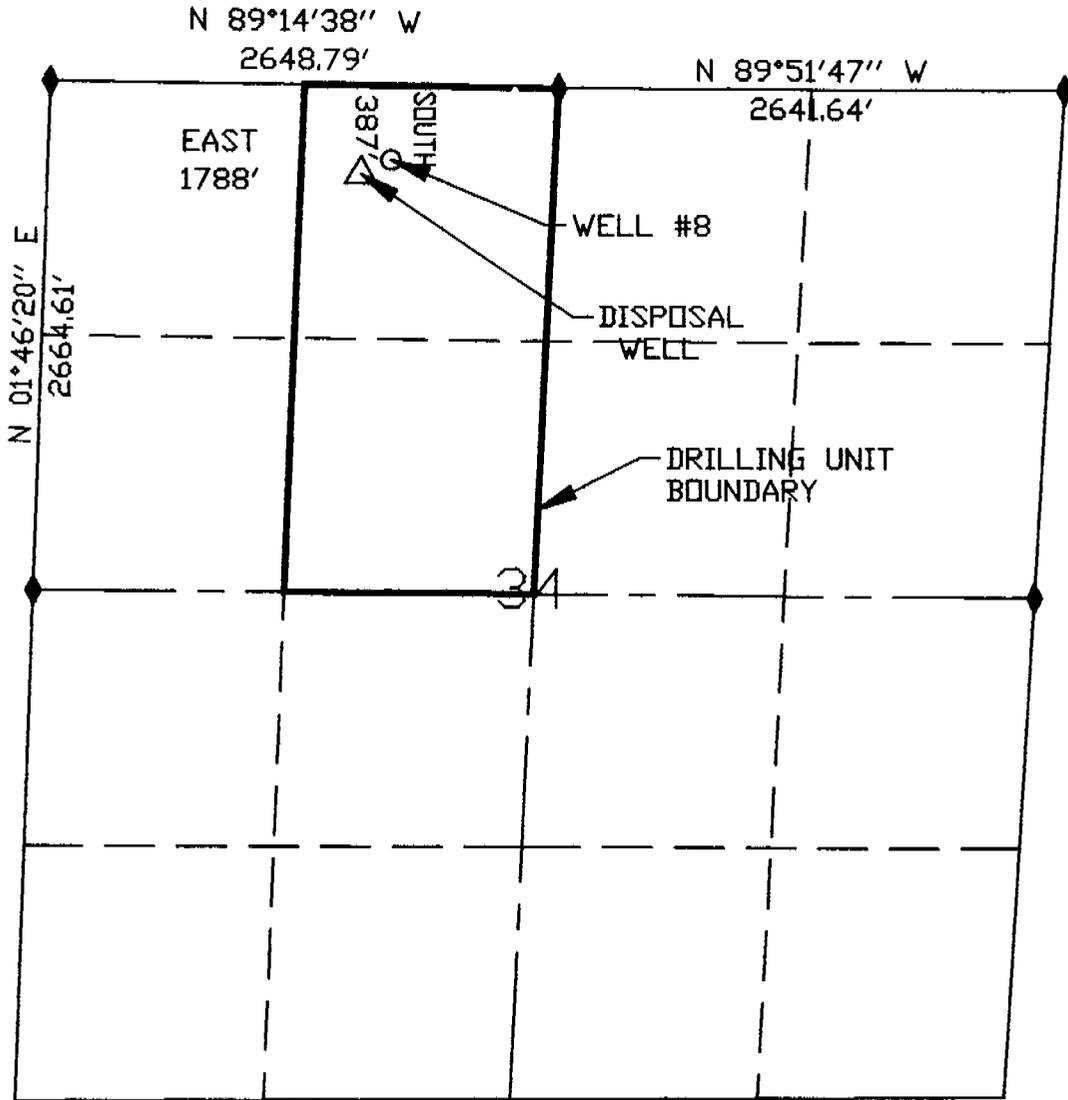
Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 5-20-02  
By: *[Signature]*



002

SECTION 34, T. 38 S., R. 5 W.,  
S.L.B. & M.



◆ DENOTES LOCATED GLO CORNER  
 T OTHER EXTERIOR CORNER  
 LOCATIONS FIXED BY GLO  
 INFORMATION

REVISED: DEC., 2001

DRAWN BY: K.L. NELSON	PROJECT EARTH ENERGY OF UTAH, LLC (LEGEND ENERGY CORP.) ALTON VALLEY PROSPECT, 2001 DRILLING PROGRAM WITHIN SECTION 34, T. 38 S., R. 5 W., S.L.B. & M.	SHT. NAME PUGH WELL #8	SHT. NO. 1
DATE: AUG., 2001			
SCALE: 1 INCH = 1000 FEET			
APPROVED BY: R.B. PLATT			

001

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

FROM: LEGEND ENERGY OF UTAH, LLC.

REF.: WELL # 8 AND 8 DISP. ON THE ROGER M. PUGH LEASE  
IN SEC. 34 T38 SOUTH R 5 WEST AND WELL # 13 IN SEC. 27  
T38 SOUTH R 5 WEST KANE, CO. UTAH

TO WHOM IT MAY CONCERN -

LEGEND ENERGY OF UTAH, L.L.C. IS RESPECTFULLY APPLYING  
FOR AN EXCEPTION TO RULE 649-3-2 BECAUSE OF  
TOPOGRAPHY ON THE ABOVE REFERENCED WELLS ON  
THE ROGER M. PUGH LEASE.

THESE WELLS ARE ALL LOCATED MORE THAN 460 FEET  
FROM ANY OTHER LAND OR MINERAL OWNER IN THIS AREA.

THANK YOU FOR YOUR CONSIDERATION.

RESPECTFULLY,  
*A. H. Morgan*  
A. H. MORGAN  
MANAGER  
LEGEND ENERGY OF UTAH, L.L.C.  
P.O. BOX 231  
GLENDALE, UTAH 84729

ATTN:  
LISHA CARDOVA

RECEIVED

JUN 26 2002

DIVISION OF  
OIL, GAS AND MINING

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

FORM 48

Send No. \_\_\_\_\_

**COLLATERAL BOND**

**KNOW ALL MEN BY THESE PRESENTS:**

That we (operator name) Legend Energy of Utah LLC as Principal, which is duly authorized and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of Eighty Thousand Dollars dollars (\$ 80,000.00) lawful money of the United States by virtue of the following financial instruments (cash account, negotiable bonds of the United States, a state or municipality, or negotiable certificate of deposit - see Rule R040-3-1):

payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and severally by these presents.

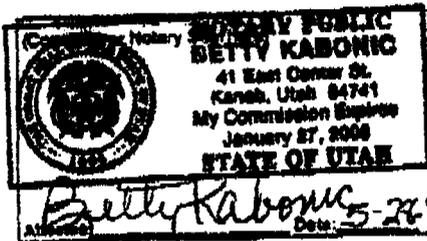
THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, re-drilling, deepening, repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of oil or gas production, and/or the injection and disposal of fluids in connection therewith for the following described land or well:

- Blanket Bond: To cover all wells drilled in the State of Utah
- Individual Bond: Well No: \_\_\_\_\_  
Section: \_\_\_\_\_ Township: \_\_\_\_\_ Range: \_\_\_\_\_  
County: \_\_\_\_\_ Utah

NOW, THEREFORE, if the above named Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

29 day of May, 2002



By LEGEND ENERGY OF UTAH LLC Principal (company name)  
By A. HARRIMAN MORGAN - MANAGER Name (print)  
A. H. Morgan Signature

005



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

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

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

July 2, 2002

Legend Energy of Utah, LLC  
15 North 200 East  
Alton, UT 84710

Re: Pugh #8 Well, 387' FNL, 1788' FWL, NE NW, Sec. 34, T. 38 South, R. 5 West,  
Kane 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 43-025-30039.

Sincerely,

John R. Baza  
Associate Director

pb

Enclosures

cc: Kane County Assessor

Well name: **04-02 Legend Energy Pugh #8**  
 Operator: **Legernd Energy of Utah, LLC**  
 String type: **Surface** Project ID: **43-025-30039**  
 Location: **Kane 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: 68 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 130 ft

**Burst**  
 Max anticipated surface pressure: 0 psi  
 Internal gradient: 0.478 psi/ft  
 Calculated BHP 96 psi  
 No backup mud specified.

**Burst:**  
 Design factor 1.00

Cement top: Surface

**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: 174 ft

**Re subsequent strings:**  
 Next setting depth: 2,000 ft  
 Next mud weight: 9.200 ppg  
 Next setting BHP: 956 psi  
 Fracture mud wt: 13.000 ppg  
 Fracture depth: 200 ft  
 Injection pressure 135 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ( )
1	200	8.625	24.00	K-55	ST&C	200	200	7.972	1676

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	89	1370	15.34	96	2950	30.88	5	263	54.82 J

↓  
 BHP @ 1000 psi

Prepared by: **Dustin Doucet**  
 Utah Dept. of Natural Resources

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

Date: June 28, 2002  
 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 200 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.*

Well name: **04-02 Legend Energy Pugh #8**  
 Operator: **Legernd Energy of Utah, LLC**  
 String type: **Production** Project ID: **43-025-30039**  
 Location: **Kane County**

**Design parameters:**

**Collapse**  
 Mud weight: 9,000 ppg  
 Design is based on evacuated pipe.

**Burst**  
 Max anticipated surface pressure: 0 psi  
 Internal gradient: 0.468 psi/ft  
 Calculated BHP: 935 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: 1,731 ft

**Environment:**

H2S considered? No  
 Surface temperature: 65 °F  
 Bottom hole temperature: 93 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 250 ft

Cement top: 326 ft

Non-directional string.

*Top @ Surface w/ 78 w.c.*

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ( )
1	2000	4.5	11.60	K-55	ST&C	2000	2000	3.875	8181

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	935	4960	5.30	935	5350	5.72	23	170	7.33 J

Prepared by: Dustin Doucet  
 Utah Dept. of Natural Resources

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

Date: June 28, 2002  
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE  
 Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.  
 Collapse is based on a vertical depth of 2000 ft, a mud weight of 9 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.*

# 04-02 Legend Energy Pugh 8

## Casing Schematic

Surface

Alluvium

8-5/8"  
MW 8.6  
Frac 13.

TOC @  
0.

W/378 washout

Surface  
200. MD

TOC @  
326.

400' -  
Kaiaparauits

600' -  
Straight Cliffs

700' -  
John Henry

BOP  
DAP  
 $(0.052)(9.2)(2000) = 957 \text{ psi}$   
Anticipated = 1000 psi

G.S  
 $(0.12)(2000) = 240 \text{ psi}$

MAASP = 760 psi

2M BOP E proposed

Adequate DED  
6/28/2002

\* Surface casing must be set in competent (solid) formation (i.e. not alluvium)

1200' -  
Trap Snake

1500' -  
Dakota

1600' -  
Smert

1885' -  
Bullhead

4-1/2"  
MW 9.

W/158 washout

Pipe wts. corrected per  
Hermann Morgan 6/11/02

-1643' total  
(1578' w/108 w/o)

\* Strip tail to ± 1500'

Production  
2000. MD

Operator: Legend Energy of Utah, LLC  
Well Name & Number Pugh #8  
API Number: 43-025-30039  
Lease: Fee

Location: NE NW                      Sec. 34                      T. 38 South                      R. 5 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 actions during drilling of this well:

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

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

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

#### 3. Reporting Requirements

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

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

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

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

#### 7. Production casing shall be cemented to the surface (Class G tail shall be above the top of the Dakota $\pm$ 1500')

#### 8. Surface casing must be set in competent formation.

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

5. LEASE DESIGNATION AND SERIAL NUMBER:

N/A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

7. UNIT or CA AGREEMENT NAME:

N/A

1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:

Pugh #8

2. NAME OF OPERATOR:

Legend Energy of Utah

9. API NUMBER:

4302530039

3. ADDRESS OF OPERATOR:

P.O. Box 231

CITY Glendale

STATE UT

ZIP 84729

PHONE NUMBER:

(435) 648-2647

10. FIELD AND POOL, OR WILDCAT:

Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 387' FNL 1,788' FWL

COUNTY: Kane

QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W

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 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input 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.

Proposed Casing and Cementing Program

12 1/4"	8 5/8"	K-55	23	200'	Class G*	190 sx	1.20 cf/sx	15.6
7 7/8"	5 1/2"	K-55	15.5	2,000'	50/50 POZ	390 sx	1.48 cf/sx	13.0
7 7/8"	5 1/2"	K-55	15.5	2,000'	Class G*	140 sx	1.20 cf/sx	15.6

\*Or a comparable cement such as Premium Type V

Surface casing cement will be brought back to the surface until it stays in place.

A sufficient quantity of cement (15#/gal.) to cover all producing zones plus 100' above the top of the 1st producing unit will be pumped.

Actual cement volumes will be based on caliper logs plus 25% will be added.

NAME (PLEASE PRINT) A. H. Morgan

TITLE Manager

SIGNATURE

*A. H. Morgan*

DATE

10-26-02

(This space for State use only)

RECEIVED

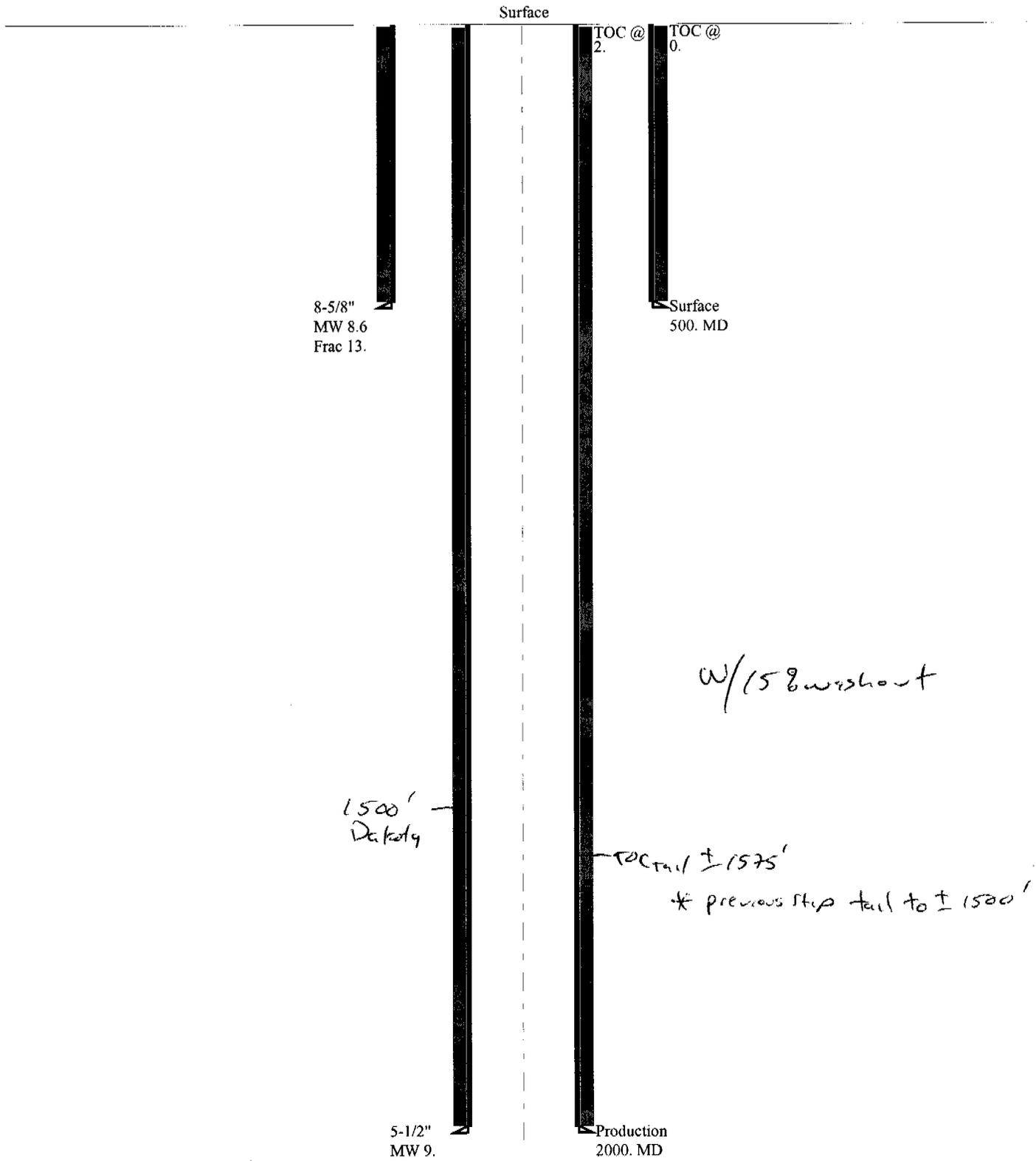
OCT 26 2002

(5/2000)

(See Instructions on Reverse Side)

DIVISION OF  
OIL, GAS AND MINING

10-02 Legend Energy Pugh rev.  
Casing Schematic



Well name:

**10-02 Legend Energy Pugh #8rev.**

Operator: **Legernd Energy of Utah, LLC**

String type: **Production**

Project ID:

43-025-30039

Location: **Kane County**

**Design parameters:**

**Collapse**

Mud weight: 9.000 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: 93 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 250 ft

Cement top: 2 ft

**Burst**

Max anticipated surface pressure: 0 psi  
Internal gradient: 0.468 psi/ft  
Calculated BHP: 935 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: 1,728 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)	Est. Cost ( )
1	2000	5.5	15.50	K-55	ST&C	2000	2000	4.825	10634

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	935	4040	<u>4.32</u>	935	4810	<u>5.14</u>	31	222	<u>7.16 J</u>

Prepared by: **Dustin Doucet**  
Utah Dept. of Natural Resources

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

Date: October 28, 2002  
Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE**

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

Collapse is based on a vertical depth of 2000 ft, a mud weight of 9 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.*

006

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 _____		3. LEASE DESIGNATION AND SERIAL NUMBER N/A
2. NAME OF OPERATOR: Legend Energy of Utah		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
2. ADDRESS OF OPERATOR: P.O. Box 231 CITY Glendale STATE UT ZIP 84729		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 387' FNL 1,788' FWL COUNTY: Kane		8. WELL NAME and NUMBER: Pugh #8
CTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W STATE: UTAH		9. API NUMBER: 4302530039
PHONE NUMBER: (435) 648-2647		10. FIELD AND POOL, OR WILDCAT: Wildcat

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT <small>(Submit in Duplicate)</small> Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT <small>(Submit Original Form Only)</small> 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"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

**Proposed Casing and Cementing Program**

12 1/4"	8 5/8"	K-55	23	200'	Class G*	190 sx	1.20 cf/sx	15.6
7 7/8"	5 1/2"	K-55	15.5	2,000'	50/50 POZ	300 sx	1.48 cf/sx	13.0
7 7/8"	5 1/2"	K-55	15.5	2,000'	Class G*	160 sx	1.20 cf/sx	15.6

\*Or a comparable cement such as Premium Type V

Surface casing cement will be brought back to the surface until it stays in place.

A sufficient quantity of cement (15#/gal.) to cover all producing zones plus 100' above the top of the 1st producing unit will be pumped.

Actual cement volumes will be based on caliper logs plus 25% will be added.

NAME (PLEASE PRINT) <u>A. H. Morgan</u>	TITLE <u>Manager</u>
SIGNATURE <u>A. H. Morgan</u>	DATE <u>10-26-02</u>

(This space for State use only)

NOTED BY OPERATOR  
10-29-02  
CHD

(9/2000)

(See Instructions on Reverse Side)

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

DATE: 10/28/2002

BY: [Signature]

\* previous stipulations still apply

Earth & Structure, Inc  
800 S. Vermillion Dr.  
Kanab, Utah 84741  
435-644-3125

facsimile transmittal

To: Mike Hebertson Fax: 801-359-3940

---

From: Donn M. Pillmore Date: 10/26/2002

---

Re: Sundry Notices Pages: 7

---

CC:

---

Urgent     For Review     Please Comment     Please Reply     Please Recycle

Mike,

Attached are Sundry Notices for the following wells:

Carrol #1, Pugh #8, Pugh #9, Pugh #10, Pugh #13, and Pugh #8 Disposal  
Well.

Please give me a call with any questions you might have. Note, I will hand  
deliver a Sundry Notice for the Debrach #1 well on Monday when you come  
down for the field review.

Thanks,

Donn

Please fax bid to 435-644-3125

**RECEIVED**

OCT 28 2002

DIVISION OF  
OIL, GAS AND MINING

009

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		6. LEASE DESIGNATION AND SERIAL NUMBER: N/A
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.		8. 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: Legend Energy of Utah, LLC		8. WELL NAME and NUMBER: Pugh #8
3. ADDRESS OF OPERATOR: PO Box 231 City Glendale STATE UT ZIP 84729		9. APT NUMBER: 4302530039
4. LOCATION OF WELL FOOTAGES AT SURFACE: 387' FNL 1,788' FWL CITRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Kane 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>10/26/2002</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Spud Well
	<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.  
The Pugh #8 Well was spudded on October 26, 2002.

NAME (PLEASE PRINT) <u>A. H. Morgan</u>	TITLE <u>Manager</u>
SIGNATURE <u><i>A. H. Morgan</i></u>	DATE <u>11-26-02</u>

(This space for State use only)

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

FORM 9

010

**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 _____		6. LEASE DESIGNATION AND SERIAL NUMBER: N/A
2. NAME OF OPERATOR: Legend Energy of Utah, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: PO Box 231 CITY Glendale STATE UT ZIP 84729		7. UNIT or GA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 387 FNL 1,788 FWL		8. WELL NAME and NUMBER: Pugh #8
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W		9. API NUMBER: 4302530039
COUNTY: Kane		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>10/26/2002</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> CLEANUP	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input 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"/> COMMENCE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Spud Well</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.

This is a revised report on the spudding of the Pugh #8 Well. This should contain all of the information required on a spudding report.

Drilling Contractor: Stewart Brothers Drilling Company  
PO Box 2067  
308 Airport Road  
Milan, NM 87021  
  
H. Stewart, President  
505-287-2986

Rig #: 51. Rig Type: Failing 2500  
Well was spudded on October 26, 2002 at 1:00am  
Continuous Drilling commenced thereafter

A.H. Morgan reported the spud Phone No.: 435-848-2647

NAME (PLEASE PRINT) <u>A. H. Morgan</u>	TITLE <u>Manager</u>
SIGNATURE <u>A.H. Morgan (Spud)</u>	DATE <u>11/27/2002</u>

(This space for State use only)

**Earth & Structure, Inc**  
800 S. Vermillion Dr.  
Kanab, Utah 84741  
435-644-3125

**facsimile transmittal**

To: **Mike Hebertson & Diana Mason** Fax: **801-359-3940**

---

From: **Donn M. Pillmore** Date: **11/27/2002**

---

Re: **Revised Spud Reports** Pages: **3**

---

CC:

---

Urgent     For Review     Please Comment     Please Reply     Please Recycle

**Mike,**

Attached are revised spud reports for the ~~Page #1~~ and the Carroll #1 wells that have all of the information that is required on a spud report. I fully understand that the spudding in of a well is to be reported to the division within 24 hours prior to starting the operation and that it should contain all of the information I have posted on these reports. I have talked to Harriman and told him that this procedure has to take place on all future wells. Give me a call if you need additional information.

Thanks,

Donn

**RECEIVED**

NOV 27 2002

DIVISION OF  
GAS AND MINING

.....

012

CK  
#10541

8 5/8"  
PUGH #8 SURFACE PIPE



Remit To: American Energy Services  
P.O. Box 676364  
Dallas, Texas 75267

INVOICE

DATE	INVOICE NO.
10/29/02	555704464

<b>CUSTOMER</b>
Legend Energy Attn: Harry Morgan P.O. Box 231 Glendale, UT 84729

<b>WELL NAME</b>
Pugh #8 Kane County, UT Legend Energy

<b>CUSTOMER REP</b>
Morgan Formation

<b>AES REP</b>
BM
<b>JOB DATE</b>
10/28/02

ITEM	DESCRIPTION	QTY	UOM	RATE	AMOUNT
CM0001	Pickup Mileage Charge	300.00	mi	3.10	930.00
CM0002	Pump Truck/Heavy Equipment Mileage Charge	300.00	mi	4.40	1,320.00
CM0003	Cement Delivery Charge	2,460.00	tm	1.45	3,567.00
CPC001	Depth Charge; 0-300'	1.00	4 hrs	1,000.00	1,000.00
CMT002	Standard Cement, Farmington, 94 lbs.	170.00	sk	13.50	2,295.00
CMT200	Blending Charge	177.00	cu ft	1.75	309.75
CCA003	Cello-flake(Flo-Seal)	50.00	lb	2.20	110.00
SC2402	Calcium Chloride	350.00	lb	0.65	227.50
FE024	8 5/8" Wooden Plug	1.00	ea	97.00	97.00
FE044	8 5/8" Guide Shoe	1.00	ea	390.00	390.00
FE164	8 5/8" Stop Ring	1.00	ea	53.00	53.00
FE324	8 5/8" Insert Float(AFU)	1.00	ea	350.00	350.00
FE344	8 5/8" Centralizer	3.00	ea	80.00	240.00
FE441	Thread Lock Kit	1.00	ea	34.00	34.00
NP0007	Equipment Operator, Out of Town Subsistence, per man	9.00	day	250.00	2,250.00
CPM002	Non-pumping Time - All Equipment (per unit)	88.00	hr	150.00	13,200.00

Sales Total 26,373.25  
Discount (9,230.63)

Thank you for your business

TOTAL *Pd.* \$ 17,142.62



P. O. BOX 302  
FARMINGTON, NEW MEXICO 87499

# CEMENT JOB DETAIL SHEET

CUSTOMER <b>LEGEND Energy</b>	DATE <b>10-28-02</b>	F.R. # <b>70024464</b>	SER. SUP. <b>Bruce Murphy</b>	TYPE JOB <b>Surface</b>
LEASE & WELL NAME - OCSG <b>Pugh #8</b>		LOCATION <b>Sec. 34-385-5W</b>		COUNTY <b>Kane</b>
DRILLING CONTRACTOR RIG # <b>Stewart Bros</b>			OPERATOR	

MATERIAL FURNISHED	TYPE OF PLUGS <small>TOP BTM</small>	LIST CSG HARDWARE	SQ MANI FOLD <small>Y N</small>	TOP OF EACH FLUID	PHYSICAL SLURRY PROPERTIES					
					SLURRY WEIGHT PPG	SLURRY YIELD FT <sup>3</sup>	WATER GPS	PUMP TIME HR. MIN.	Bbl SLURRY	Bbl MIX WATER
<b>180 sfs premium cement + 2% CaCl<sub>2</sub> + 1/4 #1/2 k C.F.</b>	<b>Wood</b>	<b>3-seal 1-Insect</b>			<b>15.6</b>	<b>1.18</b>	<b>5.2</b>		<b>37.8</b>	<b>2203</b>

Available Mix Water	Bbl.	Available Displ. Fluid	Bbl.	TOTAL
---------------------	------	------------------------	------	-------

HOLE			TBG- <del>CSG</del> -D.P.				TBG-CSG-D.P.				COLLAR DEPTHS		
SIZE	% EXCESS	DEPTH	SIZE	WGT.	TYPE	DEPTH	SIZE	WGT.	TYPE	DEPTH	SHOE	FLOAT	STAGE
<b>12 1/4</b>		<b>264</b>	<b>8 5/8</b>	<b>24.0</b>		<b>290</b>							

LAST CASING				PKR-CMT RET-BR PL-LINER				PERF DEPTH		TOP CONN.		WELL FLUID	
SIZE	WGT.	TYPE	DEPTH	BRAND & TYPE		DEPTH	TOP	BTM	SIZE	THREAD	TYPE	WGT	
									<b>8 5/8</b>	<b>8 1/2</b>	<b>spud</b>	<b>Mud</b>	

CAL. DISPL. VOL. Bbl.				CAL. PSI	CAL. MAX. PSI	OP. MAX	MAX TBG PSI		MAX CSG PSI		DISPL. FLUID		WATER SOURCE
TBG.	CSG.	CSG.	TOTAL	BUMP PLUG	TO REV	SO PSI	RATED	OP	RATED	OP	TYPE	WGT	
			<b>16 1/4</b>			<b>500</b>					<b>H<sub>2</sub>O</b>	<b>8.33</b>	<b>truck</b>

EXPLANATION: TROUBLE SETTING TOOL, RUNNING CSG., ETC., PRIOR TO CEMENTING:

PRESSURE RATE DETAIL						EXPLANATION	
TIME HR: MIN:	PRESSURE - PSI		RATE BPM	Bbl FLUID PUMPED	FLUID TYPE	SAFETY MEETING: CREW <input checked="" type="checkbox"/> CO. REP. <input checked="" type="checkbox"/>	
	PIPE	ANNULUS				TEST LINES	
<b>15:50</b>	<b>150</b>					<b>1500</b>	<b>PSI</b>
<b>15:55</b>	<b>150</b>		<b>4 1/2</b>	<b>20</b>	<b>H<sub>2</sub>O</b>		<b>st. pre-flush</b>
<b>16:04</b>			<b>4 1/2</b>	<b>37.8</b>	<b>cut.</b>		<b>st. cut.</b>
<b>16:05</b>	<b>150</b>		<b>3 1/4</b>	<b>16 1/4</b>	<b>H<sub>2</sub>O</b>		<b>s.d. drop plug</b>
<b>16:10</b>	<b>300</b>						<b>st. dis.</b>
<b>16:11</b>	<b>0</b>						<b>plug down</b>
							<b>ck. float</b>

BUMPED PLUG	PSI TO BUMP PLUG	TEST FLOAT EQUIP.	TOTAL Bbl. PUMPED	Bbl. CMT RETURNS/ REVERSED	PSI LEFT ON CSG	SPOT TOP CEMENT	SER. SUP. <b>Bruce</b>
<b>0 N</b>	<b>300</b>	<b>0 N</b>		<b>17</b>	<b>0</b>	<b>Surface</b>	CUSTOMER REP. <b>HARRY</b>

# Big4

CEMENTING

(435) 789-1735

1356

INVOICE NO. 1356

P.O. Box 1817, Vernal, Utah 84078

YOUR ORDER NO.

DATE November 11, 2002

LOCATION: Pugh #8

5 1/2"

TO:

LEGEND ENERGY OF UTAH L.L.C.  
P.O. BOX 231  
GLENDALE, UTAH 84729

LONG STRING

WORK TICKET NO.	CODE	DESCRIPTION	QTY.	UNIT PRICE	TOTAL
1377					
	1	Mileage Pump Unit	720	5.00	3600.00
	1	Mileage Crew Truck	720	3.00	2160.00
	1	Pump Charge			2742.00
	1	Operators Expenses 3 men			900.00
	2	Guide Shoe 5 1/2"			214.70
	2	Float Collar 5 1/2"			491.55
	2	Centralizers 5 1/2 X 7 7/8"	5Ea		363.00
	2	Clamp 5 1/2"			25.30
	2	Thread Lock			36.86
	2	Top Plug 5 1/2"			126.50
	2	Premium Cement 65 35	170 Sks	17.40	2958.00
	2	Gel 6%	9 Sks	30.00	270.00
	2	Salt 3%	400 Lbs	.25	100.00
	2	Flocele 1/4 #/sk	50 Lbs	3.00	150.00
	2	Blending charge	198 cuft	2.82	558.36
	2	Delivery charge	2865.42	1.72	4928.52
		Subtotal			19624.79
		Less Discount			10793.36-
		Total			8831.20
		Tax			299.00
		Total Invoice			\$9130.20

pd ck #  
1067



011

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, re-enter plugged wells, or to drill horizontal wells. 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 N/A
2. NAME OF OPERATOR Legend Energy of Utah, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
3. ADDRESS OF OPERATOR PO Box 231 CITY Glendale STATE UT ZIP 84729		7. UNIT or CA AGREEMENT NAME N/A
PHONE NUMBER (435) 648-2647		8. WELL NAME and NUMBER Pugh #8
4. LOCATION OF WELL FOOTAGES AT SURFACE: 387' FNL 1,788 FWL COUNTY: Kane QUAD/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W STATE: UTAH		9. API NUMBER 4302530039
		10. FIELD AND POOL, OR WILDCAT: Wildcat

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input 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 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMBINGLE 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.

Attached are the scaled drawings of the drill pad "as built" for the Pugh #8 well showing the access road, reserve pit, and the well location.

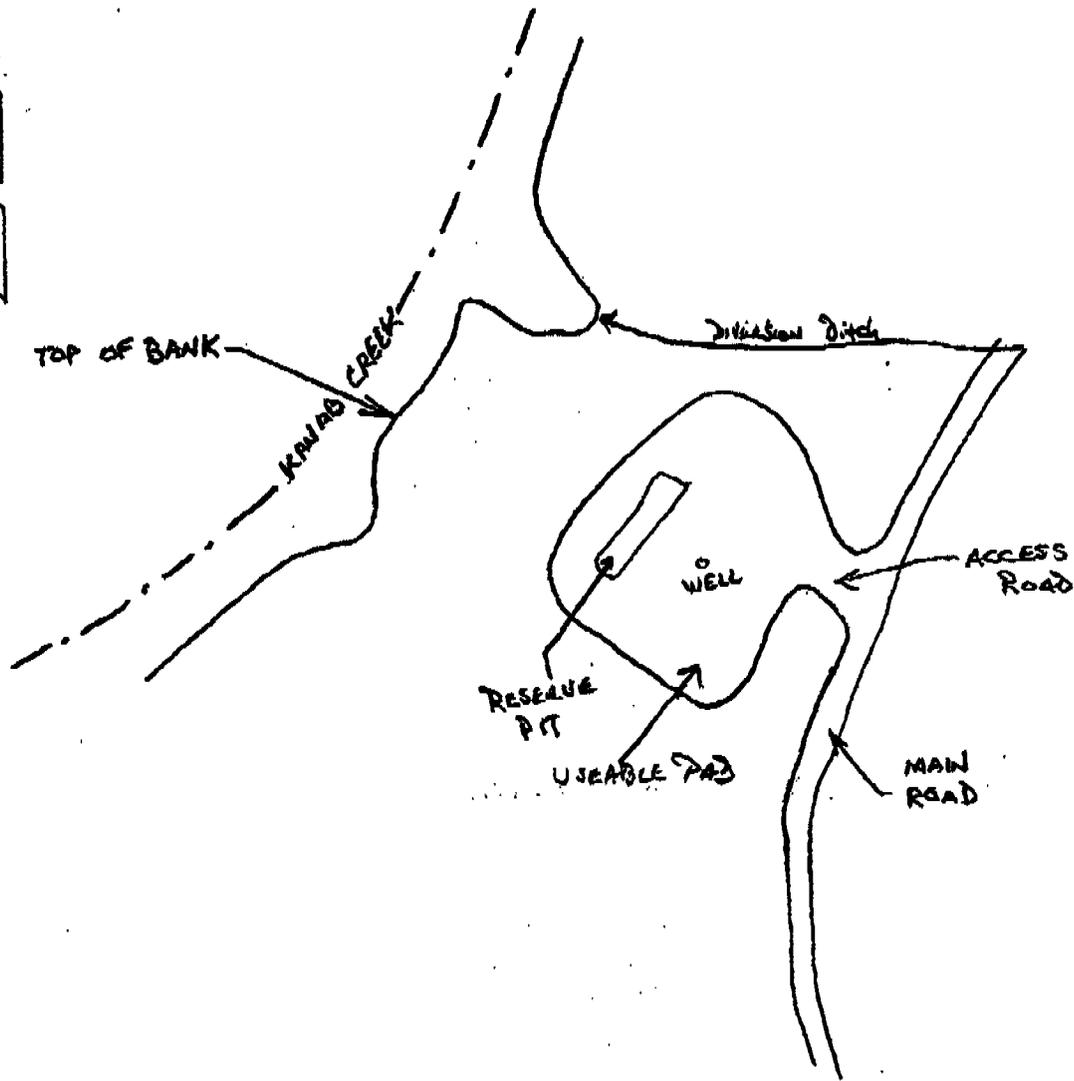
NAME (PLEASE PRINT) <u>A. H. Morgan</u>	TITLE <u>Manager</u>
SIGNATURE <u>A. H. Morgan (DMP)</u>	DATE <u>12/16/2002</u>

(This space for State use only)

RECEIVED

DEC 16 2002

DIV. OF OIL, GAS & MINING



DATE:

Dec 2002

FILE:

PUSH

SECRET:

10F1

DRAWN BY:

DJP.

**THEREAU CONSULTING**

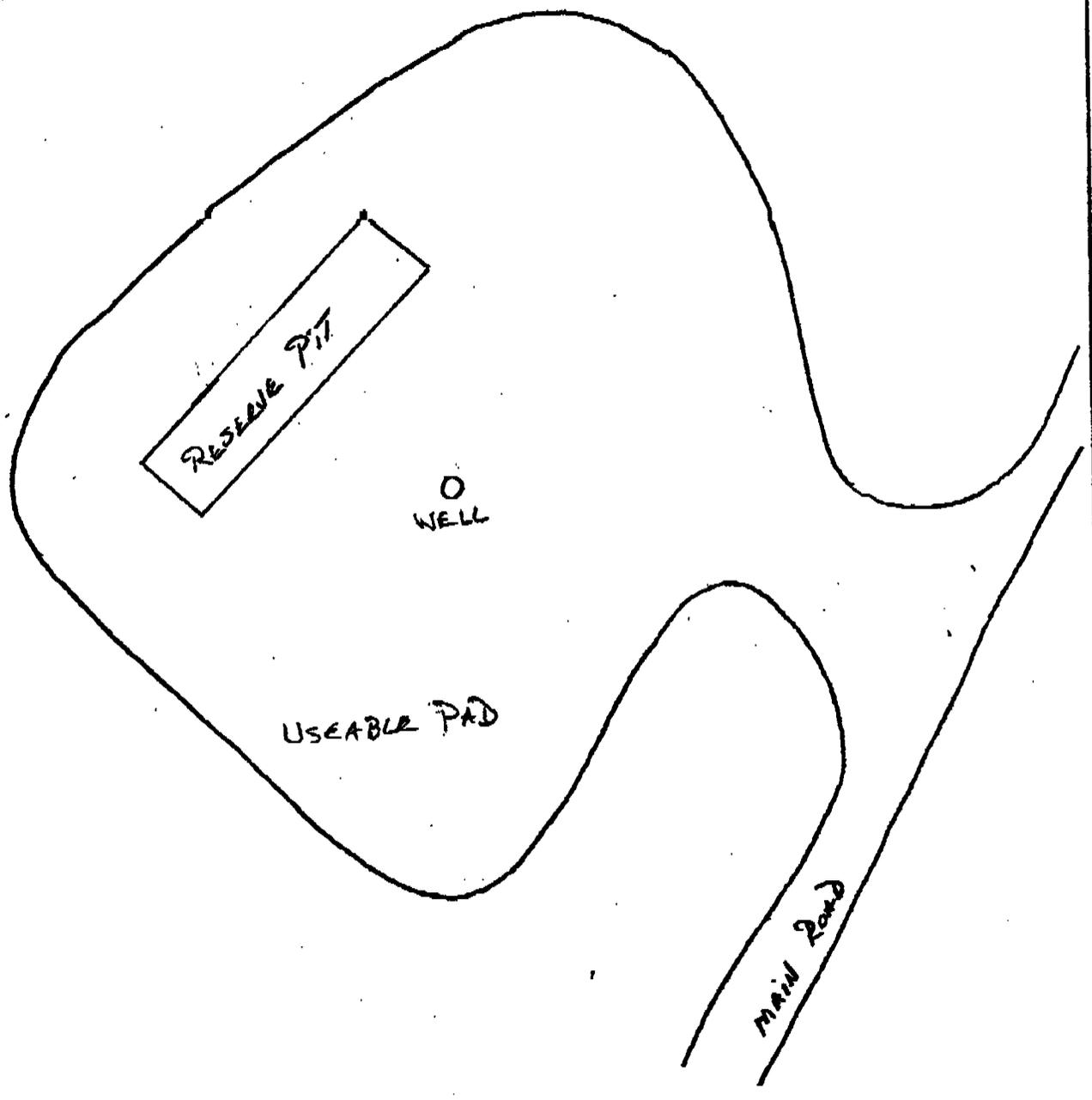
A "DESIGN-BUILD" FIRM  
EXCELLENCE...ON TIME!

DANIEL W. THEREAU, P.E.  
P.O. BOX 25 KANAB, UTAH 84741  
(435)444-2023 (800)544-2023 (800)544-2023

**LEGEND ENERGY OF UTAH, LLC**

Pugh #8 Pad "AS BUILT"  
ALTON, UT

SCALE P-100

DATE: Dec 2002	FILE: PUGH	<b>THEBEAU CONSULTING</b> A "DESIGN-BUILD" FIRM EXCELLENCE...ON TIME! DANIEL W. THEBEAU, P.E. P.O. BOX 25, KANAB, UTAH 84741 (435)644-4401 (435)644-4402 (435)644-4403	<b>LEGEND ENERGY OF UTAH, LLC</b> Pugh #8 Pad "AS BUILT" ALTON, UT SCALE 1" = 50'	<table border="1"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>				
SHEET: 10/1	DRAWN BY: DMF.							



.....

**Earth & Structure, Inc**  
800 S. Vermillion Dr.  
Kanab, Utah 84741  
435-644-3125

**To:** Mike Hebertson **Fax:** 801-359-3940

---

**From:** Donn M. Pillmore **Date:** 12/16/2002

---

**Re:** "As Built" Pad Drawings to Scale **Pages:** 12

---

**CC:**

---

Urgent       For Review       Please Comment       Please Reply       Please Recycle

**Mr. Hebertson:**

Attached are the Sundry Notices and the "As Built" pad drawings for the  
 Birch #8 the Garrill #1 and the Christensen #1 wells. The drawings are  
 the drawings are to scale. Please call if you require additional information  
 or have questions.

**Donn Pillmore**



.....



4200 Skyline Drive, Farmington, New Mexico 87401, (505) 325-8531, Fax (505) 325-3861  
 Email: [swgslognm@earthlink.net](mailto:swgslognm@earthlink.net) or on the web at [www.southwestgeophysical.com](http://www.southwestgeophysical.com)

December 12, 2003

Mike Herbertson  
 State Of Utah, Dept. of Natural Resources  
 Division of Oil, Gas & Mining  
 P.O. Box 145801  
 Salt Lake City, Utah 84114-5801

Dear Mr. Herbertson,

Harry Morgan with Legend Energy of Utah, LLC asked me to forward you these copies of logs from the three wells in Kane County which we worked on.

*logs filed in log files.*

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Peterson'.

Mick Peterson—Manager

ENCLOSED: CARROL #1  
 PUGH #8 - T 38S R05W SEC-34  
 43-025-30039  
 CHRISTENSEN # 1X

RECEIVED

DEC 19 2003

DIV. OF OIL, GAS & MINING

007

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

FORM 6

ENTITY ACTION FORM

Operator: Legend Energy of Utah, LLC Operator Account Number: N 1890  
 Address: PO Box 231  
city Glendale  
state UT zip 84729 Phone Number: (435) 648-2647

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4302530039	Pugh #8		NENW	34	38S	5W	Kane
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	13672	10/26/2002		11-27-02		
Comments:							

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)

A. H. Morgan

Name (Please Print)

A. H. Morgan June

Signature  
Manager

11/26/2002

Title

Date

**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: <i>FEE</i>
2. NAME OF OPERATOR: <i>Legend Energy of Utah LLC</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: <i>195 E. Settlers Canyon Rd #71</i> CITY <i>Cedar City</i> STATE <i>UT</i> ZIP <i>84720</i>		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: <i>435 867-6317</i>		8. WELL NAME and NUMBER: <i>Pugh No. 8</i>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <i>X 375599 Y 4147711 Elev. 7627</i>		9. API NUMBER: <i>43-025-30039</i>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <i>NENW Sec. 34 T. 38 S. R. 5 W.</i>		10. FIELD AND POOL, OR WILDCAT: <i>Wildcat</i>
COUNTY: <i>Kane</i>		
STATE: <i>UTAH</i>		

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input checked="" 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.

*See Attached*

COPY SENT TO OPERATOR  
DATE: *4-16-04*  
BY: *CHP*

NAME (PLEASE PRINT) *Harriman Morgan* TITLE *Owner*  
SIGNATURE *Reggie P Holland Agent for* DATE *03-05-04*

APPROVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING  
DATE: *3/15/04*  
BY: *[Signature]*  
*\*See conditions of approval (Attached)*

RECEIVED  
MAR 09 2004  
DIV. OF OIL, GAS & MINING



State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

MICHAEL O. LEAVITT  
*Governor*

OLENE S. WALKER  
*Lieutenant Governor*

## ***CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL***

Well Name and Number: Pugh # 8  
API Number: 43-025-30039  
Operator: Legend Energy of Utah, LLC  
Reference Document: Original Sundry dated March 5, 2004,  
received by DOGM on March 9, 2004

### Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. Cement used for plugging shall be API Class "B" or ASTM Type II mixed at 15.6 ppg with 5.2 gallons of water per sack (94 lbs) of cement. An equivalent cement slurry may be substituted upon approval from the Division.
3. A dry hole marker shall be erected in accordance with R649-3-24-7 unless a variance for a subsurface marker is requested by the operator and approved by the Division.
4. 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.
5. Form 8 – Well Completion or Recompletion Report and Log shall be submitted to the Division upon completion of work and shall include all pertinent well data including casing sizes, weights and grades, formation tops, test data and cement types, weights and quantities.
6. All requirements in the Oil and Gas Conservation General Rules R649-3-24 and R649-3-31 and Board order 190-13 shall apply.
7. If there are any changes to the plugging procedure or wellbore configuration, notify Dustin Doucet at 801-538-5281 prior to continuing with the procedure.
8. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet  
Petroleum Engineer

April 15, 2004

Date

# Wellbore Diagram

API Well No: 43-025-30039-00-00 Permit No:  
 Company Name: LEGEND ENERGY OF UTAH LLC  
 Location: Sec: 34 T: 38S R: 5W Spot: NENW  
 Coordinates: X: 375599 Y: 4147711  
 Field Name: WILDCAT  
 County Name: KANE

Well Name/No: PUGH 8

### String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity f/cf
HOL1	254	12.25			
SURF	254	8.625	20#		2.733
HOL2	1799	7.875	$\frac{(1.25)(2.733)}{2.8335}$		2.053

surface plug

$$\frac{200'}{(1.15)(2.733)} = 64.5K = 74 \text{ cf} \rightarrow 2.8 \text{ cf}$$

1750' 5 1/2 IS5 cement to surface

### Cement Information

Surface Shoe Plug

$$\frac{146'}{(1.15)(2.053)} = 62.5K$$

$$\frac{54'}{(1.15)(2.733)} = 18.5K$$

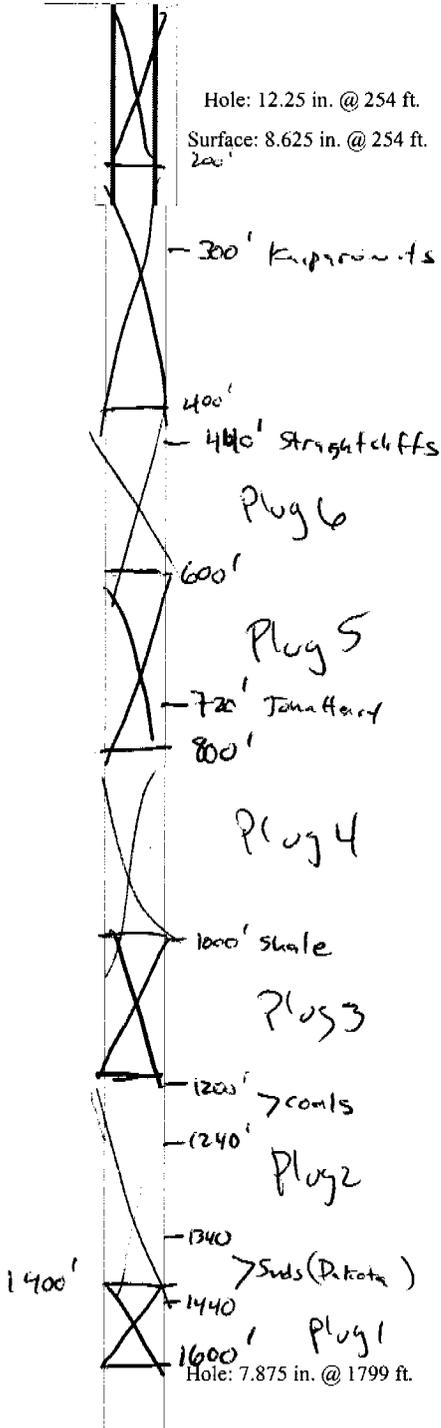
$$\frac{80.5K}{80.5K}$$

$$\left. \begin{matrix} 72 \text{ cf} \\ 20 \text{ cf} \end{matrix} \right\} \rightarrow 3.4 \text{ cf}$$

### Perforation Information

### Formation Information

Formation Depth      Formation Depth



open hole Plug 5

$$\frac{200'}{(1.15)(2.053)} = 85.5K = 160 \text{ cf} \rightarrow 3.7 \text{ cf}$$

Assuming 6 plugs ~~22.2cf~~

Total = ~~22.2cf~~ 28.4cf

Proposed = 27.25cf OK ✓

## Proposal for Plug and Abandonment

It is proposed that well no 43-025-30039-00-00 (Pugh No. 8) be "plugged and abandoned" in the following manner: The borehole re-entered using an "open end" string of drill pipe and proceed to a depth of 1600 feet below ground level. At this point, a cement slurry will be pumped into the hole in sufficient volume to fill the entire drill hole void up to a below ground level of 1400 feet. At this point in the operation, the drill pipe string will be removed to a below ground level of 1200 feet and cement slurry will be pumped into the drill hole in sufficient volume to fill the entire drill hole void up to 1000 feet below ground level. This process will be repeated until the entire bore hole is filled with cement slurry. It is estimated that the volume of cement slurry required will be 27.25 cubic yards. Using a hole diameter of 8.625 inches from ground level to TD of 1799 feet derives this volume.

Pugh No. 8  
1600' to surface  
with  
class "B"

It is reported that snow levels in the State of Utah are the heaviest for the past eleven years. Here in Southern Utah we have received heavy precipitation. The Pugh No. 8 location is at an elevation of over 7627 feet and approximately 5 miles of backcountry road must be traversed to access this location. The snow and ground frost at this location and along portions of the access road will probably last into late April and even into early May. This will delay any proper reclamation and impede plugging procedures. In the interest of performing a more effective and efficient plug and abandon program it is proposed that Legend Energy of Utah LLC complete the plug and abandonment of the Pugh No. 8 on or before July 15, 2004.

Leveling, contouring and reseeding of the location will be as per the landowner's requirements. Legend Energy of Utah LLC, will, in the interest of both Legend Energy and the State of Utah obtain a written "Notice of Release" from the landowner upon completion of the plug and abandonment procedure.

It is estimated that the entire plugging and abandonment of the Pugh No. 8 will require \$15, 000 to complete.

Further note, that Legend Energy of Utah LCC hereby withdraws applications for the Pugh No. 8 WDW, 43-025-30054 and Pugh No. 1 WD, 43-025-30034.

12/31/2003

### Wellbore Diagram

1253

API Well No: 43-025-30039-00-00 Permit No: Well Name/No: PUGH 8

Company Name: LEGEND ENERGY OF UTAH LLC

Location: Sec. 34 T: 38S R: 5W Spot: NENW

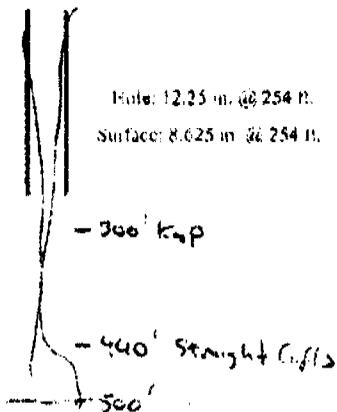
Coordinates: X: 375599 Y: 414771

Field Name: WILDCAT

County Name: KANE

#### String Information

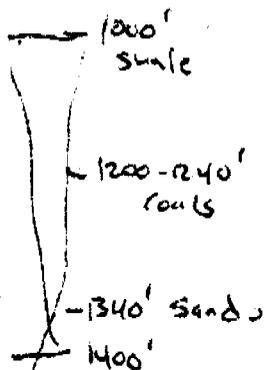
String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)
110L1	254	12.25		
110R1	254	8.625		
110L2	1799	7.875		



#### Cement Information

- 720' Joint Head

#### Perforation Information



#### Formation Information

Formation Depth      Formation Depth

Hole: 7.875 in. @ 1799 ft

TD:

TYD:

PBTD:

014

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 P+A

2. NAME OF OPERATOR: Legend Energy of Utah LLC

3. ADDRESS OF OPERATOR: 195 E. Fiddlers Canyon #71 Cedar City STATE Ut ZIP 84720 PHONE NUMBER: 435-867-6317

4. LOCATION OF WELL (FOOTAGES): AT SURFACE: X: 37599 Y: 4147711 Elev. 7627

AT TOP PRODUCING INTERVAL REPORTED BELOW: N/A

AT TOTAL DEPTH: N/A

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER: Pugh #8

9. API NUMBER: 43-025-30039

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. QTR/GTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 34 38S 5W

12. COUNTY: KANE

13. STATE: UTAH

14. DATE SPUDDED: 10-27-02 15. DATE T.D. REACHED: 11-06-02 16. DATE COMPLETED: 6-10-04 ABANDONED  READY TO PRODUCE  17. ELEVATIONS (DF, RKB, RT) (GL): 7627

18. TOTAL DEPTH: MD 1810 TVD 1810 19. PLUG BACK T.D.: MD 1325 TVD \_\_\_\_\_ 20. IF MULTIPLE COMPLETIONS, HOW MANY? \* N/A 21. DEPTH BRIDGE MD N/A PLUG SET: TVD \_\_\_\_\_

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each): GR/DENINEOT, ELECTAR LOG 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
<u>7 7/8</u>	<u>5 1/2</u> <u>J-55</u>	<u>15.5 #</u>	<u>Surface</u>	<u>1325'</u>		<u>Asme Type II</u>	<u>6 1/2 yd<sup>3</sup></u>	<u>Surface</u>	<u>None</u>

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS None 27. PERFORATION RECORD None

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
<u>N/A</u>	<u>N/A</u>

29. ENCLOSED ATTACHMENTS: 30. WELL STATUS: P+A

- ELECTRICAL/MECHANICAL LOGS
- SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION
- GEOLOGIC REPORT
- CORE ANALYSIS
- DST REPORT
- OTHER: JUL 15 2004
- DIRECT DIAL SURVEY

RECEIVED  
JUL 15 2004

31. INITIAL PRODUCTION

*None*

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):

*None*

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)

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

NAME (PLEASE PRINT) A. H. MORGAN TITLE MANAGER  
 SIGNATURE A. H. Morgan DATE 7-12-04

This report must be submitted within 30 days of

- completing or plugging a new well
- reentering a previously plugged and abandoned well
- drilling horizontal laterals from an existing well bore
- significantly deepening an existing well bore below the previous bottom-hole depth
- recompleting to a different producing formation
- 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