

STATE OF UTAH
DIVISION OF OIL, GAS & MINING
Department of Natural Resources

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Warning:
Unauthorized removal, destruction, or mutilation of any files or documents maintained by this office is a felony
by Utah Code Ann. 76-6-503.

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
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 checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Legend Energy of Utah, LLC		8. WELL NAME and NUMBER: Pugh #10
3. ADDRESS OF OPERATOR: 30 E. Center, Box 63 CITY Kanab STATE Ut ZIP 84741		9. FIELD AND POOL, OR WLDCAT:
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1952 FSL 618 FEL AT PROPOSED PRODUCING ZONE: SAME		10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 34 38S 5W
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 4.9 miles NE of Alton Town		11. COUNTY: Kane 12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 658	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) 1900	18. PROPOSED DEPTH: 1,915	19. BOND DESCRIPTION:
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7880GR	21. APPROXIMATE DATE WORK WILL START: 10/1/2001	22. ESTIMATED DURATION: 21 days

23. **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

24. **ATTACHMENTS** DIVISION OF OIL, GAS AND MINING

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

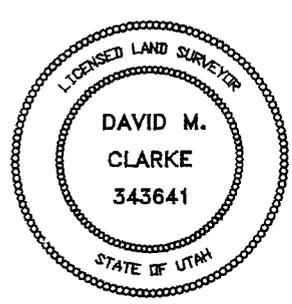
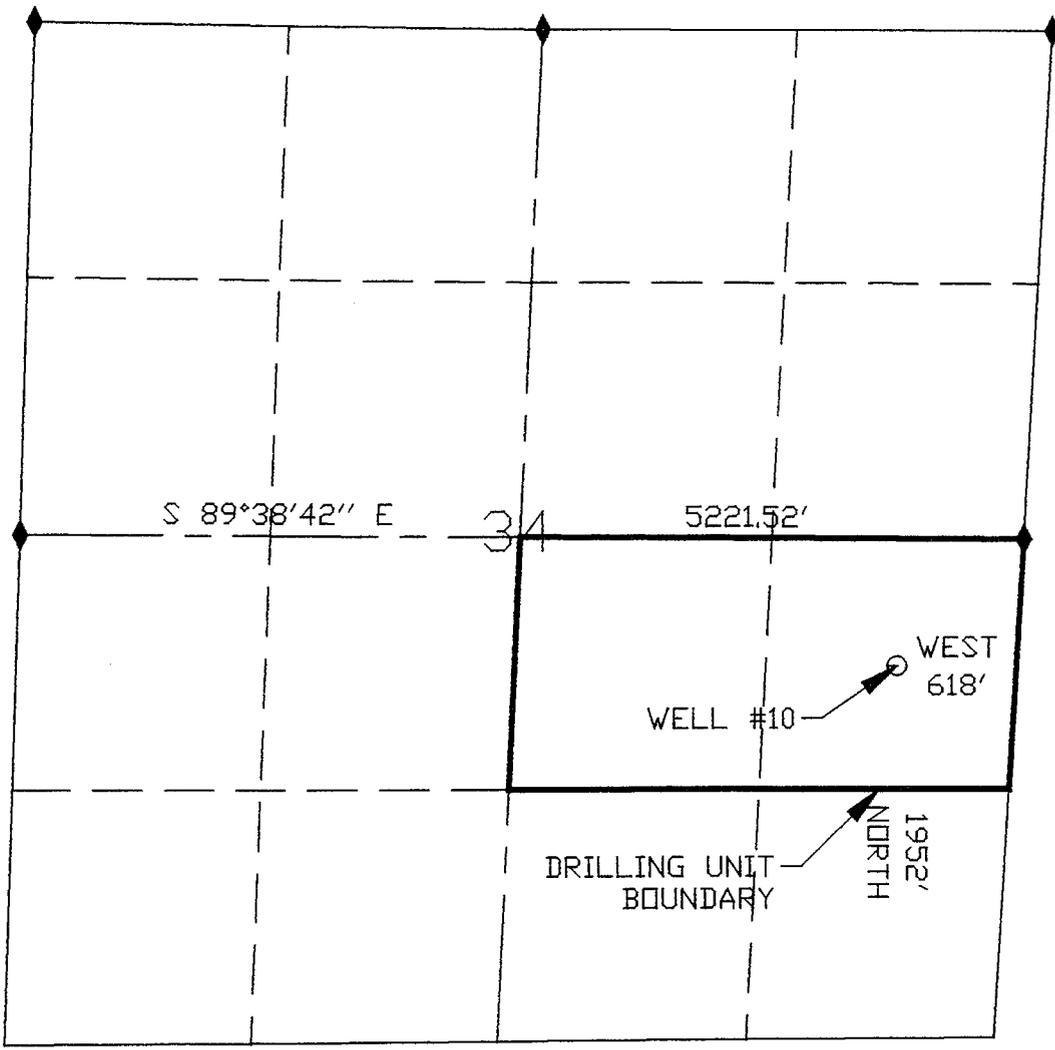
SIGNATURE *Walter A. Kelly, Jr.* DATE 8/22/01

(This space for State use only)

API NUMBER ASSIGNED: 43-025-30041

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
 DATE: AUG., 2001
 SCALE: 1 INCH = 1000 FEET
 APPROVED BY: R.B. PLATT

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 #10

SHT. NO.
 1

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

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4146789 N
376429 E

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12 1/4	8 5/8" J-55 32	200	Low Density	75sx 1.75 cf/sx	12.5
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Amended 6-24-01			RECEIVED SEP 06 2001		

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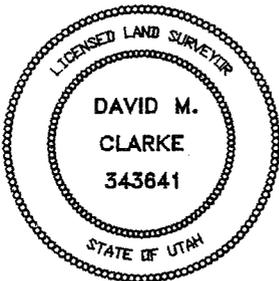
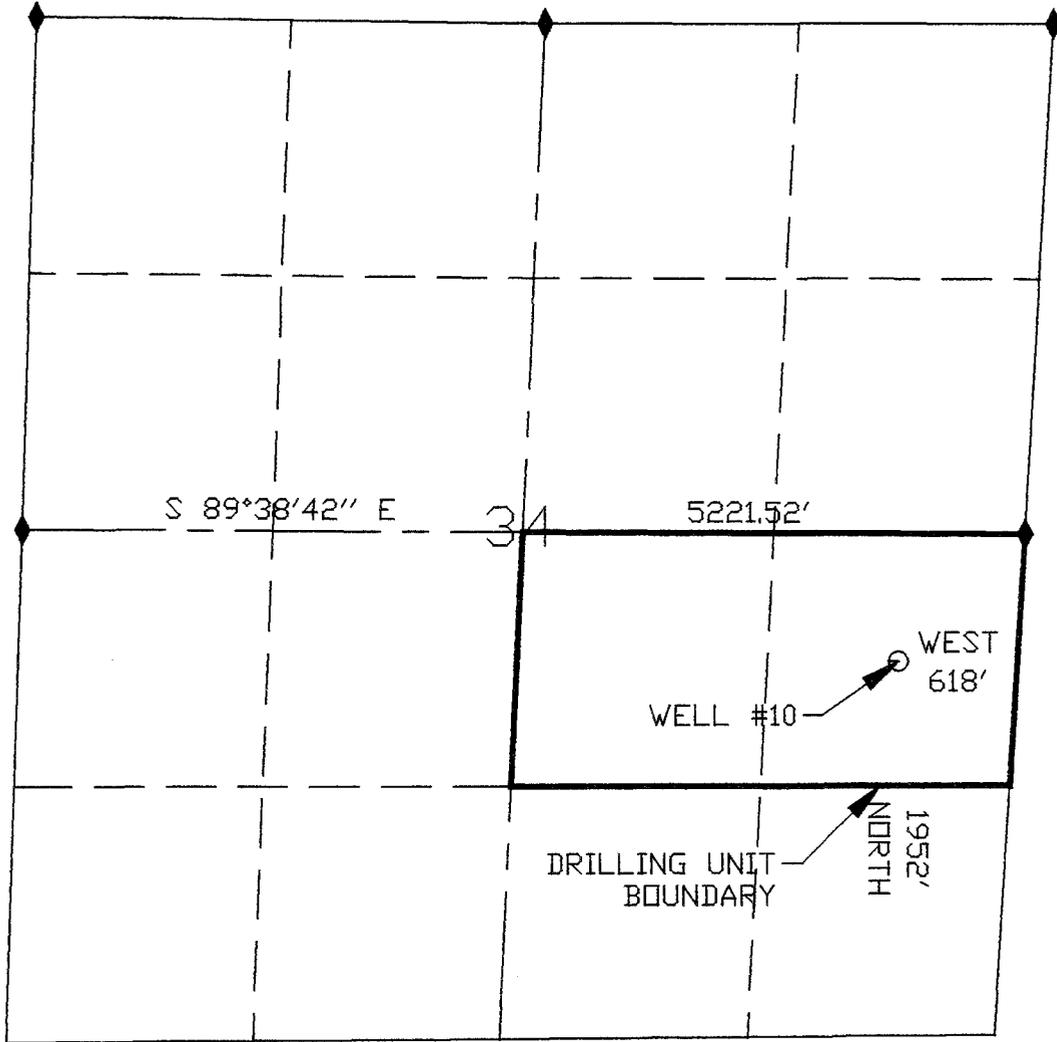
SIGNATURE Walter A. Kelly Jr DATE 8/22/01

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API NUMBER ASSIGNED: 43-025-30041

APPROVAL:

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

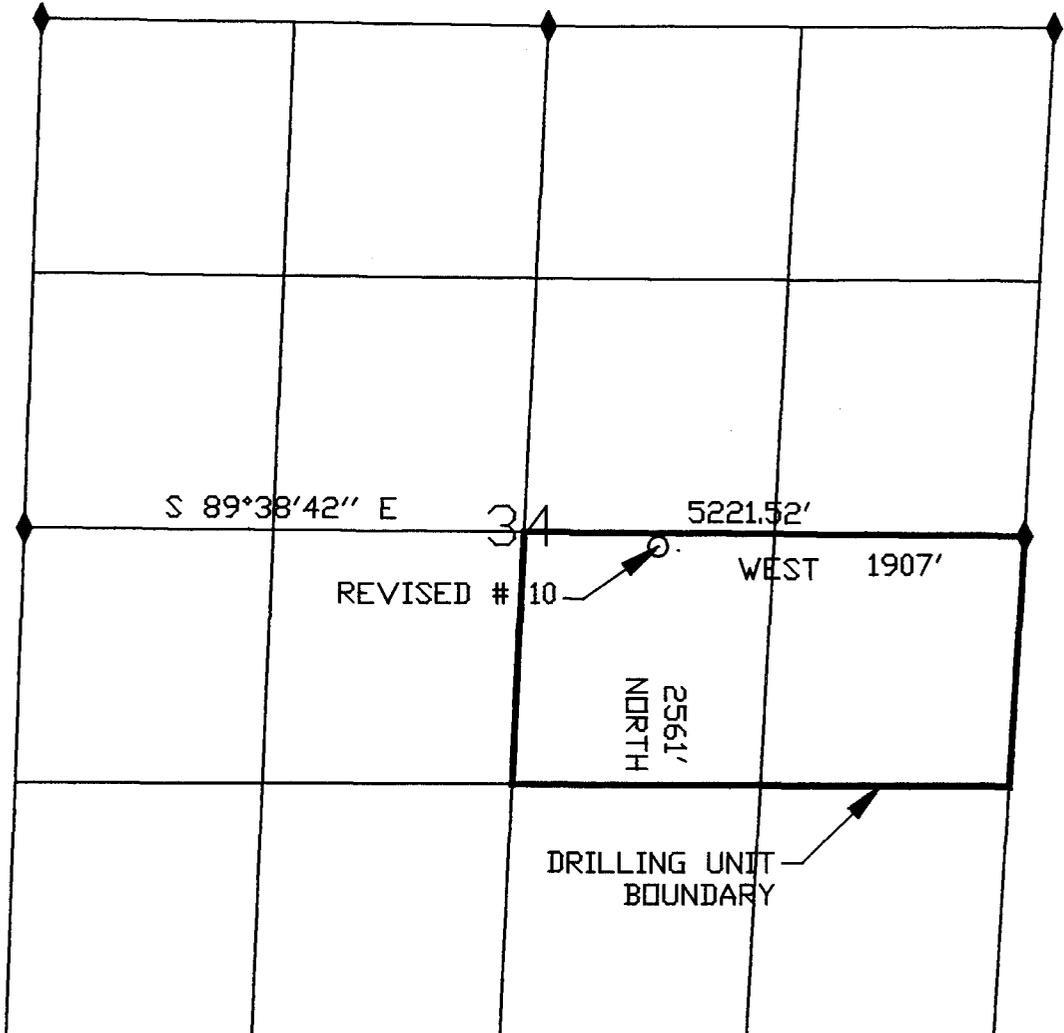


◆ DENOTES LOCATED GLO CORNER
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 LOCATIONS FIXED BY GLO
 INFORMATION

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 #10	1
SCALE: 1 INCH = 1000 FEET			
APPROVED BY: R.B. PLATT			

002

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



◆ DENOTES LOCATED GLO CORNER

└ OTHER EXTERIOR CORNER
LOCATIONS FIXED BY GLO
INFORMATION

REVISED: JUNE, 2002

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 #10	
APPROVED BY: R.B. PLATT	WITHIN SECTION 34, T. 38 S., R. 5 W., S.L.B. & M.		

Drilling Program

Wells planned for the Pugh Lease

Kane County, Utah

Depths

Important Geological Markers	Estimated Depth in Feet
Kaiparowits	400
Straight Cliffs	600
John Henry	700
Tropic Shale	1,200
Top Dakota	1,500
Smirl	1,600
Bottom Bald Knoll	2,000

Estimated Top & Bottom Depths of Mineral-Bearing Formations	
Water	surface - 200 ft.
Oil	none
Gas	Dakota Formation:
	Smirl: 1,600'-1,620'
	Bald Knoll: 1,985'-2,000'
Other	none

Notable Zones

Gas is expected in the Smirl coal seam (1,600' – 1,620') and the Bald Knoll coal seam (1,985' – 2,000'). No other oil or gas zones are expected. The Smirl and Bald Knoll coal seams are anticipated water zones.

Pressure Control

An approximate 10" x 2,000 psi double ram BOP with 2,000 psi choke manifold will be used from bottom of surface casing to TD. (A typical 2,000 psi BOP is shown on page 3. Actual model will not be known until the drilling bid has been let). The BOP system will

be tested to 70% of the minimum internal yield before drilling the surface casing shoe. System will be tested at least once every 30 days. 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 water pumped from Heaton Reservoir on Hollow Swell. 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

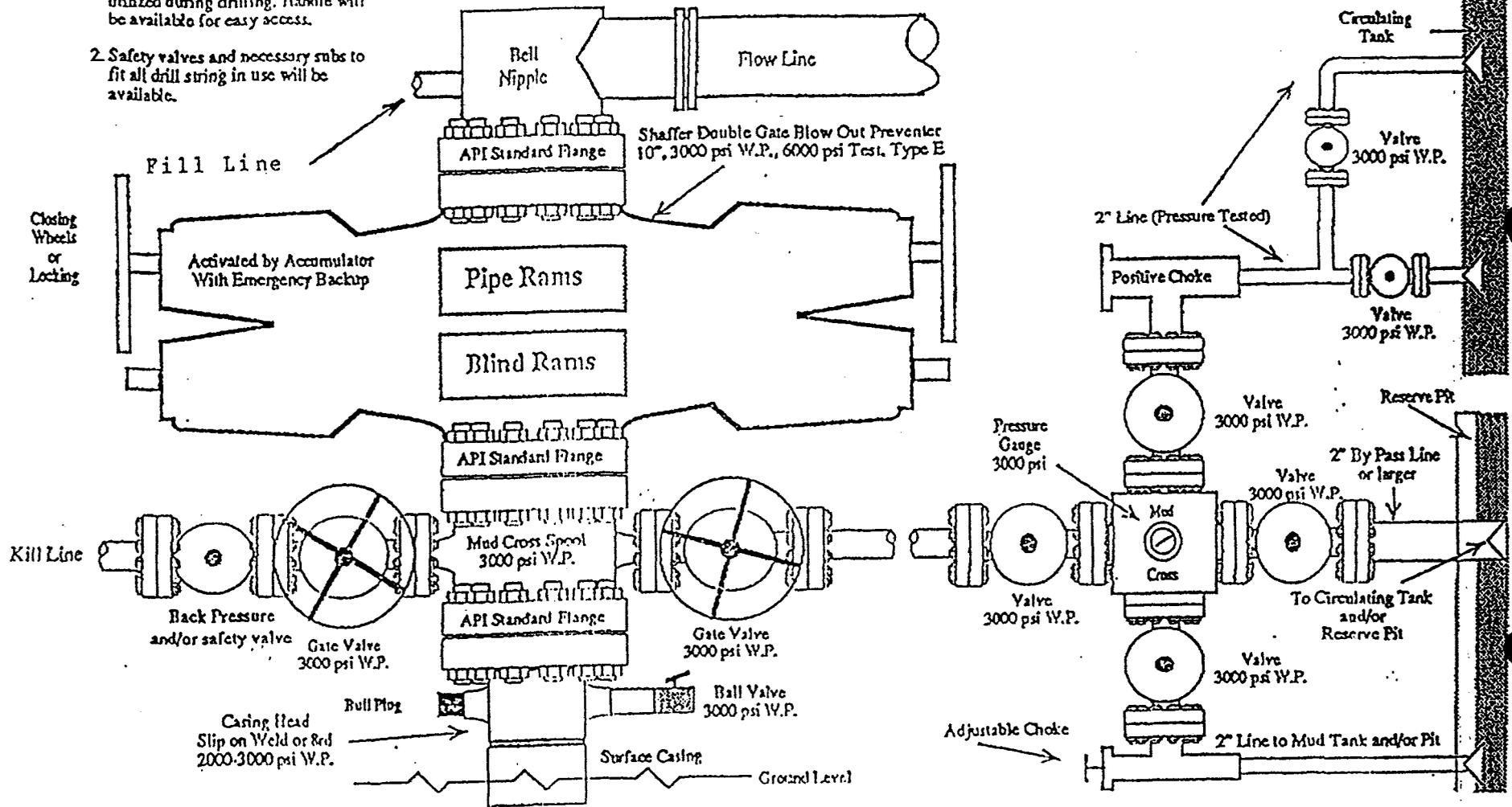
The first deviation survey will be run ~ 200' below the BSC. Additional surveys will be run every 300' to TD. The hole deviation limit will be 1° per 100' of hole and a maximum of 6° at TD. If the deviation of the hole exceeds 4°, the driller will decrease the WOB, and increase RPM, and survey at 200'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

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.

Mud loggers will be onsite from ~ 800' to TD. They will have full chromatograph capabilities. They will collect samples every 30' from 800' to 1,200' and every 10' from 1,200' to TD.

The logging company will run the following log suite:

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 ~1,000 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

Miscellaneous

The drill hole will be spudded upon approval and the availability of a drill rig. Under normal operating conditions, it will take approximately 1 week to drill the well and approximately 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.

Surface Use Plan

Existing Roads & Directions

Take Highway 89 from Kanab, Utah north approximately 35 miles to the turn off to Alton, Utah. Turn east off of Highway 89 and drive approximately five miles to Alton. From Alton travel approximately five miles east to northeast to project area. See map on Exhibit A.

Existing Wells

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

Proposed Facilities

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

Water Supply

Water for drilling operations will be taken from Heaton Reservoir located on Hollow Stream and trucked to the drill site. The water right filed with the State of Utah is t25802. The point surface is: N 650 ft E 1780 ft from W4 cor, Sec 33, T 38S, R 5W, SLBM. A copy of Water Right t25802 is attached.

Waste Disposal

All trash will be placed in a trash cage or bin. 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. The contents will be pumped and disposed of in accordance with Utah State requirements.

Ancillary Facilities

No airstrip or formal camp is planned for this project. Camp trailers may be used on site for the drilling contractor and his crew, the geophysical logging contractor, tool pusher and possibly other contractors.

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. The reserve pit will be lined with a minimum 12 mil liner. During use of the reserve pit, a minimum 2 foot freeboard will be maintained at all times.

Reclamation

When drilling, testing, and well completion have been completed, the well site and immediate area will be cleared of all debris and material not required for production of the well.

Reclamation will start and the reserve pit will be closed within one (1) year of well completion. The pit contents shall meet the Utah Division of Oil and Gas cleanup levels or background levels prior to burial. If necessary, appropriate treatment to reduce mobility and/or toxicity in order to meet cleanup levels will be undertaken. The liner will be slashed or punctured, folded into the bottom of the reserve pit and buried in place. A minimum of four (4) feet of cover will be placed on top of the reserve pit. All areas not needed for production equipment or water disposal equipment will be backfilled, recontoured to approximate the natural contours. The reserved topsoil and brush will be spread over the reclaimed site. If the well is production well, the area required for the production equipment and water disposal equipment will not be reclaimed. A sufficient

quantity of topsoil will be set aside for reclamation of the remainder of the pad at the end of the producing life of the well. Disturbed areas will be scarified along contour prior to seeding. All reclaimed areas will be broadcast weeded in late fall or winter with seed mixes specified by the surface owner. 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

The surface owner is:

Roger Pugh
140 South 1st West #2
Kanab, Utah.

Representation

Anyone having questions concerning the APD should contact:

Donn M. Pillmore, President
Earth & Structure, Inc
800 S. Vermillion Dr.
Kanab, Utah 84741

435-644-3125 Phone & Fax
435-689-0559 Cell

The field representative will be:

A. H. Morgan, Manager
Legend Energy of Utah, L.L.C.
15 North 200 East
P.O. Box 231
Alton, Utah 84710
435-648-2647



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 28 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.

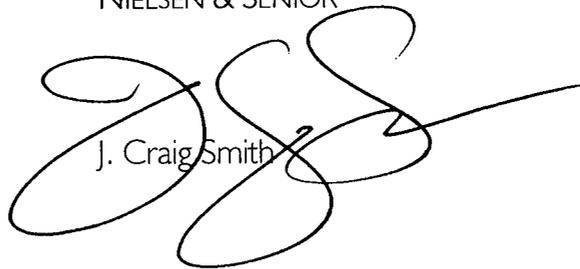
John Baza
October 26, 2001
Page 2

Thank you for your assistance.

Please contact me with any questions.

Sincerely,

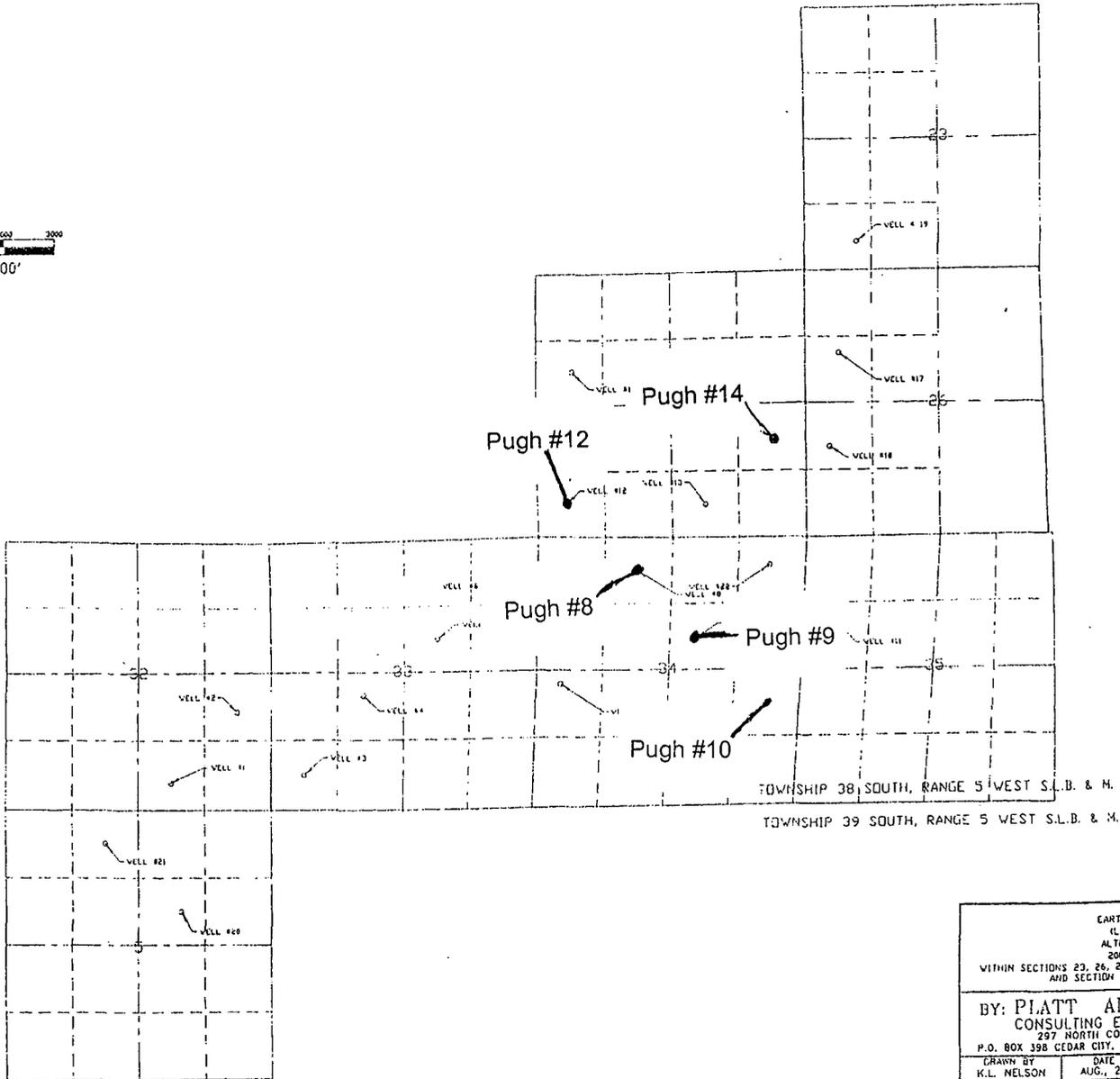
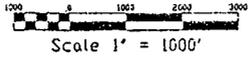
NIELSEN & SENIOR



J. Craig Smith

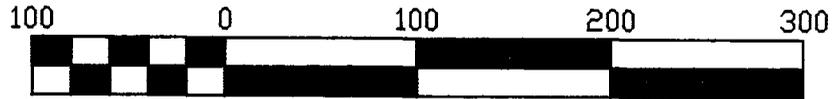
Enclosure

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

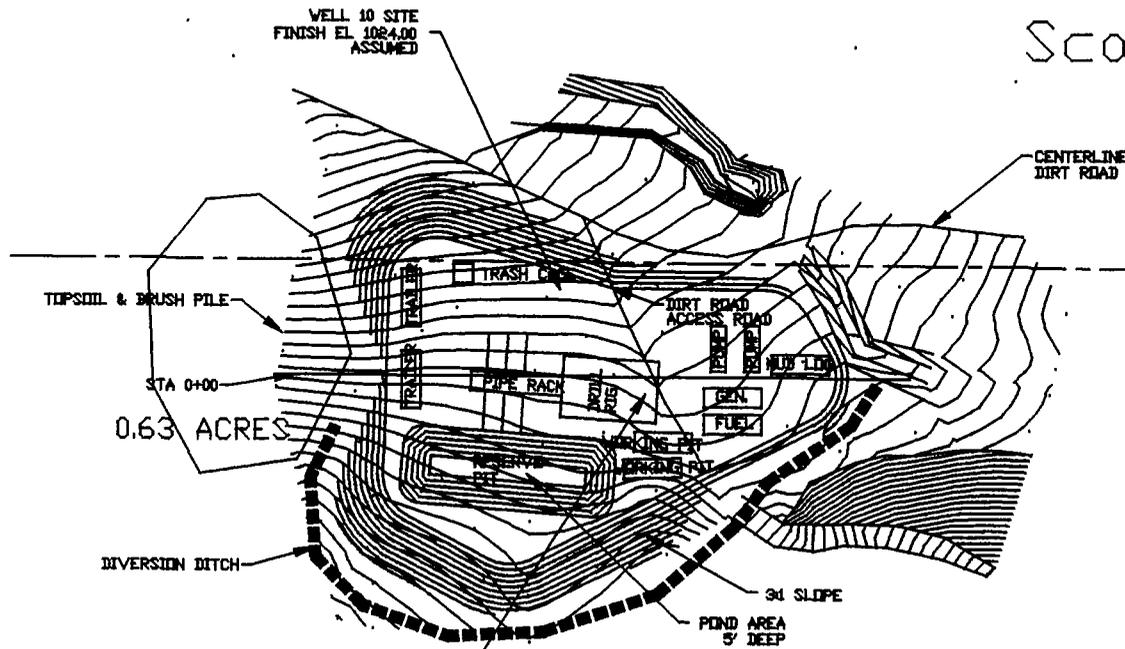


TOWNSHIP 38 SOUTH, RANGE 5 WEST S.L.B. & M.
 TOWNSHIP 39 SOUTH, RANGE 5 WEST S.L.B. & M.

EARTH ENERGY OF UTAH, LLC (LEGEND ENERGY CORP.) ALTON VALLEY PROSPECT, 2001 DRILLING PROGRAM WITHIN SECTIONS 23, 26, 27, 32, 33, 34 & 35 IN T. 38 S., R. 5 W., AND SECTION 5, T. 39 S., R. 5 W., S.L.B. & M.			
BY: PIATT AND PIATT, INC. CONSULTING ENGINEERS & SURVEYORS 237 NORTH COVE DRIVE, CEDAR CITY, UTAH P.O. BOX 398 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:			



Scale 1" = 100'

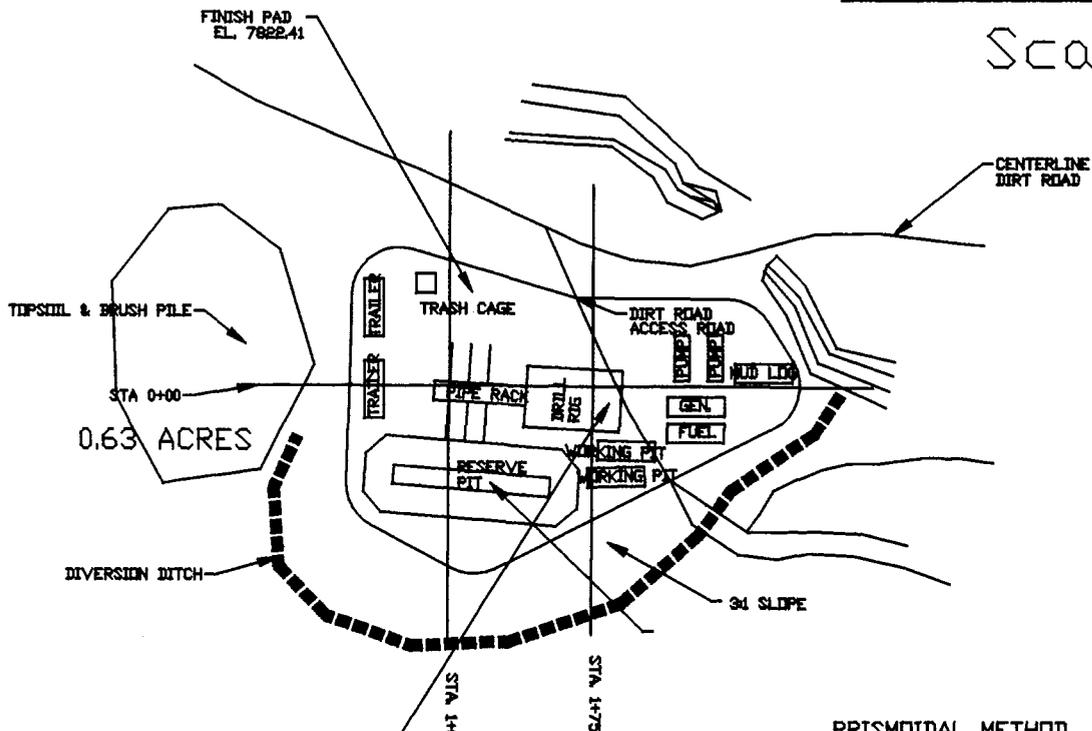


PRISMOIDAL METHOD	
ORIGINAL SURFACE	WELL 10
FINAL SURFACE	WELL 10 FINISH
CUT COMPACTION FACTOR	0.00 %
FILL COMPACTION FACTOR	0.00 %
RAW CUT VOLUME	2914.51 CY
RAW FILL VOLUME	1735.27 CY

DRAWN BY: K.L. NELSON DATE: MAY, 2002 DWG. NO.: APPROVED BY: R.B. PLATT	REVISIONS SCALE: 1 INCH = 100 FEET	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 #10	SHT. NO.
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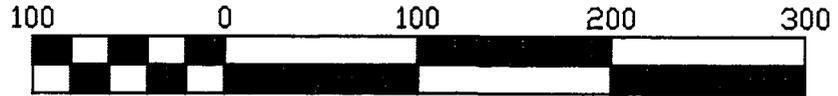


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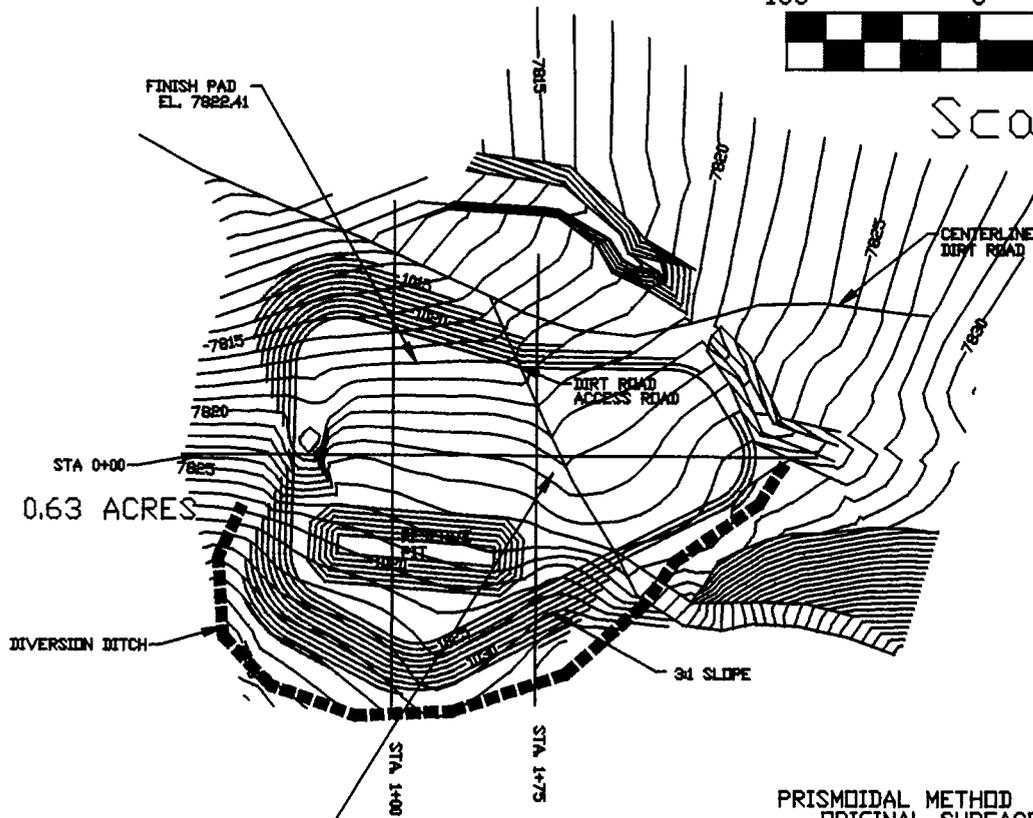


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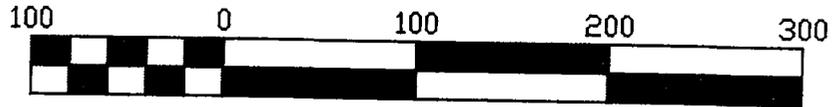


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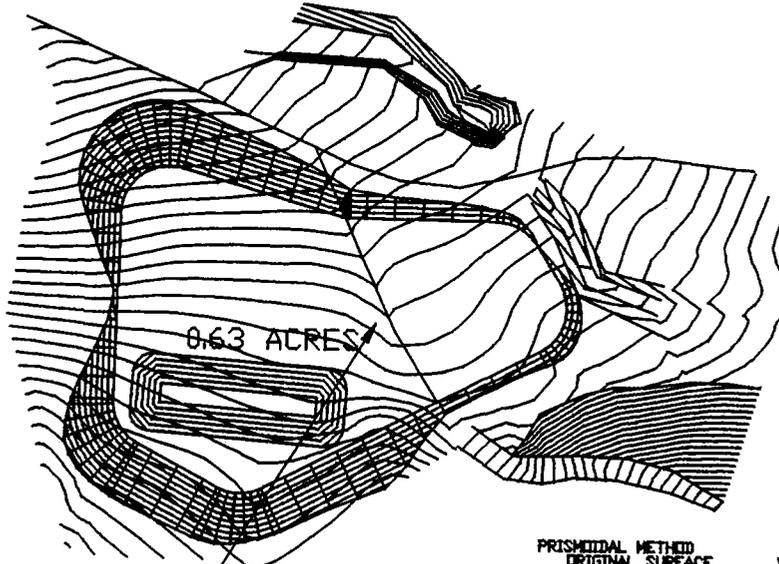


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DWG. NO.:	SCALE: 1 INCH = 100 FEET			
APPROVED BY: R.B. PLATT				



Scale 1" = 100'

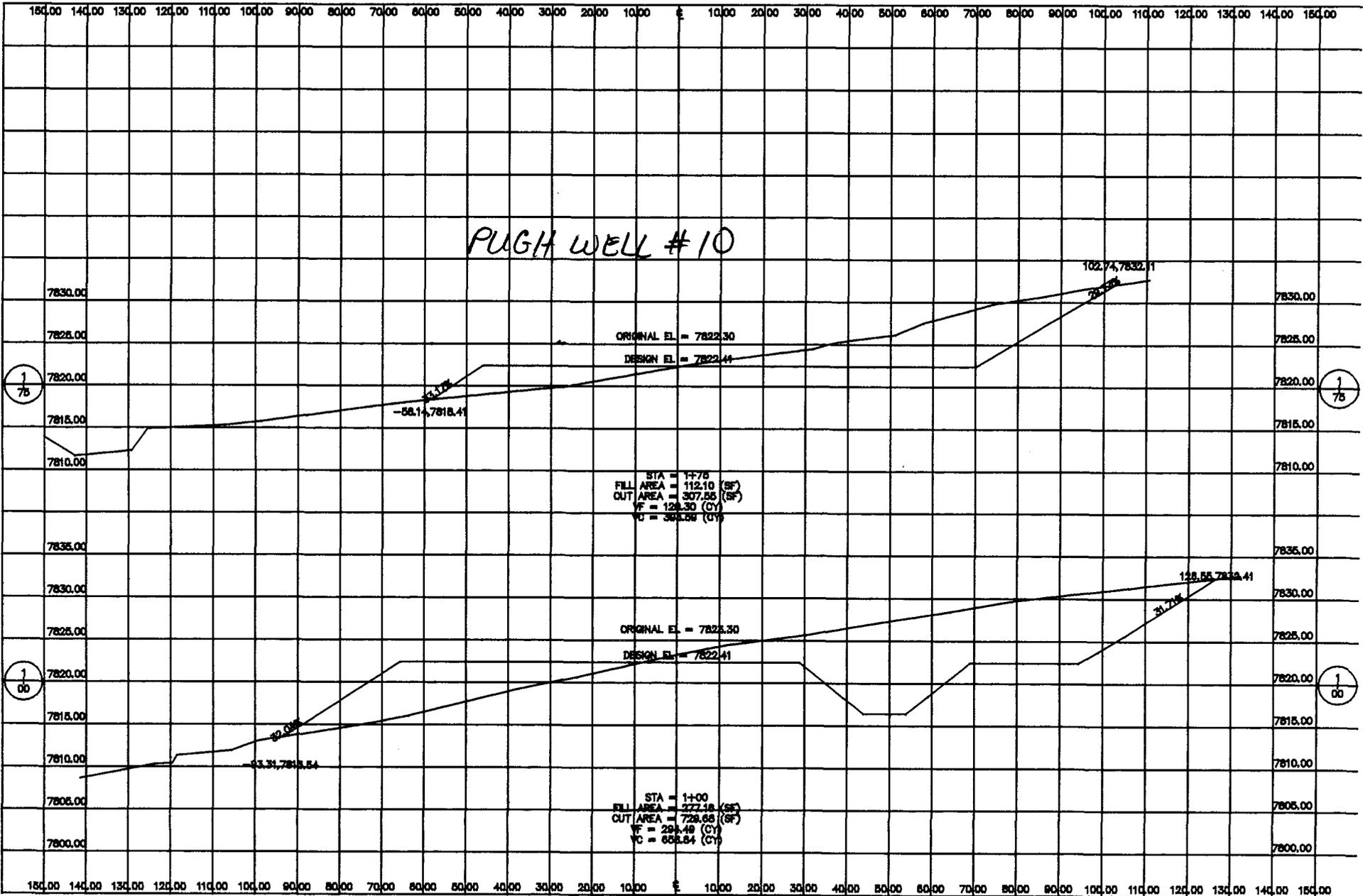


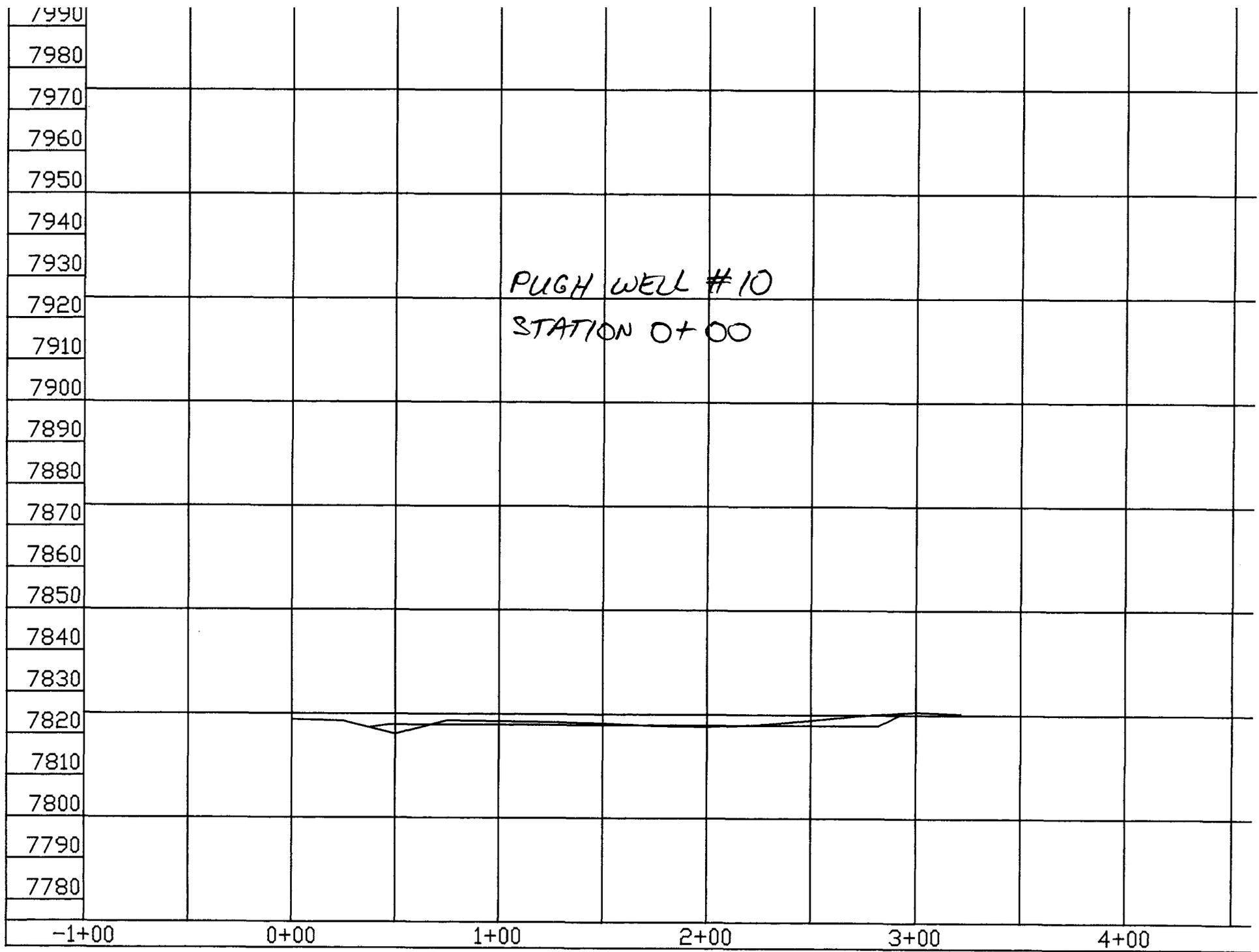
PRISMATICAL METHOD
 ORIGINAL SURFACE WELL 10
 FINAL SURFACE WELL 10 FINISH
 CUT COMPACTION FACTOR 0.00 %
 FILL COMPACTION FACTOR 0.00 %
 RAW CUT VOLUME 2914.51 CY
 RAW FILL VOLUME 1735.27 CY

NEW WELL LOCATION
 MAY 15, 2002

DRAWN BY: K.L. NELSON	REVISIONS	PROJECT	SHT. NAME	SHT. NO.
DATE: MAY, 2002	SCALE: 1 INCH = 100 FEET	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 #10	
DWG. NO.:				
APPROVED BY: R.B. PLATT				

PUGH WELL #10





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

FORM 48

Bond 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 R449-3-1):

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.

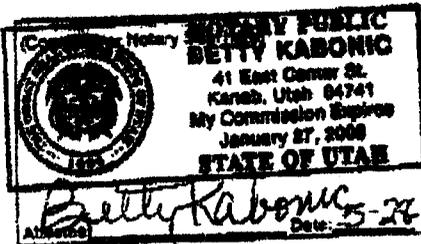
THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, re-drilling, deepening, repairing, opening, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purpose of oil or gas production, and/or the inspection 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 bounden 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

28 day of May, 2002



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

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

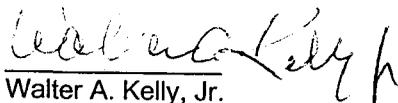
ROGER M. PUGH, Attorney in Fact
and POWER OF ATTORNEY for
VERNA H. PUGH

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

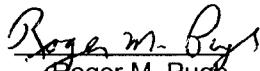


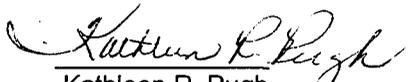
Walter A. Kelly, Jr.
Earth Energy LLC

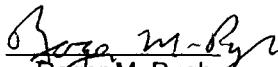
SCHEDULE "A"
Surface Damage and Water Agreement

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 hydrocarbons produced and sold from the leased premises at the prevailing market price thereof 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 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 of 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. 595

RECORDED AT REQUEST OF LEGAL COUNSEL DEPT. OF REVENUE 571-00
KANE COUNTY RECORDER
PAGE 595 - 597
DATE Nov 3, 1920 AT 4:30 PM

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 2000
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 Legaud 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&39S, Range 5W 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 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 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 assigns 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 utilized 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 and all other terms of this lease are delayed or prevented by any of the causes mentioned in this paragraph, the said primary term 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 or deferral 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 whatever 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.

ENTRY NO. 104317 RECORDED AT REQUEST OF LEGAL SERVICES 57-00 KANE COUNTY RECORDER
DATE NOV 2 2000 AT 11:30 AM

EXHIBIT "A"

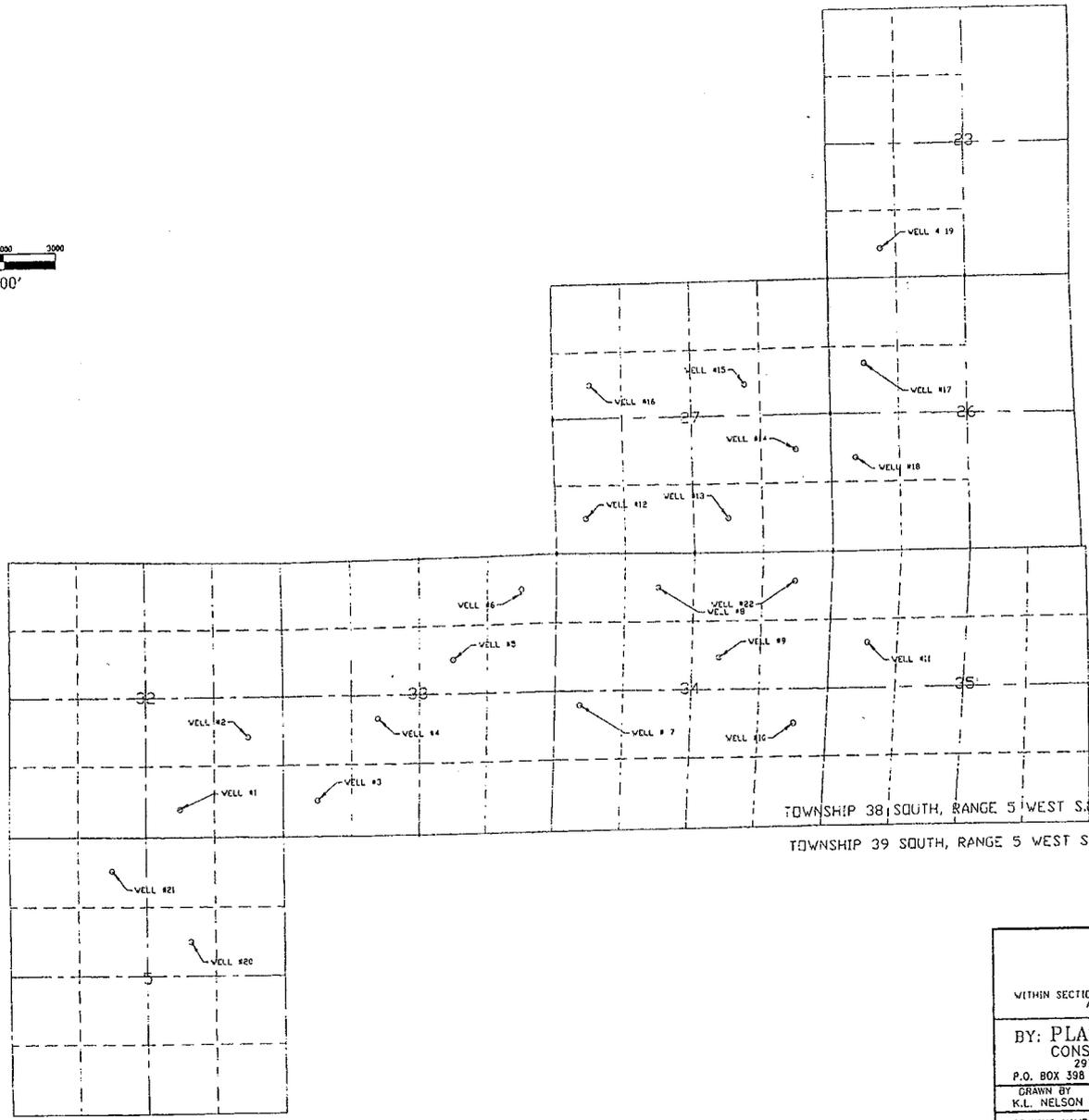
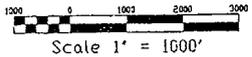
Exhibit "A" to that certain Oil and Gas Lease entered into upon this 3rd day of November, 2000, by and between Raymond R. King, et al. as Lessors, and Legend Energy Corp. as Lessee.

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, 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 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. let
AF
1/51
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 650.96 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), 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.



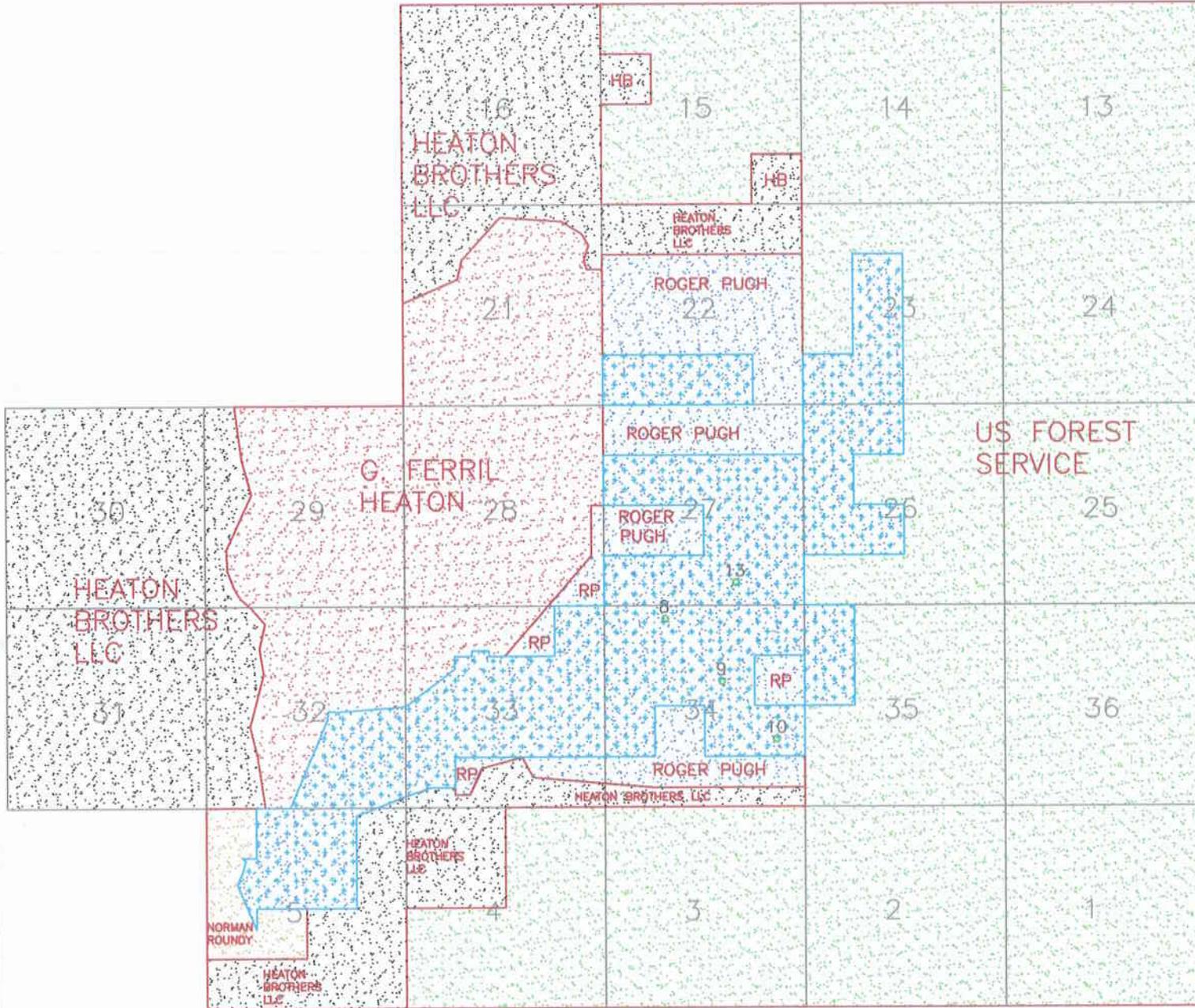
TOWNSHIP 38 SOUTH, RANGE 5 WEST S.L.B. & M.
 TOWNSHIP 39 SOUTH, RANGE 5 WEST S.L.B. & M.

EARTH ENERGY OF UTAH, LLC
 (LEGEND ENERGY CORP.)
 ALTON VALLEY PROSPECT,
 2001 DRILLING PROGRAM
 WITHIN SECTIONS 23, 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
 297 NORTH COVE DRIVE, CEDAR CITY, UTAH
 P.O. BOX 398 CEDAR CITY, UTAH 84721-0398 PHONE: 435-586-6151

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

DRAWING NAME:



TOWNSHIP
38 SOUTH
RANGE 5 WEST
TOWNSHIP
39 SOUTH
RANGE 5 WEST

 LEASE BLOCK

LEGEND ENERGY OF UTAH, L.L.C.
PUGH LEASE BLOCK
ALTON, UT
SCALE 1"=4000'

EARTH & STRUCTURE,
INC.

DONN M. FILLMORE, P.E.
800 S. VERMILION DR., KANAB, UT 84741
(435)644-3125 (435)689-0599

DATE: JUNE 2002
SHEET: 1 OF 2

FILE: PUGH
DRAWN BY: G. THORSON

















004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

AMENDED

APD RECEIVED: 09/06/2001

API NO. ASSIGNED: 43-025-30041

WELL NAME: PUGH 10

OPERATOR: LEGEND ENERGY OF UTAH (N1890)

CONTACT: WALTER KELLY

PHONE NUMBER: 435-644-8666

PROPOSED LOCATION:

NWSE NESE 34 380S 050W

SURFACE: ~~1952 FSL 0618 FEL~~ 2561 FSL 1907 FEL

BOTTOM: ~~1952 FSL 0618 FEL~~ 2561 FSL 1907 FEL

KANE

WILDCAT (1)

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: DKTA

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

RECEIVED AND/OR REVIEWED:

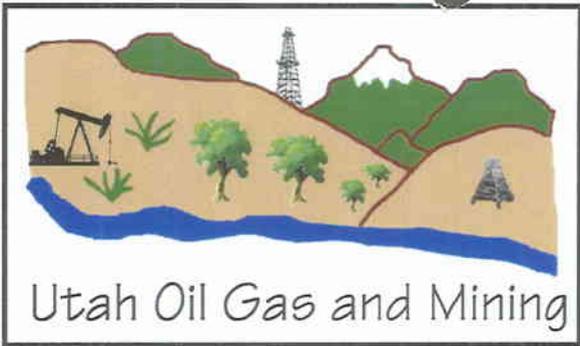
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[4]
(No. 052-935294-0)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T25802)
- RDCC Review (Y/N)
(Date: 9-26-01)
- Fee Surf Agreement (Y/N)

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. (5-20-02)

- STIPULATIONS:
- 1- Spacing Strip
 - 2- Statement of basis
 - 3- Production Casing Cement Strip (Class G fluid shall be above the top of the Dakota ± 150')
 - 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



DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Legend Energy of Utah

WELL NAME & NUMBER: Pugh #10

API NUMBER: 43-025-30041

LEASE: Fee (Pugh) FIELD/UNIT: Wildcat

LOCATION: 1/4, 1/4 ~~NE SE~~ NW SE Sec: 34 TWP: 38S RNG: 5 W ~~2630~~ FSL ~~1965~~ FEL 2501 1907

Geology/Ground Water:

There are 24 known points of diversion within 1 mile of this proposed well sight. Several of these appear to 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 not be sufficient and 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. A tributary to Kanab Creek is an active ephemeral water source and lies within less than 200' of this location.

Reviewer: K. Michael Hebertson Date: 20-May-2002

Surface:

A surface use agreement has been executed and is on file with the division. Issues with wild life 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.

Reviewer: K. Michael Hebertson Date: 20-May-2002

Conditions of Approval/Application for Permit to Drill:

1. Surface casing will be extended below the level of Kanab Creek and cement will be changed to Class "G" as stipulated by the engineer.
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 location.
4. A Synthetic pit liner of a minimum 14 Mil thickness is required
5. Top soil will be stored in a low windrow on one end of the location 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. Reclamation and reseeded will be done in the Fall and seed used will be specified by the surface owner.
9. Reserve pit cuttings will be buried a minimum of 4' after the pit liner is folded in.

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

OPERATOR: Legend Energy of Utah

WELL NAME & NUMBER: Pugh #10

API NUMBER: 43-025-30041

LEASE: Fee (Pugh) ~~NW SE~~ FIELD/UNIT: Wildcat 2541 1907

LOCATION: 1/4, 1/4 ~~NE SE~~ Sec: 34 TWP: 38S RNG: 5 W 2630 FSL 1965 FEL

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

GPS COORD (UTM): X =376,028 E; Y =4,146,987 N SURFACE OWNER: Pugh

PARTICIPANTS:

Mike Hebertson (DOGM), Harriman Morgan (Legend Energy), Robert Platt (Platt and Platt Inc.) Larry Clarkson (Clarkson Construction) Don Pillmore (Earth & Structure 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 250', 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 well site was reviewed once in November 2001 and again in May 2002. As part of the second review the pad is deemed to be stable and the site is in as good a position as possible for the terrain where it is located. No new pictures of the location were taken and the originals taken in November will be used. New cut and fill diagrams have been provided and the operator is working on the updates for bonding. It should also be noted here that the State of Utah PLS Grid is out of register with the base topographic quad by ~40 feet and that the actual readings from GPS are out of register by ~100 Meters.

ATTACHMENTS

Photos of this location were taken and placed on file.

K. Michael Hebertson
DOGM REPRESENTATIVE

20-May-2002 11:00 AM
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.

06-02 Legend Energy Pugh 10
Casing Schematic

Surface

Alluvium

8-5/8"
MW 8.6
Frac 13.

TOC @
0.

Surface
200. MD

w/378 washout

400'
Kemper roots

600'
straight cliffs

700'
John Henry

TOC @
326.

1200'
Tropic Shale

w/158 washout
fixe surface w/ 78 washout

Pipewts corrected per
Hurman Morgan 6/11/02

1500'
Dakota
1600'
Smirl

1643' TOC Tail
(1598' w/ 102 washout)

* Strip tail to ±1500'

1985'
Bald Knoll
4-1/2"
MW 9.2

Production
2000. MD

BOP

BoP
 $(0.052)(9.2)(2000) = 957 \text{ psi}$
anticipated $\approx 1000 \text{ psi}$

Gas
 $(0.12)(2000) = 240 \text{ psi}$

MASP = 760 psi

2in BOPE propose d

Adequate

DD 6/28/2002

3in P
If surface casing must be
set in competent (solid)
formation (i.e. not alluvium)

Well name:	06-02 Legend Energy Pugh #10	
Operator:	Legend Energy of Utah, LLC	
String type:	Surface	Project ID: 43-025-30041
Location:	Kane County	

Design parameters:

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

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.478 psi/ft
Calculated BHP: 96 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: 174 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: 0 ft

Non-directional string.

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	<u>2950</u>	30.88	5	263	<u>54.82 J</u>

↓
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:	06-02 Legend Energy Pugh #10	
Operator:	Legend Energy of Utah, LLC	
String type:	Production	Project ID: 43-025-30041
Location:	Kane County	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.478 psi/ft
Calculated BHP: 956 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: 1,725 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

Face surface of 78 wd

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	2000	4.5	11.60	K-55	ST&C	2000	2000	3.875	8180
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	956	4960	5.19	956	5350	5.60	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

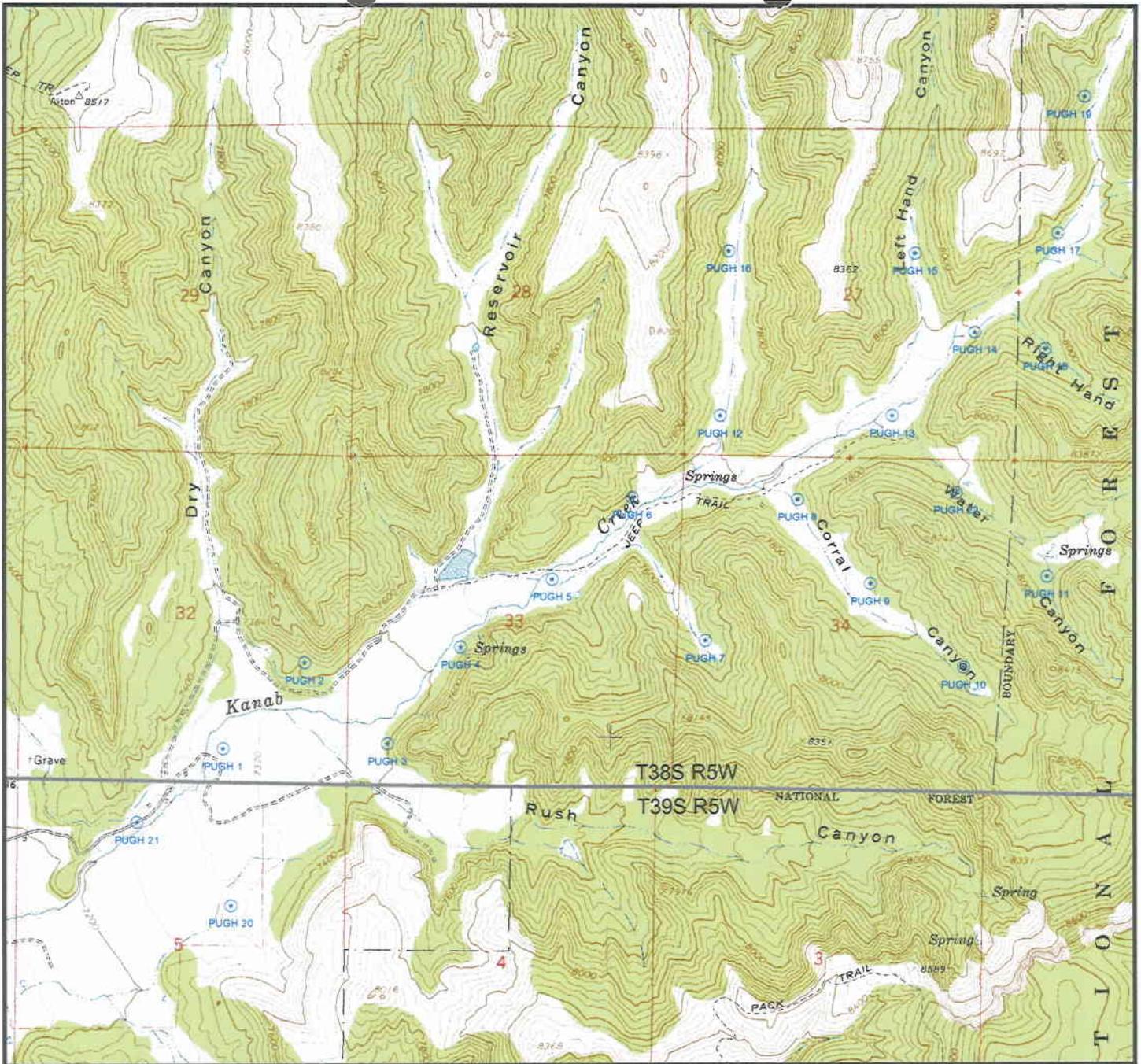
ENGINEERING STIPULATIONS: NONE

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 9.2 ppg. The casing is considered to be evacuated for collapse purposes.

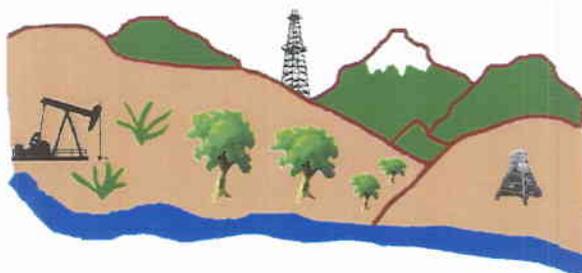
Burst strength is not adjusted for tension.

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



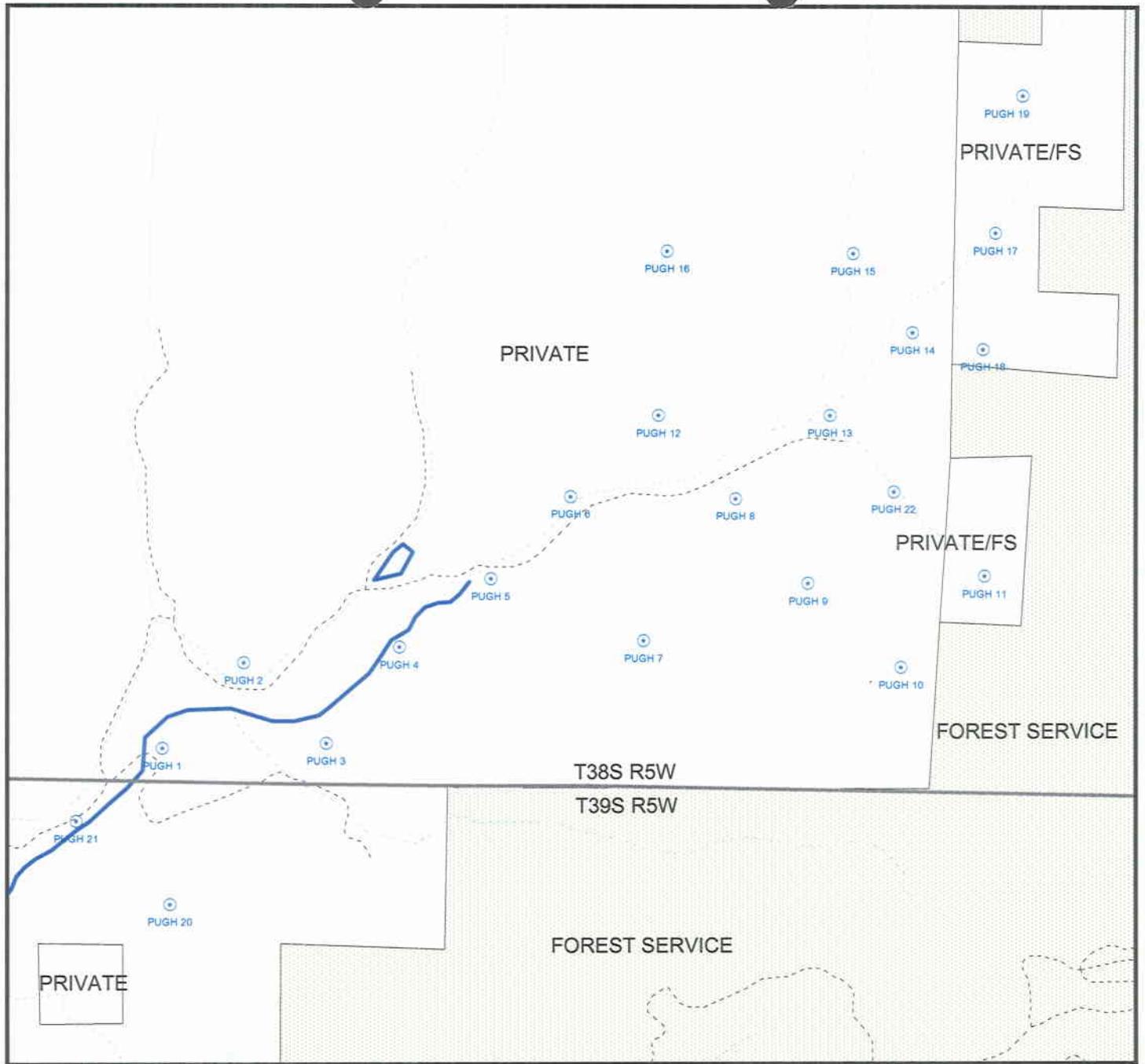
Well Status

- 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

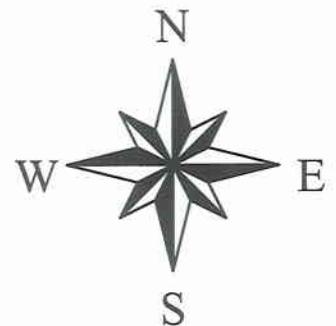
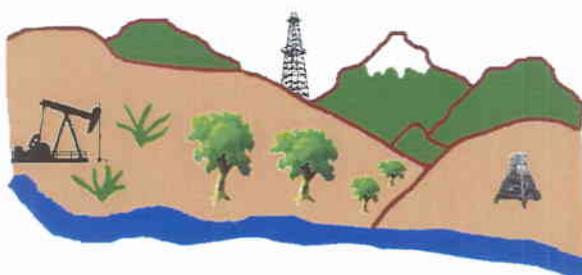
Utah Oil Gas and Mining



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

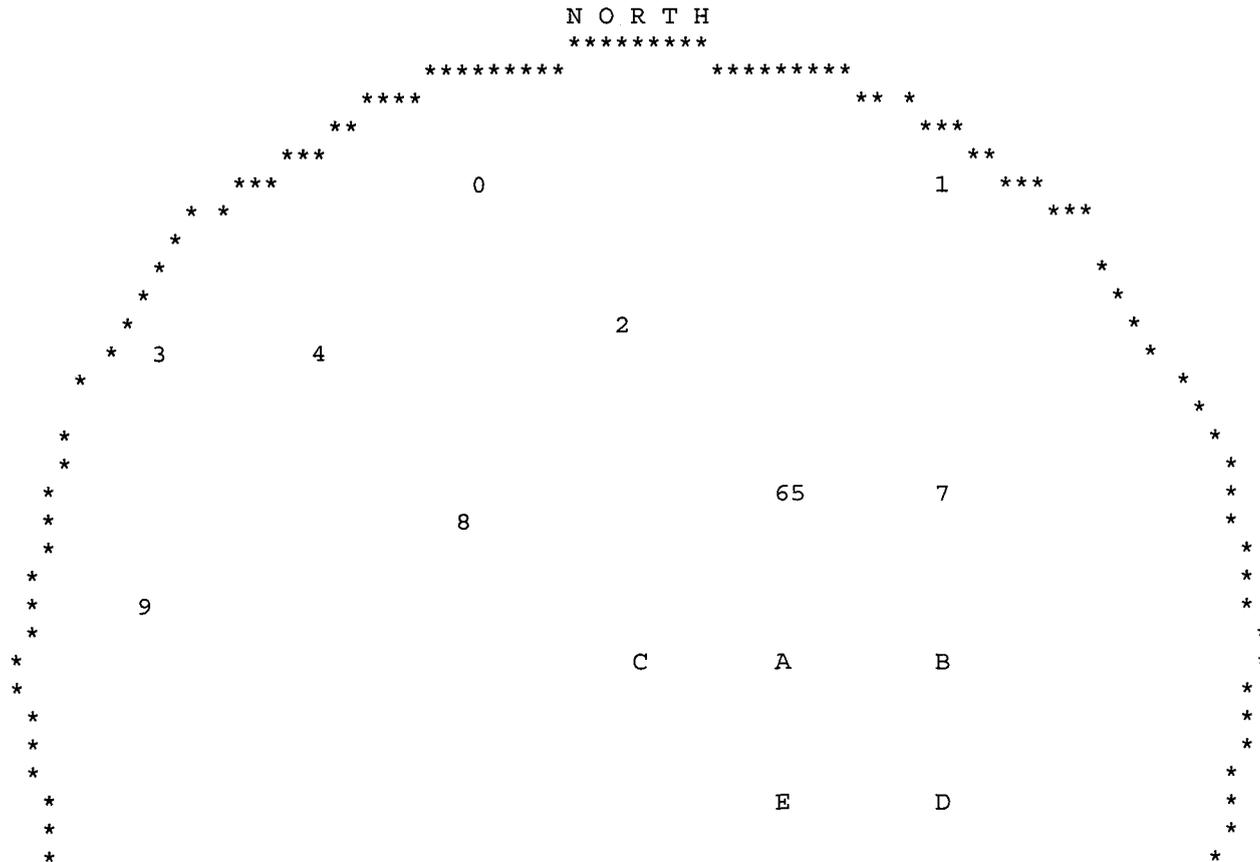


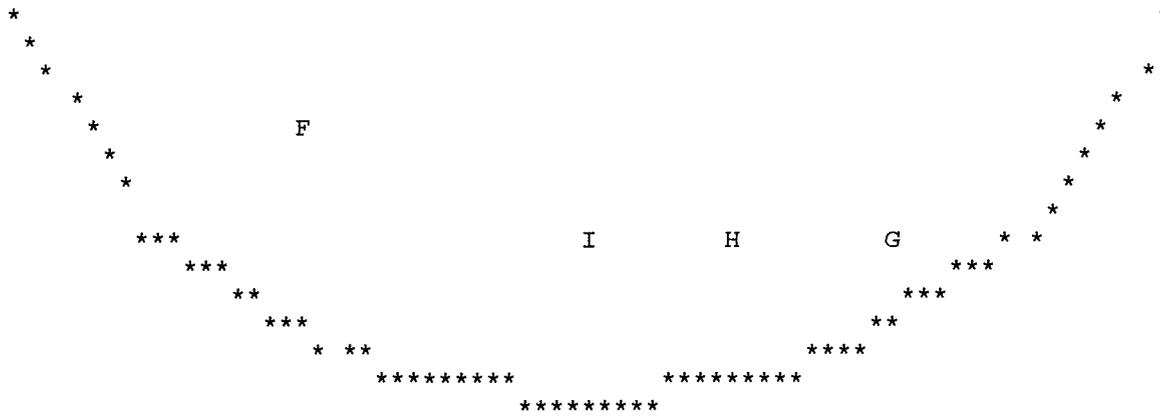
Prepared By: K. M. Hebertson

UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED FRI, NOV 23, 2001, 11:36 AM
PLOT SHOWS LOCATION OF 24 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
N 1952 FEET, W 618 FEET OF THE SE CORNER,
SECTION 34 TOWNSHIP 38S RANGE 5W SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET





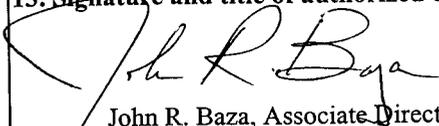
UTAH DIVISION OF WATER RIGHTS
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

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	9 200 - 2000	N 660 W 1984 SE 27 38S 5W SL WATER USE(S): OTHER Earth Energy of Utah LLC 30 East Center Street PRIORITY DATE: 10/17/20 Kanab
0	85 207	.0000 .00	Water Canyon Creek	PRIORITY DATE: 00/00/18 Kanab
0	85 205	.0000 .00	Left Hand Canyon Creek	PRIORITY DATE: 00/00/18 Kanab
1	85 433	.0150 .00	Right Hand Canyon Creek	PRIORITY DATE: 00/00/18

	USA Forest Service			324 25th Street				Ogden
2	85 1065	.0000	575.00	9	200 - 2000	S	564 W 732	NE 34 38S 5W SL PRIORITY DATE: 10/17/20
	WATER USE(S): OTHER							Kanab
	Earth Energy of Utah LLC				30 East Center Street			
3	85 208	.0000	.00		Cabin Hollow Stream			PRIORITY DATE: 00/00/18
	WATER USE(S):							Kanab
	Pugh, Roger M.				140 South 1st West #2			
4	85 1065	.0000	575.00	9	200 - 2000	S	670 E 1960	NW 34 38S 5W SL PRIORITY DATE: 10/17/20
	WATER USE(S): OTHER							Kanab
	Earth Energy of Utah LLC				30 East Center Street			
5	85 1065	.0000	575.00	9	200 - 2000	S	1777 E 724	NW 35 38S 5W SL PRIORITY DATE: 10/17/20
	WATER USE(S): OTHER							Kanab
	Earth Energy of Utah LLC				30 East Center Street			
6	85 207	.0000	.00		Water Canyon Creek			PRIORITY DATE: 00/00/18
	WATER USE(S):							Kanab
	Pugh, Roger M				140 South 1st West #2			
7	85 799	.0150	.00		Left Water Canyon			PRIORITY DATE: 00/00/18
	WATER USE(S): STOCKWATERING							Kanab
	USA Forest Service				324-25th Street			Ogden
8	85 1065	.0000	575.00	9	200 - 2000	S	2026 W 2108	NE 34 38S 5W SL PRIORITY DATE: 10/17/20
	WATER USE(S): OTHER							Kanab
	Earth Energy of Utah LLC				30 East Center Street			
9	85 1065	.0000	575.00	9	200 - 2000	N	2385 E 485	SW 34 38S 5W SL PRIORITY DATE: 10/17/20
	WATER USE(S): OTHER							Kanab
	Earth Energy of Utah LLC				30 East Center Street			
A	85 435	.0150	.00		Cabin Hollow Stream			PRIORITY DATE: 00/00/18
	WATER USE(S):							Ogden
	USA Forest Service				324 25th Street			
A	85 434	.0150	.00		Water Canyon Creek			PRIORITY DATE: 00/00/18
	WATER USE(S):							Ogden
	USA Forest Service				324 25th Street			
B	85 798	.0150	.00		Unnamed Spring			PRIORITY DATE: 00/00/18
	WATER USE(S): STOCKWATERING							Ogden
	USA Forest Service				324-25th Street			
B	85 434	.0150	.00		Water Canyon Creek			PRIORITY DATE: 00/00/18
	WATER USE(S):							

	USA Forest Service			324 25th Street					Ogden
C	<u>85 208</u>	.0000	.00	Cabin Hollow Stream					
	WATER USE(S):								PRIORITY DATE: 00/00/18
	Pugh, Roger M.			140 South 1st West #2					Kanab
C	<u>85 1065</u>	.0000	575.00	9 200 - 2000	N	1952	W	618	SE 34 38S 5W SL
	WATER USE(S): OTHER								PRIORITY DATE: 10/17/20
	Earth Energy of Utah LLC			30 East Center Street					Kanab
D	<u>85 797</u>	.0150	.00	North Corral Canyon					
	WATER USE(S): STOCKWATERING								PRIORITY DATE: 00/00/18
	USA Forest Service			324-25th Street					Ogden
E	<u>85 797</u>	.0150	.00	North Corral Canyon					
	WATER USE(S): STOCKWATERING								PRIORITY DATE: 00/00/18
	USA Forest Service			324-25th Street					Ogden
F	<u>85 558</u>	4.0000	.00	Rush Canyon Creek	S	940	W	390	N4 3 39S 5W SL
	WATER USE(S): IRRIGATION								PRIORITY DATE: 00/00/18
	Heaton, Lloyd W. & Ross E. & Gail P. & V								Alton
G	<u>85 435</u>	.0150	.00	Cabin Hollow Stream					
	WATER USE(S):								PRIORITY DATE: 00/00/18
	USA Forest Service			324 25th Street					Ogden
H	<u>85 436</u>	.0000	.00	Rush Canyon Creek					
	WATER USE(S):								PRIORITY DATE: 00/00/18
	USA Forest Service			324 25th Street					Ogden
I	<u>85 123</u>	.0110	.00	Rush Canyon Spring					
	WATER USE(S): STOCKWATERING								PRIORITY DATE: 00/00/18
	USA Forest Service			324 25th Street					Ogden

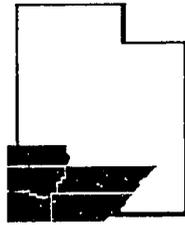
STATE ACTIONS
State Clearinghouse Coordinator
116 State Capitol, SLC, UT 84114
538-1535

1. Administering State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. State Application Identifier Number: (assigned by State Clearinghouse)
3. Approximate date project will start: Upon Approval	
4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Five County Association of Governments	
5. Type of action: // Lease /X/ Permit // License // Land Acquisition // Land Sale // Land Exchange // Other _____	
6. Title of proposed action: Application for Permit to Drill	
7. 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.	
8. Land affected (site location map required) (indicate county) 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	
9. Has the local government(s) been contacted? No	
10. Possible significant impacts likely to occur: Degree of impact is based on the discovery of oil or gas in commercial quantities.	
11. Name and phone of district representative from your agency near project site, if applicable: 	
12. For further information, contact: Lisha Cordova Phone: (801) 538-5296	13. Signature and title of authorized officer  John R. Baza, Associate Director Date: September 10, 2001

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

Funding:
Federal N/A
Supplemental N/A
State N/A
Local N/A
Other N/A

Applicant's Project Title:
APPLICATION FOR PERMIT TO DRILL TOTAL N/A

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.

RECEIVED

DEC 11 2001

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

DIVISION OF
OIL, GAS AND MINING

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

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

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

001

EARTH & STRUCTURE, INC.
800 S. Vermillion Dr.
Kanab, Utah 84741
435-644-3125 435-689-0559

RECEIVED

JUN 24 2002

DIVISION OF
OIL, GAS AND MINING

June 21, 2002

VIA U.S. Postal Service

Mr. Mike Hebertson
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Re: Submittal of Amended Applications for Permit to Drill

Dear Mr. Hebertson:

Enclosed herewith, please find two (2) copies of each amended application for permit to drill (APD's) for Legend Energy of Utah, L.L.C. The amended APD's are for the following wells:

Pugh # 9, Pugh # 10 & Pugh # 13

All of the APD's include a map showing the Pugh Lease Block and the surrounding surface property ownership. Note that the Roger Pugh property that is not included in Legend Energy's Pugh Lease Block is due to the fact that the minerals on those parcels are leased to J. D. Simmons. In addition, I have enclosed a copy of this map to be included with the APD for Pugh # 8, submitted and approved in May 2002.

Also enclosed herewith, is Legend Energy's Annual Waste Management Plan and response form, in accordance with Rule R649-9-2.4 of the Utah Oil and Gas Conservation General Rules.

If you have any questions or require additional information please feel free to contact me at 435-689-0559 or A. H. Morgan, Manager of Legend Energy of Utah, at 435-648-2647.

Very truly yours,

A handwritten signature in cursive script that reads "Donn M. Pillmore". The signature is written in black ink and is positioned above the printed name and title.

Donn M. Pillmore

President

cc: A. H. Morgan, Manager

EARTH & STRUCTURE, INC.
800 S. Vermillion Dr.
Kanab, Utah 84741
435-644-3125 435-689-0559

RECEIVED

JUN 24 2002

DIVISION OF
OIL, GAS AND MINING

June 21, 2002

VIA U.S. Postal Service

Mr. Mike Hebertson
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Re: Submittal of Amended Applications for Permit to Drill

Dear Mr. Hebertson:

Enclosed herewith, please find two (2) copies of each amended application for permit to drill (APD's) for Legend Energy of Utah, L.L.C. The amended APD's are for the following wells:

Pugh # 9, Pugh # 10 & Pugh # 13

All of the APD's include a map showing the Pugh Lease Block and the surrounding surface property ownership. Note that the Roger Pugh property that is not included in Legend Energy's Pugh Lease Block is due to the fact that the minerals on those parcels are leased to J. D. Simmons. In addition, I have enclosed a copy of this map to be included with the APD for Pugh # 8, submitted and approved in May 2002.

Also enclosed herewith, is Legend Energy's Annual Waste Management Plan and response form, in accordance with Rule R649-9-2.4 of the Utah Oil and Gas Conservation General Rules.

If you have any questions or require additional information please feel free to contact me at 435-689-0559 or A. H. Morgan, Manager of Legend Energy of Utah, at 435-648-2647.

Very truly yours,



Donn M. Pillmore

President

cc: A. H. Morgan, Manager

003

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Legend Energy of Utah, L.L.C.		9. WELL NAME and NUMBER: Pugh # 10	
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: 2,561' FSL 1,907' FEL AT PROPOSED PRODUCING ZONE: Same		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 34 38S 5W	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 4.6 miles NE of Alton		12. COUNTY: Kane	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 500 feet	16. NUMBER OF ACRES IN LEASE: 2,567	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 705 feet	19. PROPOSED DEPTH: 2,000	20. BOND DESCRIPTION: Blanket State Wide Bond \$80,000	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7,822 GR	22. APPROXIMATE DATE WORK WILL START: 7/1/2002	23. ESTIMATED DURATION: 14 days	

AMENDED

4146960Y 37.46304
375984X - 112.40229

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:

<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 type="checkbox"/> 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 6-21-02

(This space for State use only)

API NUMBER ASSIGNED: 43-025-30041

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
JUN 24 2002
DIVISION OF
OIL, GAS AND MINING

(11/2001)

Date: 6-21-02
By: [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
P O Box 231
Glendale, UT 84729

Re: Pugh #10 Well, 2561' FSL , 1907' FEL, NW SE, 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 43-025-30041.

Sincerely,

John R. Baza
Associate Director

pb
Enclosures
cc: Kane County Assessor

Operator: Legend Energy of Utah, LLC
Well Name & Number Pugh #10
API Number: 43-025-30041
Lease: Fee

Location: NW SE 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 ±1500')

8. Surface casing must be set in competent formation.

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

<p>SUNDRY NOTICES AND REPORTS ON WELLS</p> <p><small>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.</small></p>		<p>5. LEASE DESIGNATION AND SERIAL NUMBER: N/A</p>
<p>1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____</p>		<p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A</p>
<p>2. NAME OF OPERATOR: Legend Energy of Utah</p>		<p>7. UNIT or CA AGREEMENT NAME: N/A</p>
<p>3. ADDRESS OF OPERATOR: P.O. Box 231 CITY Glendale STATE UT ZIP 84729</p>		<p>8. WELL NAME and NUMBER: Pugh #10</p>
<p>4. LOCATION OF WELL FOOTAGES AT SURFACE: 2,561' FSL 1,907' FEL QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 34 38S 5W</p>		<p>9. API NUMBER: 4302530041</p>
<p>COUNTY: Kane STATE: UTAH</p>		<p>10. FIELD AND POOL, OR WILDCAT: Wildcat</p>

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"/> 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*	100 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><i>A. H. Morgan</i></u>	DATE <u>10-26-02</u>

(This space for State use only)

COPY SENT TO OPERATOR
DATE: 10-29-02
BY: CHD

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

DATE: 10/28/2002
BY: *[Signature]*
* previous stipulations still apply

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 _____		5. LEASE DESIGNATION AND SERIAL NUMBER: N/A
2. NAME OF OPERATOR: Legend Energy of Utah		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. 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: 2,561' FSL 1,907' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 34 38S 5W		8. WELL NAME and NUMBER: Pugh #10
PHONE NUMBER: (435) 648-2647		9. API NUMBER: 4302530041
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 type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Proposed Casing and Cementing Program

12 1/4"	8 5/8"	K-55	23	200'	Class G*	290 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*	100 sx	1.20 cf/sx	15.6

*Or a comparable cement such as Premium Type V

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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>

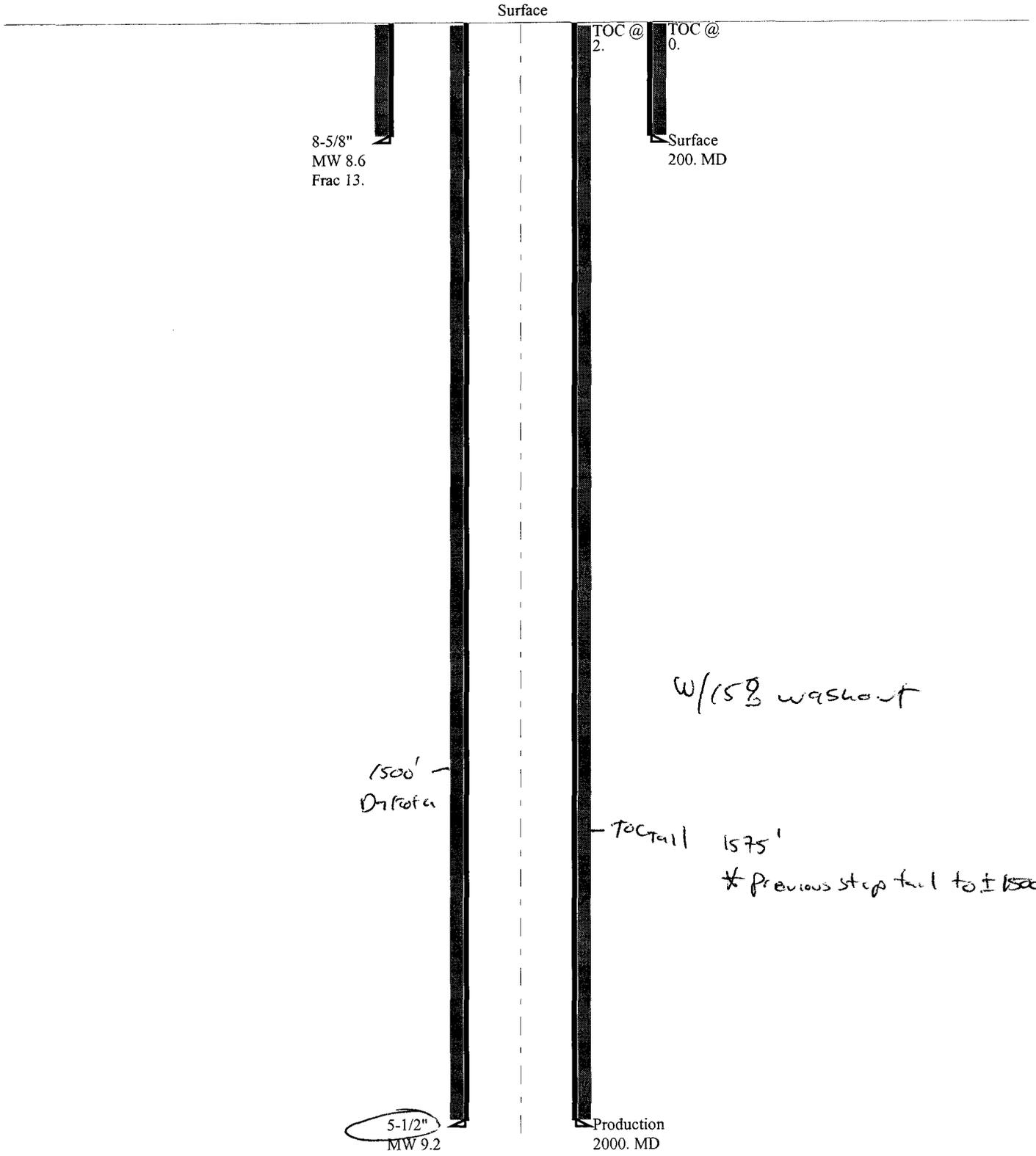
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RECEIVED

OCT 26 2002

DIVISION OF
OIL, GAS AND MINING

10-02 Legend Energy Pugh # rev.
Casing Schematic



Well name:	10-02 Legend Energy Pugh #10rev.		
Operator:	Legend Energy of Utah, LLC		
String type:	Production	Project ID:	43-025-30041
Location:	Kane County		

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.478 psi/ft
 Calculated BHP: 956 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: 1,721 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:

2 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	2000	5.5	15.50	K-55	ST&C	2000	2000	4.825	10632

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	956	4040	4.23	956	4810	5.03	31	222	7.16 J

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 9.2 ppg The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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



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

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PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

July 9, 2003

A. H. Morgan
Legend Energy Of Utah LLC
P O Box 231
Glendale, UT 84729

Re: APD Rescinded – Pugh #10, Sec.34, T.38S, R. 5W Kane County, Utah
API No. 43-025-30041

Dear Mr. Morgan:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 2, 2002. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 9, 2003.

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

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

Sincerely,

A handwritten signature in black ink that reads "Diana Mason".

Diana Mason
Engineering Technician

cc: Well File
Gil Hunt, Technical Services Manager