

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: NA	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: Hjorth Canyon	
2. NAME OF OPERATOR: Anschutz Exploration Corporation				9. WELL NAME and NUMBER: Hjorth Canyon Unit 11-20	
3. ADDRESS OF OPERATOR: 555 17th St. Ste 2500 CITY Denver STATE CO ZIP 80020			PHONE NUMBER: (303) 298-1000	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2485' FSL, 2516' FWL AT PROPOSED PRODUCING ZONE: 2485' FSL, 2516' FWL				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Sect 20 11S 4E NESW	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 3 miles northeast of Indianola, UT				12. COUNTY: Utah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 124'		16. NUMBER OF ACRES IN LEASE: 200 Fee		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 4200'		19. PROPOSED DEPTH: 4,700		20. BOND DESCRIPTION: 965-001-810	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6145.8 Ground		22. APPROXIMATE DATE WORK WILL START: 6/10/2008		23. ESTIMATED DURATION: 45 days	

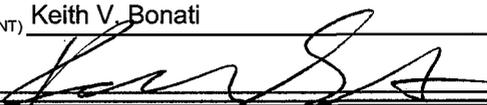
24. PROPOSED CASING AND CEMENTING PROGRAM						
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT	
17-1/2	13-3/8	J-55 ST&C	54.5	1,200	Lead: Premium Light	623 sacks 2.23 cu ft/sk
					Tail: Class G	304 sacks 1.17 cu ft/sk
12-1/4	9-5/8	HCL80LT&C	40	2,750	Lead: Premium Light	519 sacks 2.24 cu. ft/sk
					Tail: 0.3% Dispersant	156 sacks 1.15 cu. ft/sk
8-1/2	7	JRR LT&C	23	4,700	Class G	485 sacks 1.15 cu. ft/sk

25. ATTACHMENTS

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

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

NAME (PLEASE PRINT) Keith V. Bonati TITLE Sr. Landman

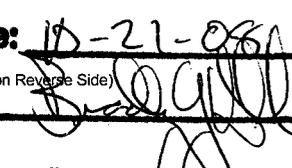
SIGNATURE  DATE 5/21/08

(This space for State use only)

API NUMBER ASSIGNED: 43-049-30022

(11/2001)

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

APPROVAL:
Date: 10-21-08
By: 

RECEIVED

MAY 23 2008

DIV. OF OIL, GAS & MINING

Range 4 East

(East - 4857.60')
 S89°57'53"E - 4816.77' (East - 442.20')
 S89°51'18"E - 442.84'

Township 11 South

(S00°21'E - 2658.48')

(S00°21'E - 2671.02')

(North - 60.72')
 N00°39'40"E - 60.92'

(North - 5181.00')

LOT 2

LOT 1

LOT 3

LOT 4

20

HJORTH CANYON
 UNIT #11-20
 ELEV. 6145.8'

UTM
 N 4410812
 E 457347

2516.13'

2187.55'

ELEV: 5970.0'

(N89°17'E - 2624.16')

(N89°02'E - 2591.82')

N89°12'57"E - 2634.30'

Legend

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

GPS Measured

NOTES:

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

LAT / LONG
 39°50'53.316" N
 111°29'54.847" W



GRAPHIC SCALE

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

Location:

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

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

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

Basis of Elevation:

Basis of Elevation of 5970' being at the Southwest Section Corner of Section 19, Township 11 South, Range 4 East, Salt Lake Base & Meridian, as shown on the Spencer Canyon Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NE/4 SW/4 of Section 20, T11S, R4E, S.L.B.&M., being North 2484.55' from South Line and East 2516.13' from West Line of Section 20, T11S, R4E, Salt Lake Base & Meridian.

Surveyor's Certificate:

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



TALON RESOURCES, INC.

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

ANSCHUTZ EXPLORATION CORPORATION

Hjorth Canyon Unit #11-20
 Section 20, T11S, R4E, S.L.B.&M.
 Utah County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 5/20/08
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 3603



Exploration Corporation

555 Seventeenth Street • Suite 2400 • Denver, Colorado 80202 • Telephone 303/298-1000 • Fax 303/299-1518

May 22, 2008

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116
Attn: Diana Mason

Sent via Federal Express

**Re: Hjorth Canyon 11-20 Well
NESW of Sec. 20, T11S, R4E
Utah County, Utah**

Dear Ms. Mason:

Pursuant to your recent telephone conversations with Larry Johnson of Talon Resources, enclosed please find two (2) complete originals of an Application for Permit to Drill for the subject well. Also, please accept this letter as our request for an exception to spacing.

The Hjorth Canyon 11-20 well has been staked at non-standard footages in accordance with the rules and regulations of the Division of Oil, Gas & Mining due to topography, seismic and geologic interpretation. Please be advised that Anschutz is the unit operator of the Hjorth Canyon Unit, and all of acreage within a 460 foot radius of the subject location is committed to the Hjorth Canyon Unit Agreement. Therefore, we request administrative approval for this exception location.

Lastly, Anschutz Exploration Corporation is planning on purchasing water for the drilling of the well from Indianola Irrigation Company, Inc. The water source is from their system including a storage pond near Indianola.

Sincerely,

Keith Bonati
Sr. Landman

KVB/gp

cc: Larry Johnson w/encl., Talon Resources
Jim Oursland w/encl.

RECEIVED

MAY 23 2008

DIV. OF OIL, GAS & MINING

DRILLING PROGRAM

Attached to UDOGM Form 3
Anschutz Exploration Corporation
Hjorth Canyon Unit No. 11-20
NE/4, SW/4, Sec. 20, T11S, R4E, SLB&M
2485' FSL, 2516' FWL
Utah County, Utah

**CONFIDENTIAL: TIGHT HOLE
STATUS**

1. The Geologic Surface Formation

	<u>TVD</u>	<u>Subsea</u>
Cretaceous Indianola Group	0'	Surface

2. Estimated Tops of Important Geologic Markers

	<u>TVD</u>	<u>Subsea</u>
Cretaceous Castlegate	775'	5371'
Jurassic Entrada	1675'	5071'
Jurassic Arapien	2200'	3946'
Jurassic Twin Creek	2650'	3496'
Jurassic Nugget	3600'	2546'
Total Depth	5000'	1146'

3. Projected Gas & Water Zones

		<u>TVD</u>	<u>Subsea</u>
2 nd Navajo (Nugget)	Gas with Condensate	3625'	2521'
Jurassic Twin Creek	Gas with Condensate	2650'	3496'

All fresh water and prospectively valuable minerals encountered during drilling will be recorded. All oil and gas shows will be evaluated to determine commercial potential

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 1500 psi for 15 minutes. Pressure drop is not to exceed 150 psi.

7) The Proposed Casing and Cementing Programs

Casing Program

	<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>CONDITION</u>
Surface	17-1/2"	0-1200'	13-3/8"	54.5# J-55 ST&C	New
Intermediate	12 -1/4"	1200-2750'	9-5/8"	40# HCL80 LT&C	New
Production	8-1/2"	2750-4700'	7"	23# JRR LT&C	New

Cement Program

Surface: 0-1200'

Lead: 623 sacks of premium light w/8% Bentonite, 2% CaCl, & .25 lb/sk cellophane flakes. Yield 2.23 cu. Ft/sk

Tail: 304 sacks of Class G w/2% CaCl & .25 lb/sk cellophane flakes. Yield 1.17 cu. Ft/sk. Topout if needed to get cement back to surface

Intermediate: 0-2750'

Lead: 519 sacks of premium light w/0.4% Fluid Loss Control, 0.3% Retarder and 5% Salt. Yield 2.24 cu. Ft/sk.

Tail: 156 sacks, 0.3% Dispersant, 0.35 Retarder and 0.3% Low Fluid Loss Control, Yield 1.15 cu. Ft/sk.

Production: 1700-TD

Single Slurry: 485 sacks of Class G w/0.3% fluid loss, 0.3% retarder, 0.3% dispersant. Yield 1.15 cu. Ft/sk

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;

- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

A schematic diagram of the blowout preventer equipment is included in this document.

Ram Type: 11" Hydraulic double, 5,000# psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack

Annular type preventers, (if used) shall be tested at 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of the test are met, whichever is longer.

As a minimum, the above test shall be performed:

- When initially installed
- Whenever any seal subject to test pressure is broken
- Following related repairs
- At 30 day intervals

Valve shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew

Pressure tests shall apply to all related well control equipment

6. The Type and Characteristics of the Proposed Circulating Muds

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Visc</u>	<u>Water Loss</u>
0-1200'	FW mud w/gel sweeps	8.8	40	NC
1200-2750'	Salt Mud	8.8	45	8-10
2750-TD	LSND-PHPA	8.8	45	6-8

There will be sufficient mud on location to ensure proper well control

A mud test shall be performed every 24 hours after mudding to determine, as applicable, density, viscosity, gel strength, static filtration loss, and Ph

Mud monitoring equipment to be used is as follows:

- Periodic checks will be made each tour of the mud system. The mud level will be checked visually

Hazardous substances specifically listed by the EPQ as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

7. The Testing, Logging and Coring Programs are as followed

Testing – DST's are not planned.

If DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night

A ST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions or displaced into the formation prior to pulling the test tool. This would involve providing some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the well bore are required to "run" during the test shall have spark arresters or water cooled exhausts.

Logging –

End of Surface casing - TD Platform Express

Coring --

No coring is planned for this location

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 2200 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approximately June 10, 2008 (As soon as permit is approved)

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

Multipoint Surface Use

Plan

Attached to UDOGM Form 3
Anschutz Exploration Corporation
Hjorth Canyon Unit No. 11-20
NE/4, SW/4, Sec. 20, T11S, R4E, SLB&M
2485' FSL, 2516' FWL
Utah County, Utah

**CONFIDENTIAL: TIGHT HOLE
STATUS**

1. Existing Roads

- a. The proposed access road is a private, existing road, It also includes a section of new access that will be constructed consistent with the State of Utah and the land owner, The road encroaches on Utah State Road 89 which is the main access into this area.
- b. Existing roads will be maintained in the same or better condition. See Drawing L-1

2. Planned Access

Approximately 2900' (0.55 miles) of new access will be constructed (See Drawing L-1).
Approximately 3100' (0.59 miles) of existing road will be used. Access is determined by
acquired Right of way by the surface owner.

- a. Maximum Width: 24'
- b. Maximum grade: 7 %
- c. Turnouts: None
- d. Drainage design: 6 – 18” culverts may be required along the new portion of the road.
Water will be diverted around the road as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to
prevent soil erosion and accommodate year-round traffic.
- f. Existing trees will be left in place where practical to provide screening and buffer
areas.

3. Location of Existing Wells

- a. See Exhibit “B”, Drawing L-1.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with UDOGM and landowner stipulations.

5. Location and Type of Water Supply

- a. All water needed for drilling purposes will be obtained from t water well to be drilled on the well pad. All appropriate permits will be obtained from the Utah Division of Water Resources prior to drilling this well
- b. A copy of the approved water permit will be submitted under a separate cover.
- c. Water needed for operations will be properly and legally obtained according to State water laws.
- d. Once the water well is no longer deemed necessary for drilling and completion operations it will be plugged and abandoned, unless otherwise negotiated with the land owner.

6. Source of Construction Materials

- a. Surface and subsoil materials in the immediate area of the well pad and access road will be utilized
- b. Any gravel used will be obtained from a private or commercial source. The proposed source of gravel is located on private lands access from Utah State Highway 89
- c. No construction materials will be removed from Federal/Indian land.

7. Methods for handling waste disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum of 10 mil plastic liner.
- b. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill site. Pits will not be constructed within intermittent or perennial stream channels.

- c. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit.
- d. The reserve pit will be constructed in the undisturbed material and below the natural ground level
- e. All drilling fluids will be contained in the reserve pit. All appropriate measures will be taken to assure that leakage through the reserve pit does not occur and that fluids are not allowed to overflow. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling operation and the pit will be fenced during drilling and completion operations.
- f. Burning of garbage and debris is prohibited. All trash will be contained in a trash cage and its contents periodically disposed of at an approved refuse facility.
- g. Drill cutting are to be contained and buried in the reserve pit.
- h. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- i. Sanitary facilities are required on site at all times during operations. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations. The installation of facilities, other than self contained chemical toilets, is subject to State approval.
- j. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water, or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

- k. We anticipate no need for ancillary facilities with the exception of trailers, Portable toilets, and Garbage containers to be located on the drill site.

9. Well-site Layout

- a. Section corners, survey markers and claim corners in the project area will be located and flagged. The removal or disturbance of said markers will be approved by the proper authority.
- b. The pad and road designs will be consistent with DOGM and land owner specifications. No construction operations may begin prior to land owner approval.
- c. A pre-construction meeting including the responsible company representative(s),

contractors, and land owner will be conducted at the project site prior to any surface disturbance activities. .

- d. All necessary right-of-ways will be obtained from the land owner prior to construction.
- e. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- f. Cross sections of the pad are reflected on Drawing C-1. Cuts and fills are shown on Drawing A-2
- g. The reserve pit will be located on the north end of the pad (see A-2)
- h. All pits will be fenced.
- i. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup

10. Plans for Restoration of Surface

DRY HOLE

- a. Rehabilitation of the site will be required, consistent to the land owner and DOGM. Rehabilitation will commence as soon as possible after the drilling is completed. The site will be restore to approximate original contours.
- b.
- c. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established
- d. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- e. A temporary fence will be constructed around the site to prevent continued use until the required reclamation standards are successfully achieved. The fence will then be removed, or at the discretion of the land owner.
- f. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes

will be filled immediately upon release of the drilling rig from the location. If the wellsite is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

PRODUCING LOCATION

- a. Site reclamation will be accomplished for portions of the site which are not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area.
- b. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for the site.
- c. Any oil accumulation on the pit will be removed.
- d. The plastic/nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit
- e. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soils and gravel, will be buried with a minimum of 2 feet of clean soil as cover or be removed.
- f. The cut and fill slopes and all other disturbed areas not needed for the production operation will be topsoiled and re-vegetated.
- g. Stockpiled topsoil will be redistributed evenly over the disturbed area upon reclamation
- h. The site will be seeded and/or planted as prescribed by the land owner.

11. Surface Ownership

- a. The well-site and access road will be constructed on lands owned by Mr. Eldon C. Spallings, address being HC13 Box 424, Fairview, UT 84629, Phone Number being 801-873-3140. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. **Other Information:**

- a. The primary surface is considered grazing lands and wildlife habitat. The nearest dwelling is approximately .53 miles West. Nearest live water is Thistle Creek 1.5 miles West.
- b. There will be no deviation from the proposed drilling and/or workover program without prior approval. Safe drilling and operating practices must be observed.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

13. **Company Representative**

Keith V. Bonati – Sr. Landman
Anschutz Exploration Corporation
555 17th Street, Suite 2502
Denver, CO 80202
1-303-299-1339 (Work)

Drilling & Completion Matters
555 17th Street, Suite 2502
Denver, CO 80202
Jim Oursland – Drilling Manager
1-303-299-1228 (work)
1-303-887-1427 (cell)
Bob Griffin – Operations Foreman
1-254-381-9020 (cell)

Permitting Consultant

Larry W. Johnson
Talon Resources, Inc.
195 North 100 West
Huntington, UT. 84528
1-435-687-5310

Excavation Contractor

Robinson Construction
Orem, Utah
1-801-225-5222

Mail Approved A.P.D. To:

Company Representative

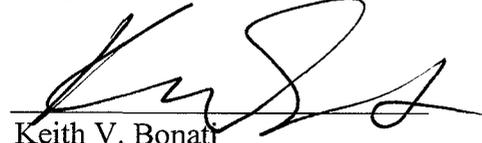
EMERGENCY PHONE LINE – (888) 696-1300

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Anschutz Exploration Corporation and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

5/21/08

Date



Keith V. Bonati

Sr. Landman

Anschutz Exploration Corporation

STATE OF UTAH §
 §
COUNTY OF UTAH §

SURFACE USE AGREEMENT

THIS AGREEMENT, effective as of May 1st, 2008 is by and between Anschutz Exploration Corporation, a Delaware corporation, whose address is 555 Seventeenth Street, Suite 2400, Denver, Colorado 80202, hereinafter called "Operator," and Elden C. Stallings whose address is HC 13 Box 424, Fairview, Utah 84629 hereinafter called "Grantor."

WITNESSETH THAT:

WHEREAS, Grantor and Operator desire to enter into an agreement providing for the use of certain lands of Grantor in connection with drilling and production operations proposed by Operator;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereinafter specified, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- I. Grantor and Operator agree that Operator, or any party acting as an agent or representative of Operator and any person acting as an independent contractor pursuant to a contract with Operator, may enter upon and utilize those certain lands of Grantor located within Section 19 and 20, Township 11 South, Range 4 East, Utah County, Utah and described on Exhibit A attached hereto and by this reference made a part hereof (the "Premises") in connection with the conduct of drilling and production operations subject to the terms and conditions of this agreement. All such operations shall be conducted at the sole risk, cost and expense of Operator or such other parties in a good and workmanlike manner consistent with recognized industry procedure and in accordance herewith. The rights granted hereby and the operations conducted hereunder shall be subject to all prior leases, rights-of-way, easements, licenses and other instruments and agreements affecting the Premises, whether recorded or unrecorded. The execution of this agreement shall not amend, modify or revoke any such prior instruments or agreements relating to the Premises.

- II. Operator shall have the right to maintain, improve and use existing roads on the premises as well as to construct, maintain and use new roads and one wellsite location on the Premises on the following terms and conditions:
 - a) Operator shall advise Grantor in reasonable detail of the location (width, cuts, fills and bar ditches) of each new road which it proposes to construct on the Premises and shall not commence the construction of any new road without first obtaining Grantor's consent to such location, which consent shall not unreasonably be withheld.
 - b) All vehicular traffic will be restricted to the roads permitted to be used or constructed by Operator hereunder.
 - c) Operator shall construct and install such steel gates and cattle guards in all fences as may be necessary for the proper protection and handling of Grantor's livestock. Operator shall also install culverts necessary to protect the road beds and to control and divert water for irrigation and stock watering purposes.
 - d) Operator shall maintain the roads, gates, cattle guards, bridges, culverts and any other facilities to be used or constructed by Operator pursuant to this agreement (the "Improvements") in a good and usable condition during the term of this agreement and, upon termination of use by Operator of any of

such Improvements, Operator shall do whatever is necessary to return the land upon which such Improvements are located to its original condition to the extent it can reasonably do so, provided that Operator shall notify Grantor in writing of any Improvements it intends to cease using and, if Grantor so requests within five (5) days of receipt of such notice, any such Improvements shall be left in place in a good and usable condition and will thereupon become the sole property of Grantor. If operator fails to restore the surface to the original condition within 90 days, operator agrees to pay Grantor's actual costs resulting from Grantor's restoration of the premises.

- e) At its sole expense Operator shall extend improved road construction along the existing road up to Grantor's home, for Grantor's use, with construction equal to other new roads for Operator's use on premises.
- f) Operator shall keep the roads and adjacent areas clean at all times and free of any trash, cans, papers, bottles or other debris resulting from Operator's operations hereunder.
- g) Operator shall water roads to control dust during high traffic periods such as drilling and completion operations. Upon completion of operations, Operator at its own expense shall apply the appropriate Calcium Chloride treatment or equal, to all road surfaces to provide for adequate control of dust and debris.
- h)

This Surface Use Agreement is not exclusive to Operator, however, if Grantor grants other third parties the right to use said new or existing roads for commercial purposes, then Grantor as a prerequisite to such third party agreements, shall require third parties to enter into a joint maintenance agreement with Operator.

- III. Operator shall consult with Grantor with respect to the location of any uses by Operator on the Premises not described in Paragraph II hereof, including but not limited to drilling sites, reserve and mud pits, flow lines, injection lines, and disposal wells, prior to commencing any such use, and Operator shall have the right to such uses of the Premises upon the terms and conditions hereof, taking into account Grantor's concerns and needs. At the risk, cost and expense of Operator, all drilling sites, including reserve and mud pits, shall be reclaimed and restored as nearly as possible to their original condition after completion or abandonment of any wells drilled. All flow lines and injection lines shall be buried below the surface of the land to a depth sufficient to avoid interference with Grantor's cattle operations, but no less than 72 inches deep.
- IV. No guns, firearms, alcoholic beverages, drugs, dogs, trailbikes, motorcycles, or recreational vehicles shall be permitted on the Premises and Operator, its agents, representatives and employees shall not hunt, fish, trap or conduct any recreational activities on any part of Grantor's lands nor shall such lands be used for any purposes other than those expressly provided for herein without the prior written approval of Grantor.
- V. No water will be used from streams or ponds on Grantor's lands without first obtaining permission from Grantor. If Operator shall initiate or establish any water right on the Premises such right shall become appurtenant to the Premises and upon termination of this agreement Operator shall convey such water right to Grantor. Operator shall notify Grantor of any water well it wishes to abandon and, if Grantor so elects within five (5) days of receipt of such notice, shall turn over such water well to Grantor. Grantor shall assume all liability which might thereafter arise by reason of Grantor's use of such well.
- VI. Operator shall pay to Grantor the sum of \$15 per rod for each road used or constructed on the Premises. Additionally, Operator shall pay to Grantor the sum of \$5,000 for each standard wellsite location, such payments to be compensation for use of and damage to the surface of the lands used for such purpose during drilling operations. Upon completion of any well as capable of producing oil and/or gas, Operator shall pay to Grantor an annual road use rental of \$ 2 per rod per year and \$ 500 per well per year location rental, exclusive of the first year. If Operator shall be required to construct any flow lines in connection with its operations on the Premises it shall pay to Grantor the sum of \$ 15 per rod as compensation for use of and damage to the surface of the lands on which the flow lines are constructed. If said flow lines are constructed within the roadway used by Operator as provided herein, no damage or rental payment shall be required for said flow lines. Payment for any other use by Operator not enumerated in this Paragraph VI shall be on a fair and

reasonable basis to be negotiated by the parties for each such use. All of the aforementioned payments will be tendered upon operator's election to actually use or construct said road, wellsite and related facilities.

- VII. Operator, for itself and its contractors, subcontractors, agents, employees, representatives, successors and assigns, does hereby release and agree to defend and hold harmless and indemnify Grantor from any claim for damage to any person or property arising out of Operator's use of and/or Operator's operations on and over and under Grantor's property and does further agree to pay all costs and expenses incurred by Grantor in the event it shall become necessary for Grantor to defend themselves from any claims made by anyone as a result of Operator's operations pursuant to this agreement. In the event that it should become necessary or desirable for Grantor to obtain the services of an attorney to enforce any of the provisions of this agreement, or to make claims for damages, specific performance, or any breach resulting from Operator's operations under this agreement, then Operator shall be liable for reasonable attorney's fees incurred by Grantor in connection with such matters.
- VIII. Grantor shall have the right to use any roads constructed or improved by Operator hereunder for any reasonable purpose and without cost.
- IX. This agreement shall remain in effect for a period of five years from the effective date hereof and for so long thereafter as Operator or any party who is a successor to Operator conducts any drilling or production operations on the surface of the lands covered by this agreement, or require any roads used or constructed pursuant to this agreement to access drilling or producing facilities adjacent to the Premises, subject to the timely payment of any monies due Grantor as herein provided and to compliance with the terms and conditions hereof. If at any time Grantor is of the opinion that Operator or any of its agents, representatives or contractors have breached any obligation imposed on it under this agreement, they shall notify Operator in writing setting out the facts relied upon by Grantor as constituting Operator's breach hereof. To the extent reasonably possible, Operator will immediately bring its operations into compliance with this agreement. As to operations that cannot be immediately brought into compliance, Operator shall not be considered to be in default of its obligation to eliminate or repair such breach if Operator promptly upon its receipt of such notice initiates corrective action and eliminates or remedies such breach within thirty days of receipt of Grantor's notice or, if the breach is of a nature that cannot reasonably be cured within such thirty-day period, promptly upon its receipt of such notice initiates curative action and thereafter diligently pursues all reasonable efforts to effect such cure. Operator further agrees to immediately repair or pay Grantor for any damages caused to crops, timber, livestock, fences or other improvements owned or used by Grantor that result from operations hereunder and are not included in the uses for which specific payment is provided for herein, and shall reimburse Grantor for any expenses incurred by Grantor to effect any repairs, removal of debris or other obligations of Operator not fulfilled by Operator.
- X. Any notices required to be given in writing hereunder shall be deemed sufficiently given or served when presented personally or upon delivery when sent by first class mail, postage prepaid, to any party hereto at its address first set forth above (with notices to Operator directed to Land Manager, Anschutz Exploration Corporation, 555 Seventeenth Street, Suite 2400, Denver, CO 80202) or at such other address as any party may subsequently designate in writing. All references to Grantor shall refer to HC 13 Box 424, Fairview, Utah 84629, until a successor representative is designated in writing to Operator.
- XI. Grantor, by execution of this agreement, authorizes Operator to construct the well site location and upgrade the existing road to the location and adjacent lands as shown on Exhibit A to the minimum standards necessary to efficiently conduct drilling operations on said lands. Operator shall pay Grantor for road and location damages as specified above at least three days prior to commencement of actual construction operations.
- Operator agrees to use as little of Grantor's surface as is reasonably practicable while conducting its operations hereunder.
- XII. This agreement shall be governed by and construed in accordance with the laws of the State of Utah.

XIII. This agreement may not be modified except by an instrument in writing signed by all the parties hereto.

XIV. This agreement shall apply to and be binding on Operator's successors and assignees except that after five years compensation shall be redetermined. As described in article 6 shall be

increased by 20% on and after every five years anniversary. *EC Stallings*

IN WITNESS WHEREOF, this agreement is executed this 6 day of May, 2008, effective as of May 1st, 2008.

By:

E. C. Stallings
Elden C. Stallings

By:

Pamela S. Kalstrom
Pamela S. Kalstrom, Land Manager

ANSCHUTZ EXPLORATION CORPORATION

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

This instrument was acknowledged before me on the 6 day of May, 2008 by Pamela S. Kalstrom as Land Manager of Anschutz Exploration Corporation, a Delaware corporation, on behalf of said corporation.

Harold Ceppear II
Notary Public in and for the State of Colorado

My commission expires: June 1, 2011

STATE OF Utah)
) ss.
COUNTY OF Sanpete)

This instrument was acknowledged before me on the 6 day of May 2008, by Elden C. Stallings

Heidi Anderson
Notary Public in and for the State of Utah

My commission expires: 10-24-2011

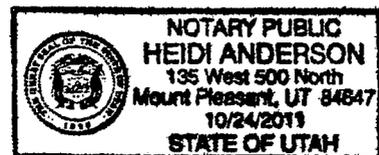


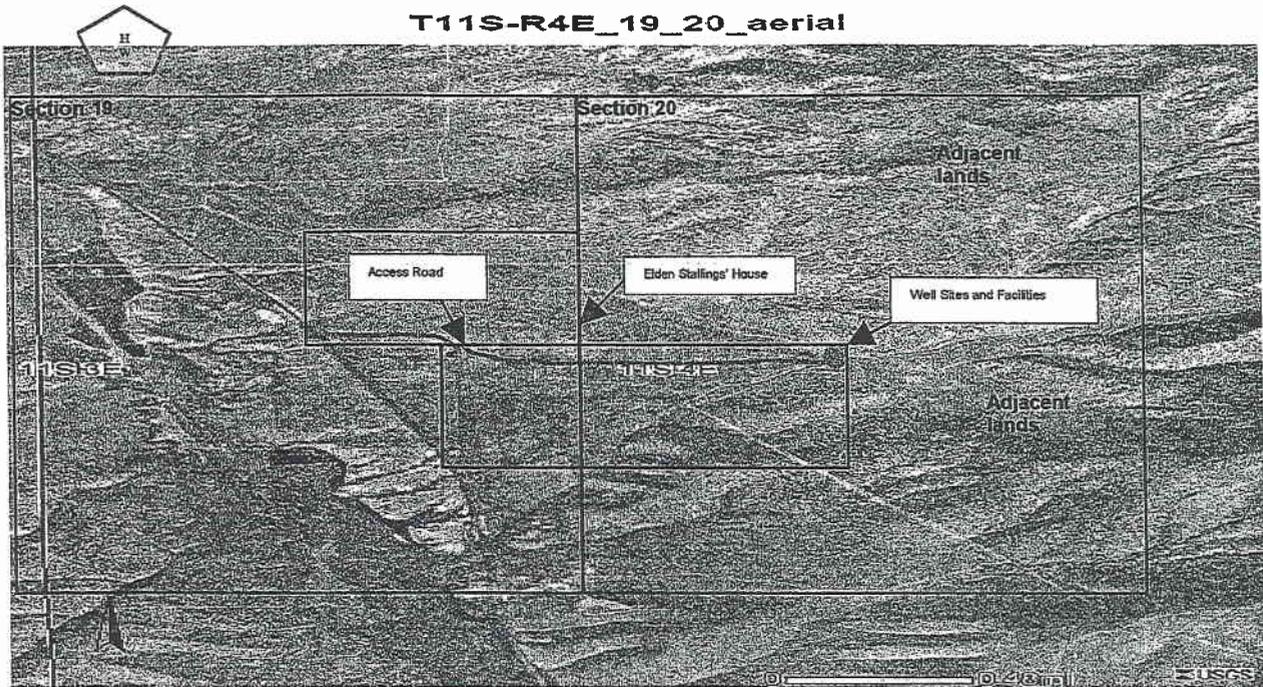
Exhibit "A"

Attached to the Surface Use Agreement between Anschutz Exploration Corporation, a Delaware corporation and Elden C. Stallings ; covering the following lands in Utah County, Utah:

Township 11 South, Range 4 East, SLM

Section 19: S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 20: N $\frac{1}{2}$ SW $\frac{1}{4}$



4/23/2008

No warranty is made by the BLM for the use of the data for purposes not intended by the BLM.

Hjorth Canyon Unit #13-16

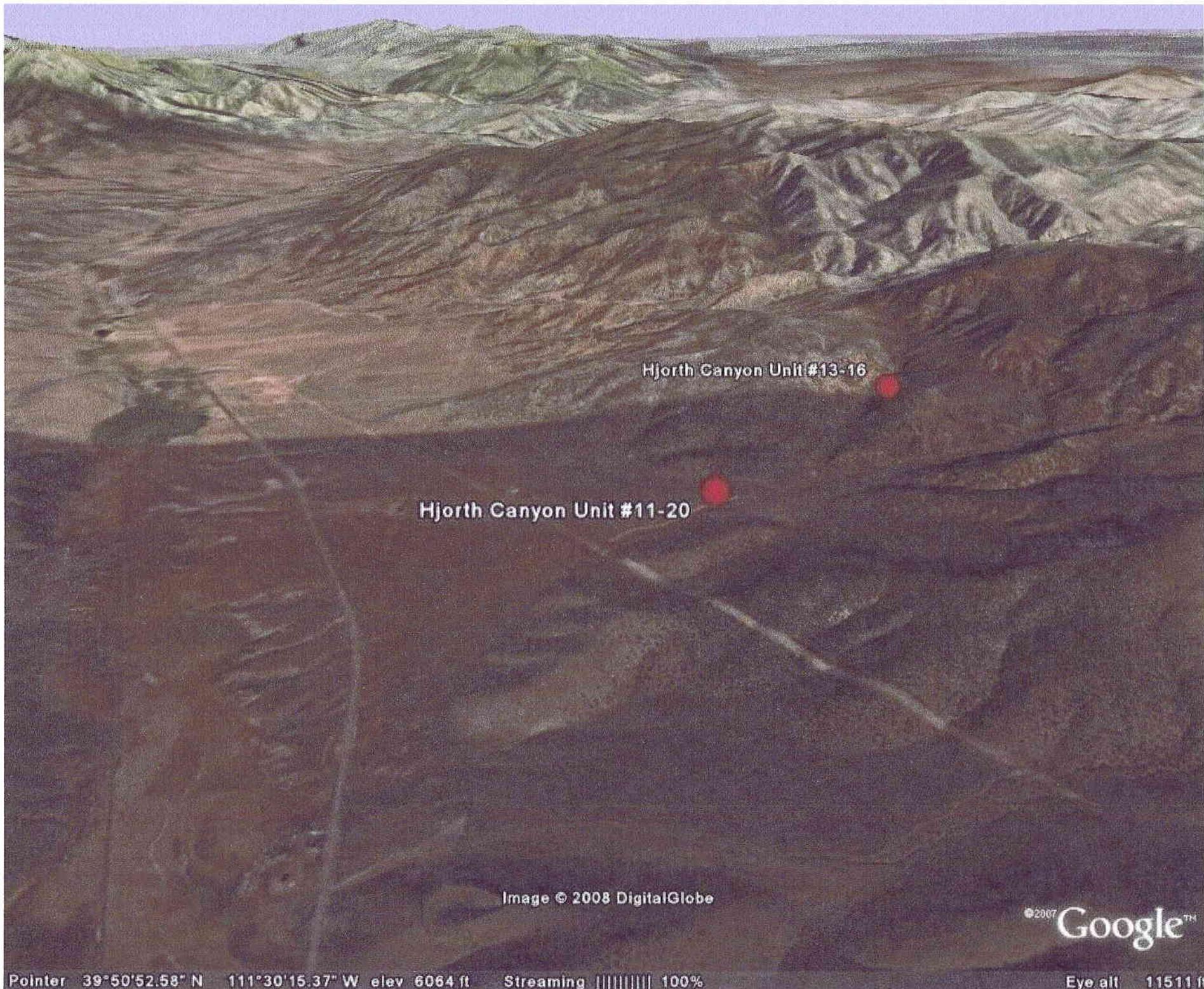
Hjorth Canyon Unit #11-20

Image © 2008 DigitalGlobe

©2007 Google™

Pointer 39°50'52.58" N 111°30'15.37" W elev 6064 ft Streaming ||||| 100%

Eye alt 18986 ft



Hjorth Canyon Unit #13-16

Hjorth Canyon Unit #11-20

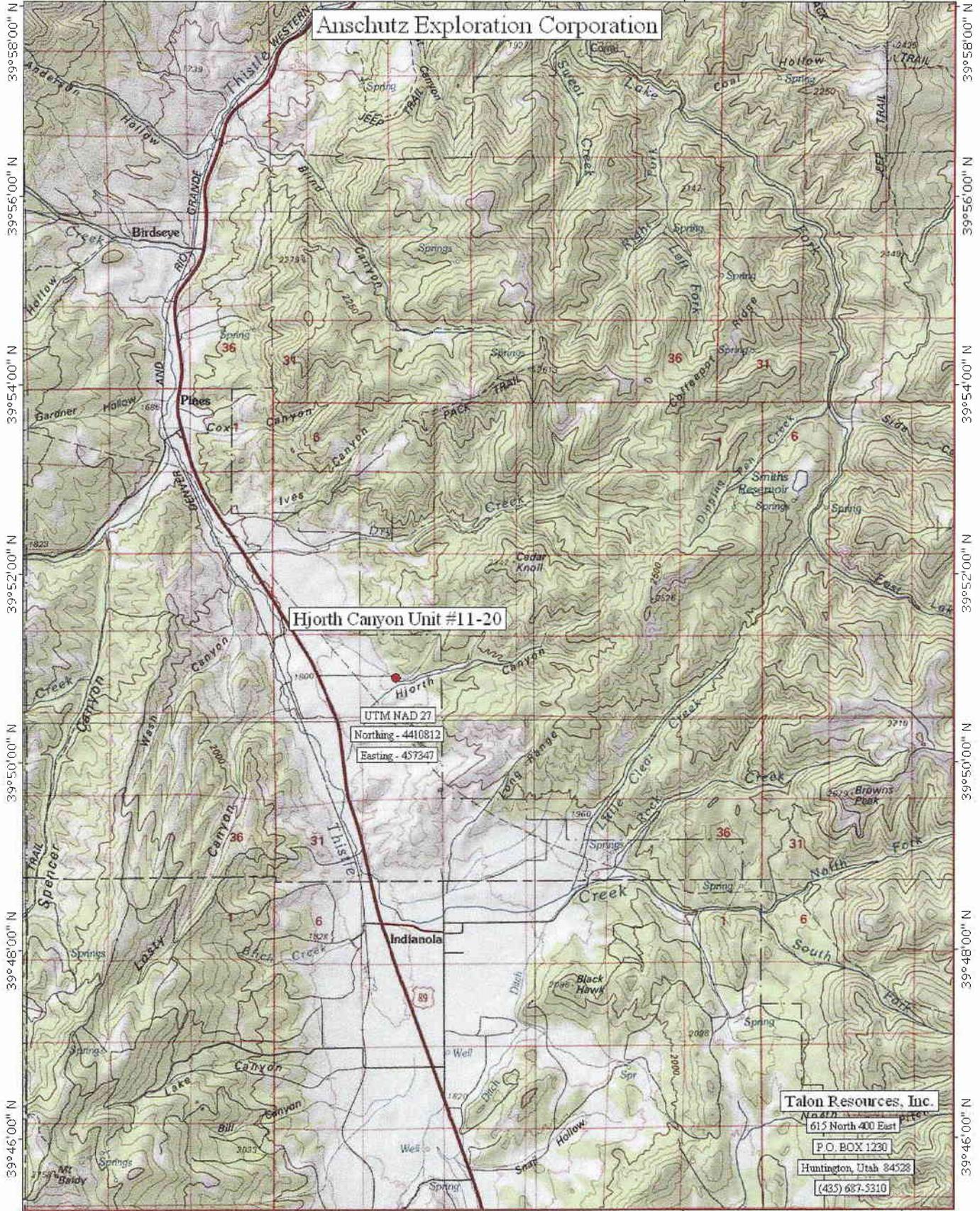
Image © 2008 DigitalGlobe

©2007 Google™

Pointer 39°50'52.58" N 111°30'15.37" W elev 6064 ft Streaming ||||| 100%

Eye alt 11511 ft

111°34'00" W 111°32'00" W 111°30'00" W 111°28'00" W 111°26'00" W WGS84 111°23'00" W



Anschutz Exploration Corporation

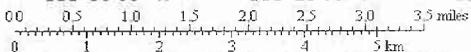
Hjorth Canyon Unit #11-20

UTM NAD 27
 Northing - 4410812
 Easting - 457347

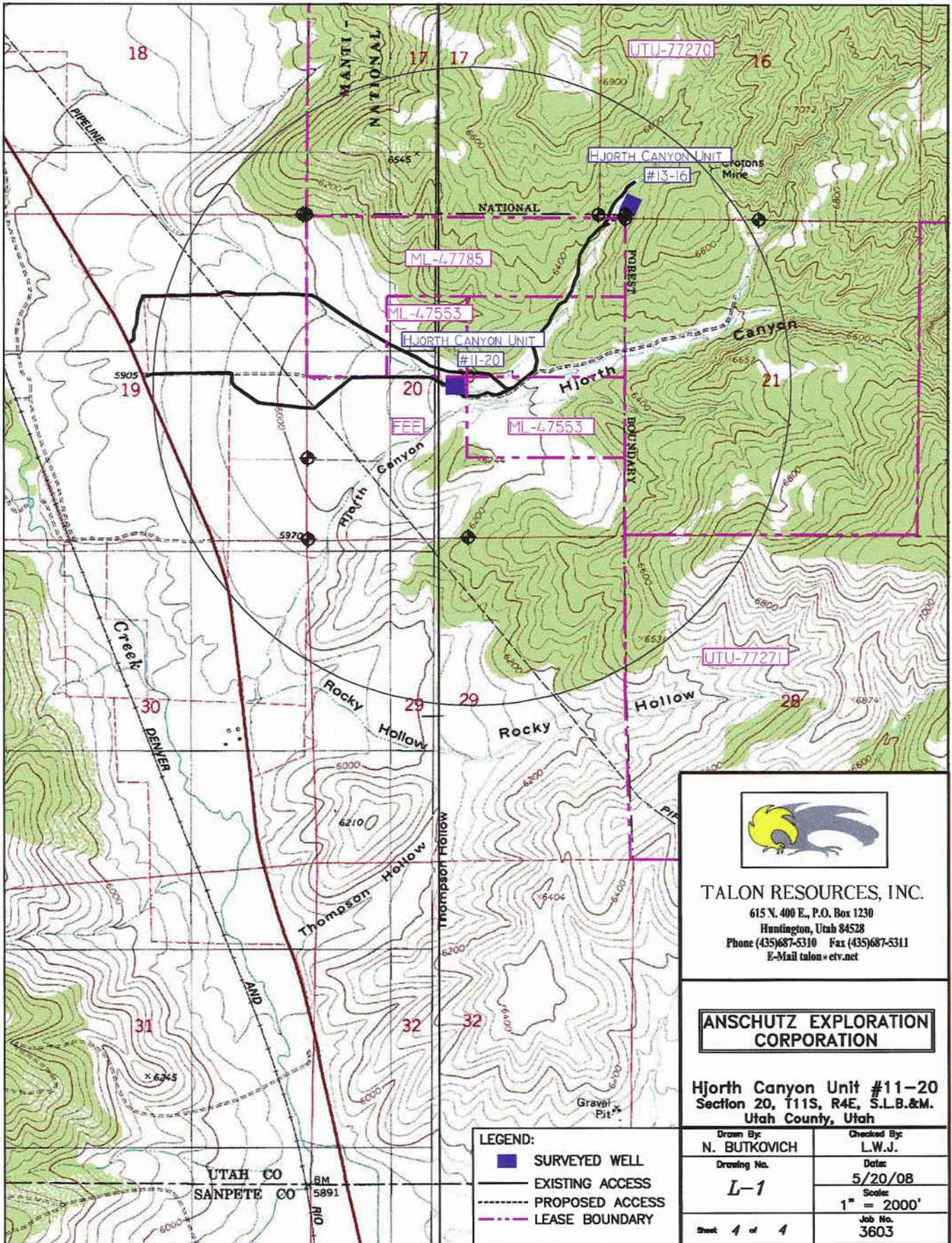
Talon Resources, Inc.
 615 North 400 East
 P.O. BOX 1230
 Huntington, Utah 84528
 (435) 687-5310

111°34'00" W 111°32'00" W 111°30'00" W 111°28'00" W 111°26'00" W WGS84 111°23'00" W

TN 12%



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



TALON RESOURCES, INC.

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

ANSCHUTZ EXPLORATION CORPORATION

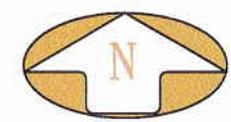
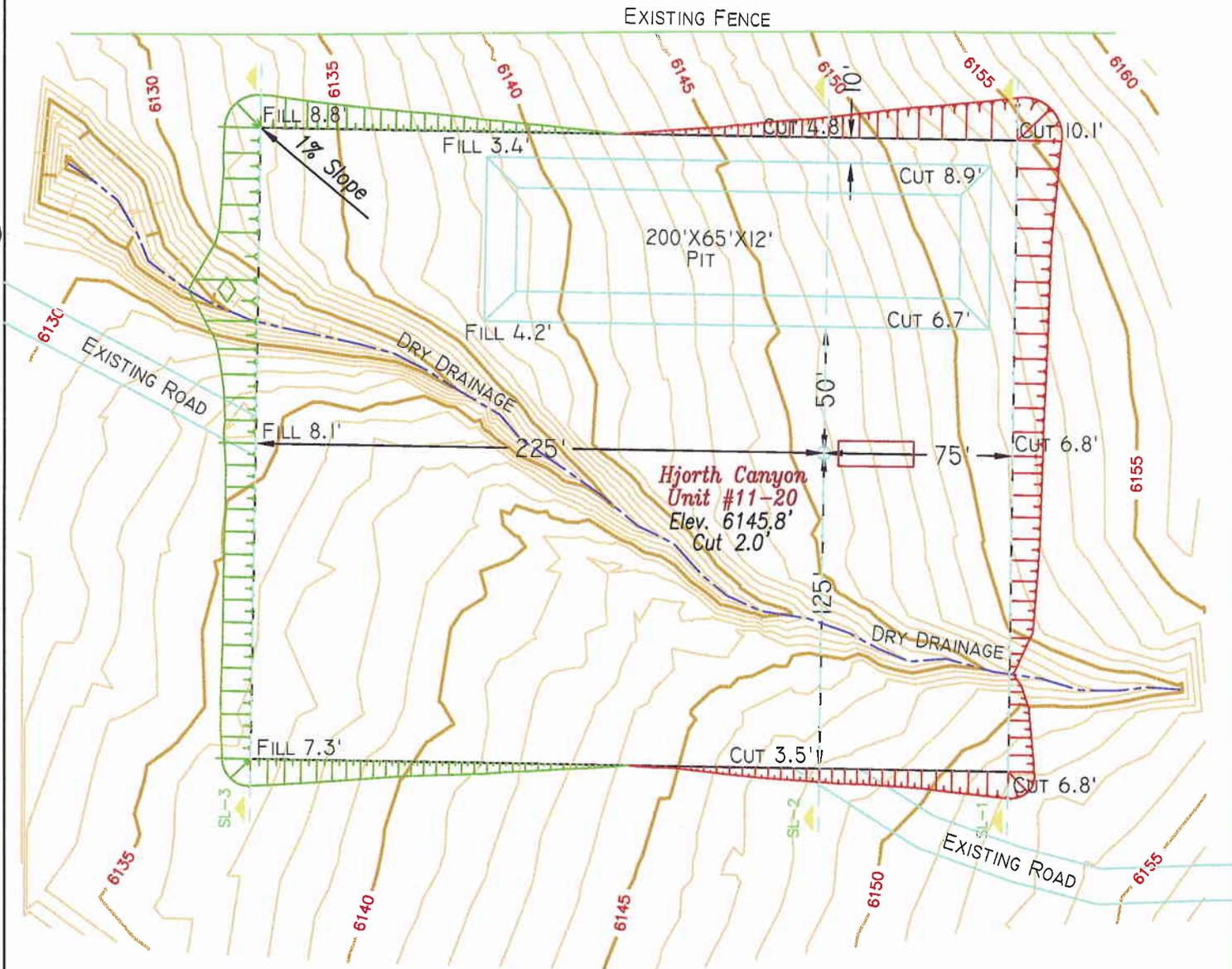
**Hjorth Canyon Unit #11-20
 Section 20, T11S, R4E, S.L.B.&M.
 Utah County, Utah**

LEGEND:

- SURVEYED WELL
- EXISTING ACCESS
- - - - PROPOSED ACCESS
- · - · - LEASE BOUNDARY

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 5/20/08
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 3603

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6145.8'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6143.8'



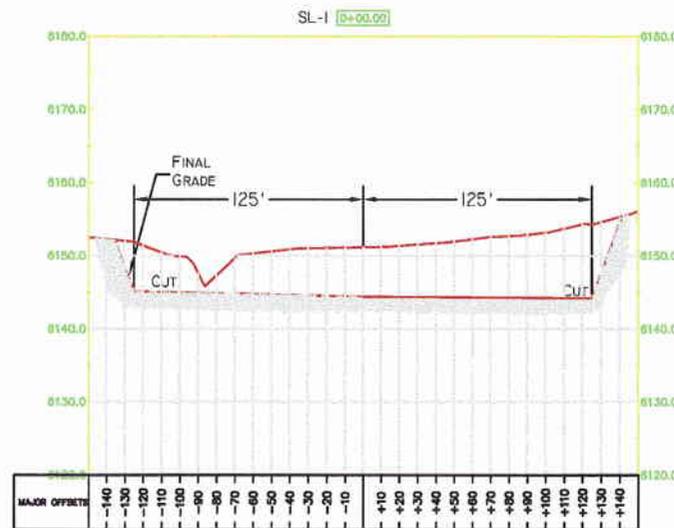
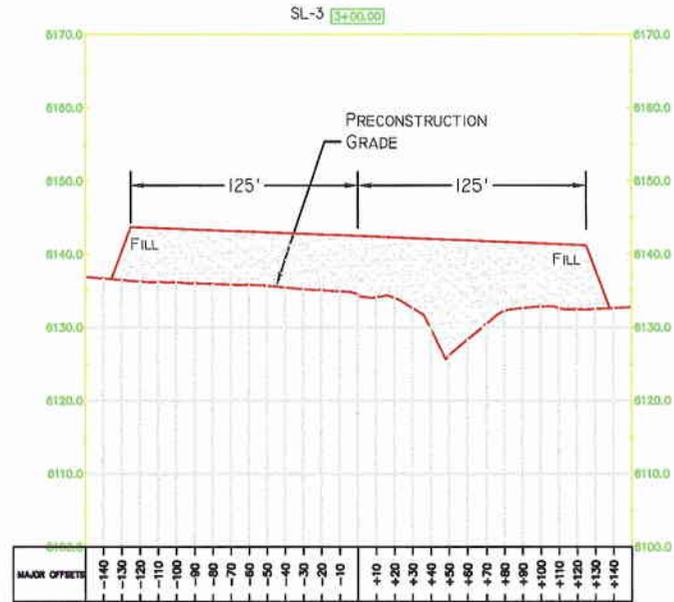
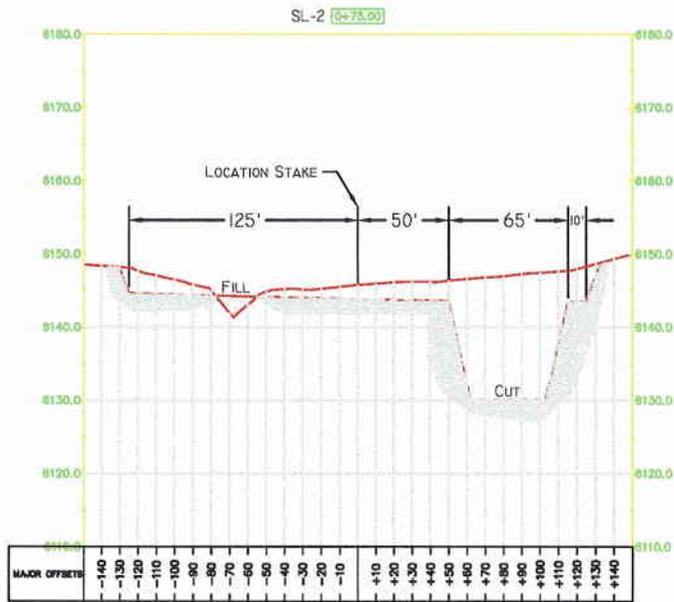


TALON RESOURCES, INC.
 4370 Hillside Drive
 Houston, TX 77056
 Phone: 281-451-5311 Fax: 281-451-5311
 E-mail: info@tr.com

ANSCHUTZ EXPLORATION CORPORATION

LOCATION LAYOUT
 Sheet 20 of 18 F&E 3-18-12
 Hjorth Canyon Unit #11-20

Drawn by: S. BURDICK	Date: 5/21/08
Scale: 1" = 60'	Date: 5/21/08
Sheet: 2 of 4	Date: 5/21/08

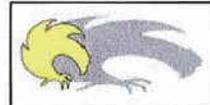


ALL SLOPES = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1

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

APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 1,390 CU. YDS.
TOTAL CUT (INCLUDING PIT) = 12,470 CU. YDS.
TOTAL FILL = 7,165 CU. YDS.



TALON RESOURCES, INC.

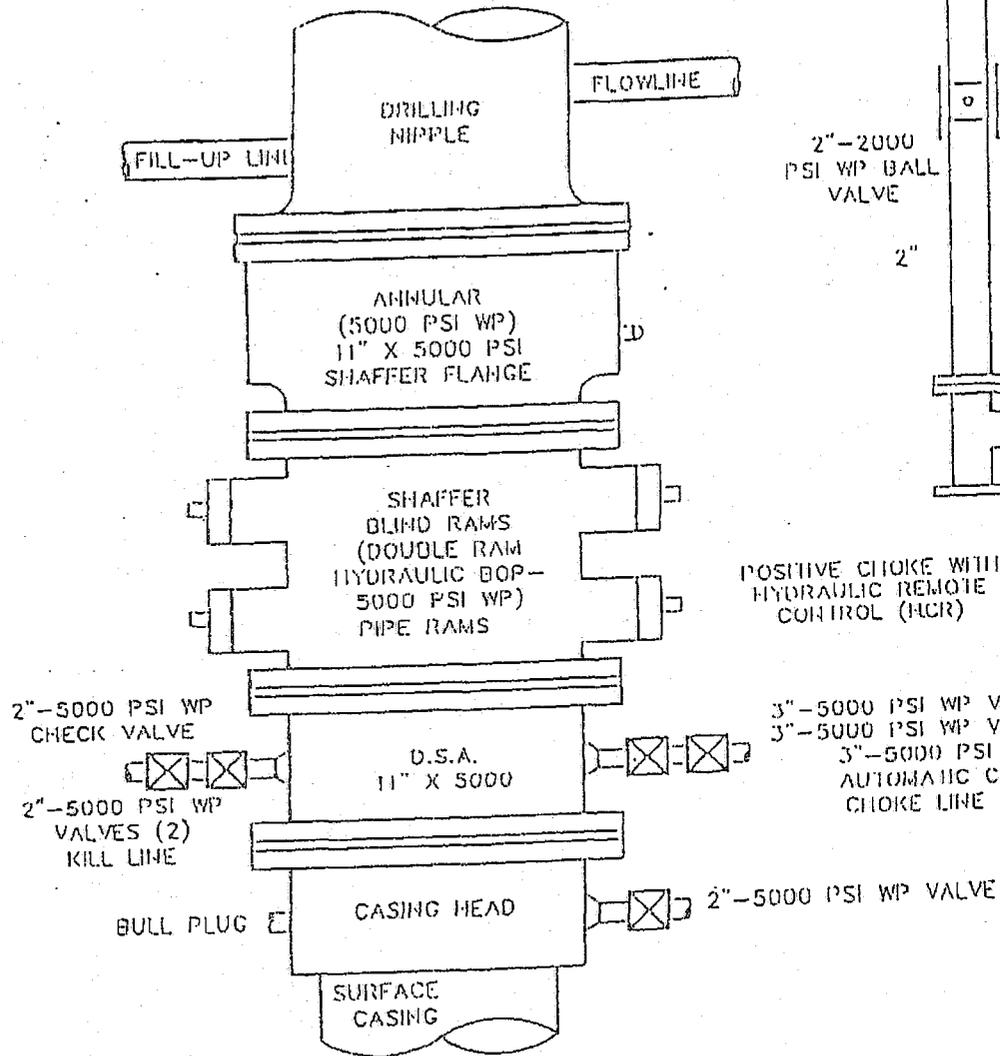
615 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

ANSCHUTZ EXPLORATION CORPORATION

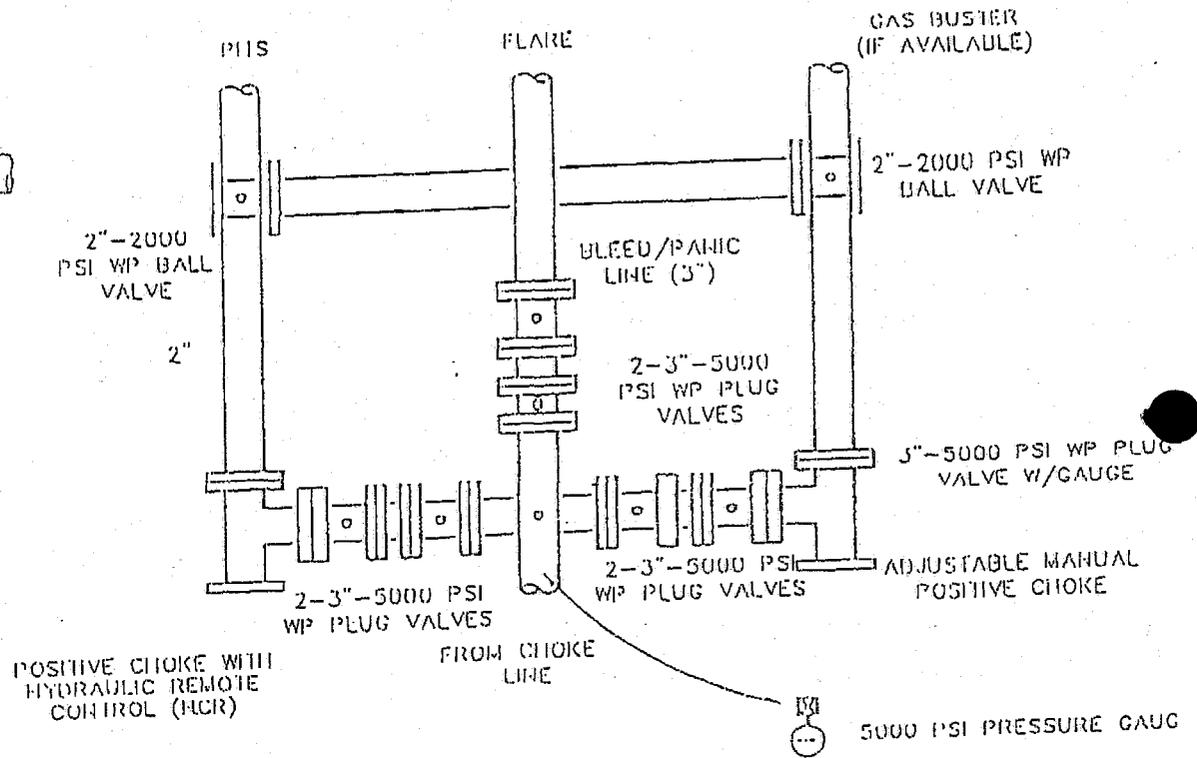
TYPICAL CROSS SECTION
Section 20, T11S, R4E, S.L.B.&M.
Hjorth Canyon Unit #11-20

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 5/20/08
	Scale: 1" = 100'
Sheet 3 of 4	Job No. 3603

BOP SCHEMATIC
5000 PSI WORKING PRESSURE



PLAN VIEW CHOKES MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKES AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKES LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/23/2008

API NO. ASSIGNED: 43-049-30022

WELL NAME: HJORTH CYN U 11-20
 OPERATOR: ANSCHUTZ EXPLORATION (N7940)
 CONTACT: KEITH BONATI

PHONE NUMBER: 303-298-1000

PROPOSED LOCATION:

NESW 20 110S 040E
 SURFACE: 2485 FSL 2516 FWL
 BOTTOM: 2485 FSL 2516 FWL
 COUNTY: UTAH
 LATITUDE: 39.84825 LONGITUDE: -111.4985
 UTM SURF EASTINGS: 457356 NORTHINGS: 4410824
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWB	10/21/08
Geology		
Surface		

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

PROPOSED FORMATION: JRSC
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 965001810)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No: Municipal)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS:

Needs Permit (06-12-08)

STIPULATIONS:

1- Spacing Strip
2- STATEMENT OF BASIS

API Number: 4304930022

Well Name: HJORTH CYN U 11-20

Township 11.0 S Range 04.0 E Section 20

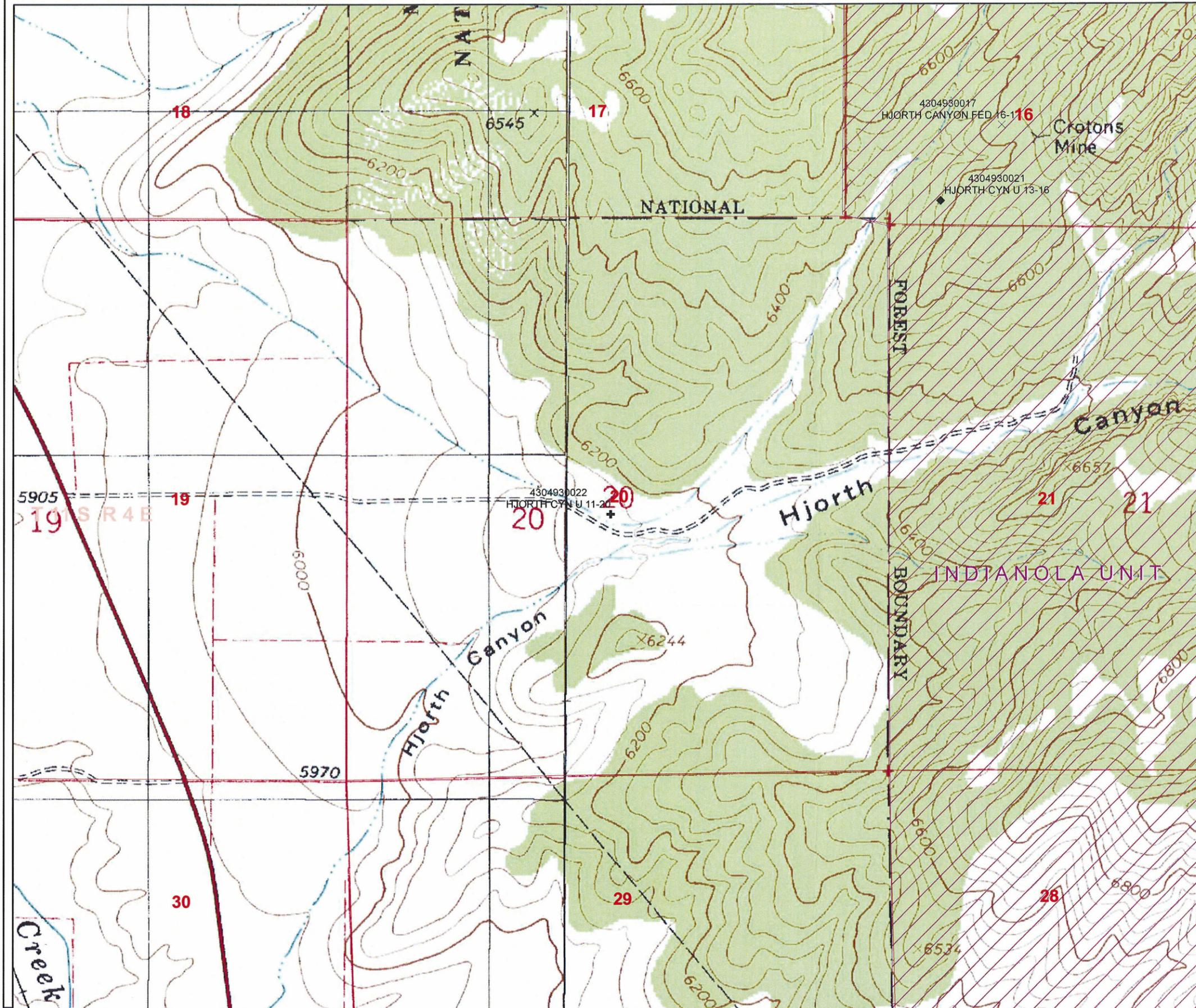
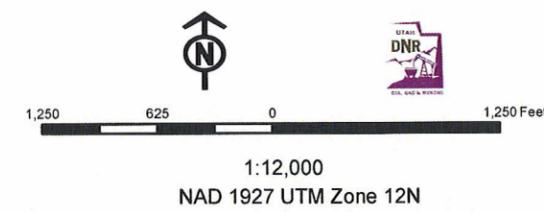
Meridian: SLBM

Operator: ANSCHUTZ EXPLORATION CORP

Map Prepared: 5/27/2008

Map Produced by Diana Mason

Units	Wells Query
STATUS	GIS_STAT_TYPE
ACTIVE	<all other values>
EXPLORATORY	<Null>
GAS STORAGE	APD
NF PP OIL	DRL
NF SECONDARY	GI
PI OIL	GS
PP GAS	LA
PP GEOTHERML	NEW
PP OIL	OPS
SECONDARY	PA
TERMINATED	PGW
Fields	POW
STATUS	RET
Unknown	SGW
ABANDONED	SOW
ACTIVE	TA
COMBINED	TW
INACTIVE	WD
STORAGE	WI
TERMINATED	WS
Sections	
Township	
Enhanced Recovery	
	Bottom Hole Location



Application for Permit to Drill

Statement of Basis

7/17/2008

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
776	43-049-30022-00-00		OW	P	No
Operator	ANSCHUTZ EXPLORATION CORP		Surface Owner-APD		
Well Name	HJORTH CYN U 11-20	Unit		HJORTH CYN	
Field	WILDCAT	Type of Work			
Location	NESW 20 11S 4E S 2485 FSL 2516 FWL GPS Coord (UTM) 457356E 4410824N				

Geologic Statement of Basis

According to agency geologic mapping of the area, a well drilled at this location will likely spud into moderately permeable Quaternary/Tertiary coalesced alluvial fan deposits, which overlying the Tertiary-age Moroni Formation, a volcanoclastic deposit, and, deeper yet, the Tertiary/Cretaceous North Horn Formation. The Operator's geologic prognosis suggests a spud into the Cretaceous Indianola Group. The nearest past drilling in the area of this well location is about 1.75 miles SE of the location on Long Ridge. The proposed location is about 1/2 mile NW of a mapped geologic feature on the Nephi 30x60 Geologic Quad (USGS Map 1-1937, 1991) identified as the Hjorth Canyon Diapiric Fold that lies nearly on the leading edge of the southeast facing salient of the Charleston-Nebo Thrust. This well is described as a test of the north-central Utah Overthrust. If the geologic prognosis is reasonably accurate then the well is likely to encounter permeable sandstones in the Castlegate and Entrada Sandstones containing a high quality ground water resource while drilling the Intermediate casing interval. The drilling fluid proposal calls for a salt mud system, probably to deal with the evaporite rich Jurassic-age Arapien Shale. The area ultimately drains into the Utah Lake-Great Salt Lake basin. Four underground water rights have been filed to the west and southwest of the proposed location with the deepest well documented drilled to 300'. It is recommended that the Intermediate casing be completely cemented to surface behind the casing to provide a measure of protection to any high quality ground water resources below the Surface casing but above the Arapien Shale.

Chris Kierst
APD Evaluator

7/16/2008
Date / Time

Surface Statement of Basis

A presite was conducted at 10:00 am June 12th, 2008. This proposed location is west of Hjorth Canyon. State road # 89 will be used for access to the remaining 1.1 miles on landowners Eldon Clark property who attended the presite. At time of presite Anschutz has surface agreements with the landowner.

General topography in this Indianola area is small rolling hills sloped to the Thistle Creek valley and are suitable for grazing and wildlife habitat. These hills are not excessively steep and valleys are easily accessed. The Thistle valley is bordered by the Manti La Sal National Forest to the east and the Uinta National Forest to the west. There is one man made pond 0.3 mile to the southeast that is fed by runoff. The Hjorth Canyon runoff is located 0.25 mile to the south of the proposed location. A man made ditch not being used will be filled in at the pad location. This will not present any issues due it is no longer in use.

The proposed Hjorth Canyon 11-20 pad runs east west direction and is located on the bottom of a gentle sloping hill. The north end of location runs along a fence line with DWR as the landowner to the north. Cut will be taken from the northern side of location and deposited as fill on the slope to the south. There have already been two cattle guards installed on the new road access.

Eldon Stallings owns the property the location is to be built on had no other concerns that were not addressed in his contract with Anschutz.

The selected location for this well is suitable for drilling.

Application for Permit to Drill

Statement of Basis

7/17/2008

Utah Division of Oil, Gas and Mining

Page 2

Ted Smith
Onsite Evaluator

6/12/2008
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator ANSCHUTZ EXPLORATION CORP
Well Name HJORTH CYN U 11-20
API Number 43-049-30022-0 **APD No** 776 **Field/Unit** WILDCAT
Location: 1/4,1/4 NESW **Sec** 20 **Tw** 11S **Rng** 4E 2485 FSL 2516 FWL
GPS Coord (UTM) 457353 4410818 **Surface Owner**

Participants

Ted Smith - DOGM, Larry Johnson - Talon Resources, Eldon Stallings - Landowner

Regional/Local Setting & Topography

Rolling dry hills with natural grassland with small areas of Cedar cover. Surrounding area is dry by mid June. Area is used for summer cattle grazing. Altitude at site approximately 6145'

Surface Use Plan

Current Surface Use

Grazing
Wildlife Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0.55	Width 175 Length 300	Onsite	INDOL

Ancillary Facilities N

With exception of portable trailers, toilets, and garbage containers

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora around the drill location area consist of - Sagebrush, Juniper, Prickley pear cactus, Crested wheatgrass, Cheatgrass, Wild onion, Indian Paint brush.

Fauna around the drill location area consist of - Deer, Badger, Ground Squirrel, Elk, Cattle
The surrounding area of the well location is within 1.1 mile of Highway 89.

Soil Type and Characteristics

Brown Dirt

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required

Old man made wash will be filld in and any runoff water will be diverted around pad.

Berm Required? N

Erosion Sedimentation Control Required? N

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

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	300 to 1000	2
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
Final Score		22
		1 Sensitivity Level

Characteristics / Requirements

Pit will be constructed so as not to leak, break, or discharge. The reserve pit will be lined with minimum of 12 mil plastic liner
Pit will be 200' x 65' x 12' in size.

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

Other Observations / Comments

Anschutz will use a open lined pit program. All pit fluids will be hauled to an approved disposal site for waste management. Fresh water used for the drilling will be obtained through Indianola Water Authority. Access road has already been constructed through landowners (Eldon Clark) property for access to API #4304930021. This existing road will be used as access to this well. State highway 89 is approximately 1.1 mile west of location. There is a powerline 0.5 mile west of location to landowners house. There is one other planned well within one mile by Anschutz API # 4304930021 that is currently in the construction phase. One other well has been drilled within one mile of this proposed location and is now PA'd API # 4304930019. There is an agreement in place between landowner and Anschutz. There is no local disagreement by landowners with this drilling program. Photos are located in well file.

Ted Smith
Evaluator

6/12/2008
Date / Time



Online Services

Agency List

Business

Search



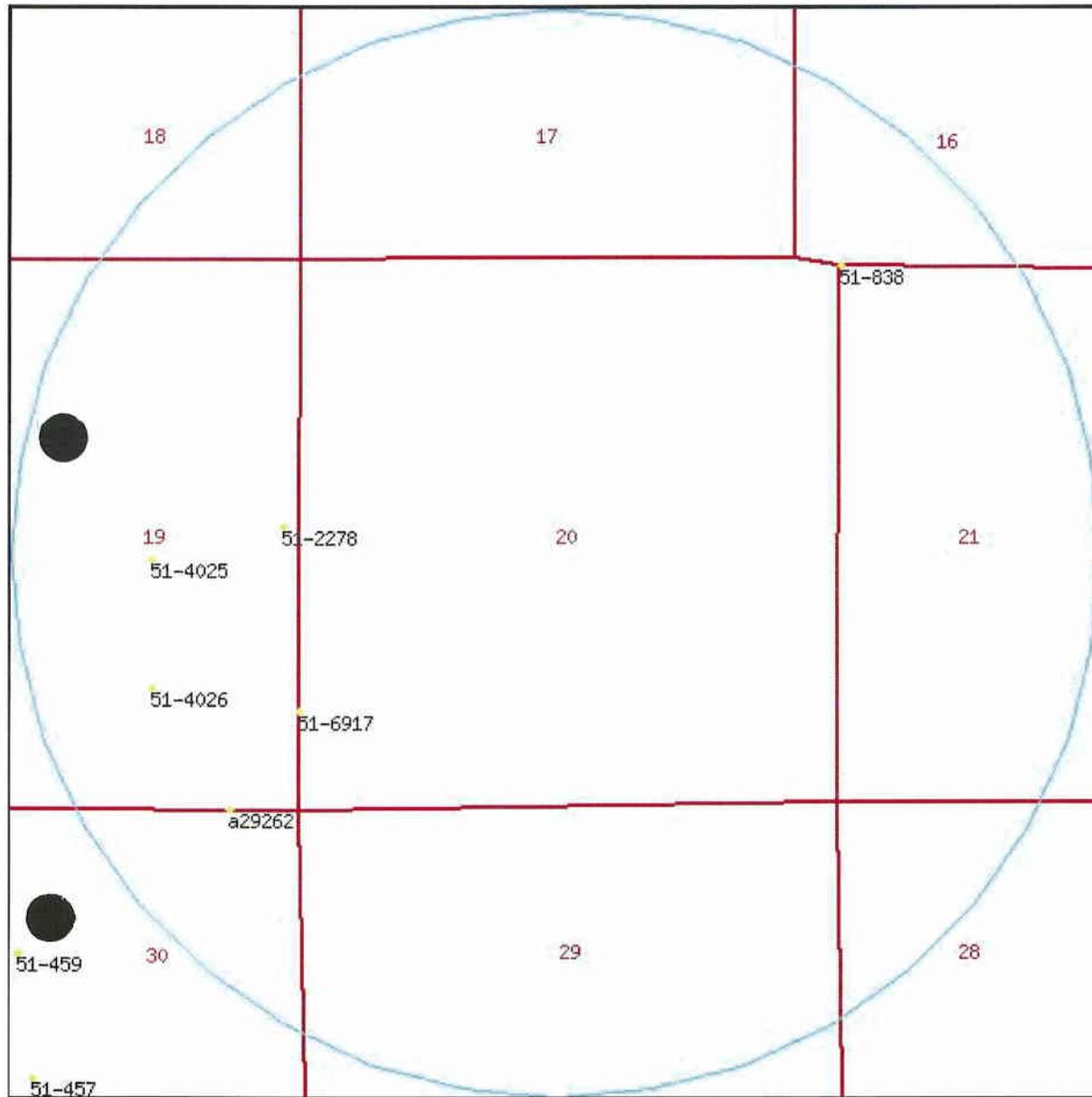
Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2007.04.13.01 Rundate: 07/16/2008 04:47 PM

Radius search of 5280 feet from a point N2485 E2516 from the SW corner, section 20, Township 11S, Range 4E, SL b&m Criteria:wrtypes=W,C,E
podtypes=S,U,Sp status=U,A,P usetypes=all



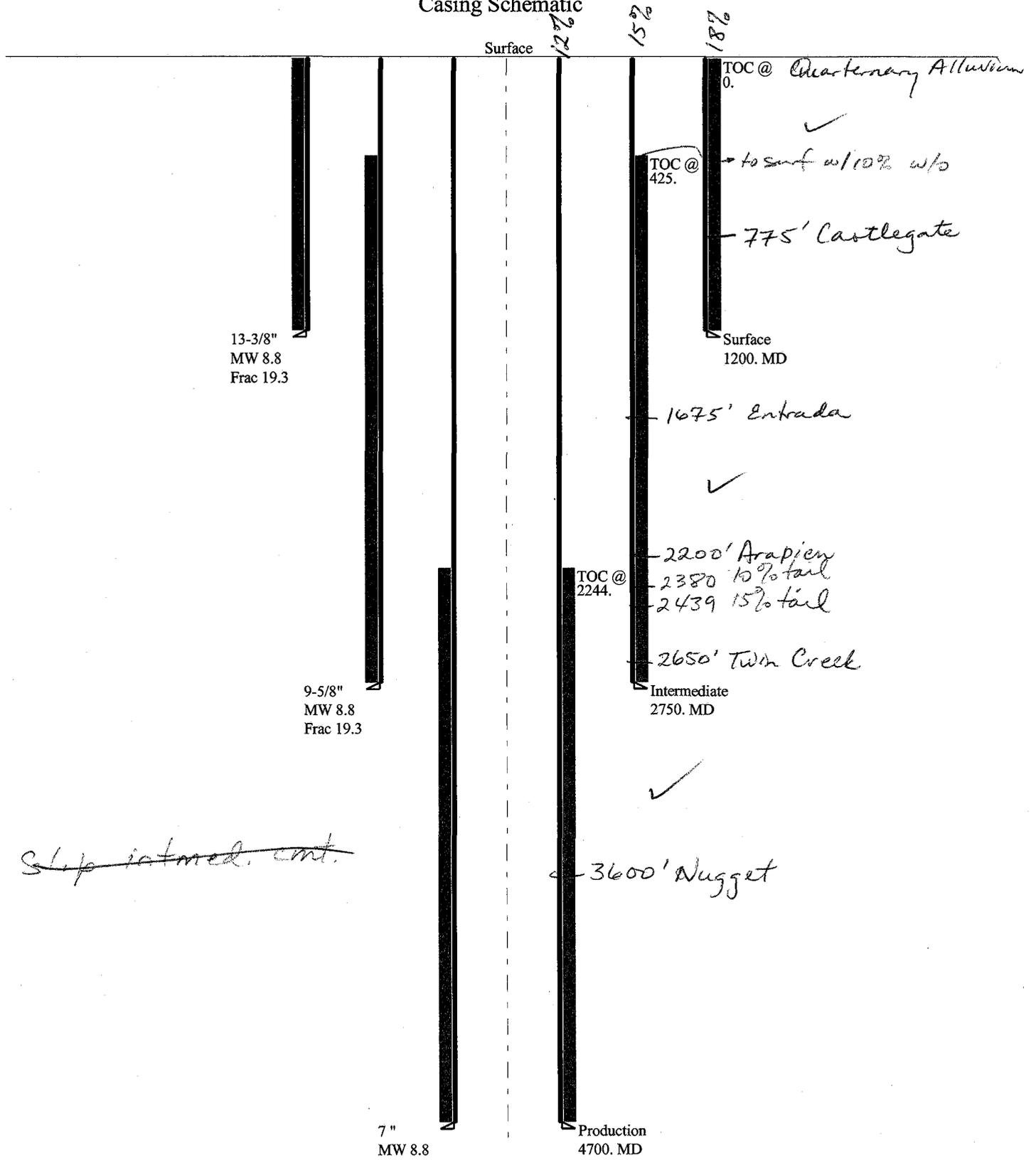


Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>51-2278</u>	Underground S2586 W156 NE 19 11S 4E SL	<u>well info</u>	P	19100000	DIS	0.000	1.710	ELDEN C. STALLINGS BOX 263
<u>51-4025</u>	Underground N2431 E1245 S4 19 11S 4E SL	<u>well info</u>	P	19100000	DIS	0.015	0.000	STERLING S. AND THAYES LUDLOW HC13 BOX 415
<u>51-4026</u>	Underground N1187 E1257 S4 19 11S 4E SL	<u>well info</u>	P	19000000	IS	0.015	0.000	STERLING S. AND THAYES A. LUDLOW HC 13 BOX 415
<u>51-457</u>	Surface N60 W2560 E4 30 11S 4E SL		P	1862	IS	12.000	0.000	BERNARD G. LASSON STAR ROUTE BIRDSEYE,
<u>51-458</u>	Surface S1390 W30 N4 30 11S 4E SL		P	1862	IS	12.000	0.000	BERNARD G. LASSON STAR ROUTE BIRDSEYE,
<u>51-459</u>	Surface S1390 W30 N4 30 11S 4E SL		P	18620000	IS	12.000	0.000	EDITH G. LASSON H. C. 13 BOX 400
<u>51-6916</u>	Surface S1720 0 E4 19 11S 4E SL		P	1890	IS	3.000	0.000	STERLING S. AND THAYES A. LUDLOW JOINT TENANTS
<u>51-6917</u>	Surface S1720 0 E4 19 11S 4E SL		P	1890	IS	3.000	0.000	ELDON C. & MARILYN G. ROBISON 4133 WEST FARM ROAD
<u>51-838</u>	Surface 0 0 NW 21 11S 4E SL		P	18500000	S	0.006	0.000	USA FOREST SERVICE 234 25TH STREET
<u>a29262</u>	Underground N0 W675 NE 30 11S 4E SL		A	20040806	S	0.011	0.000	EDITH G. LASSON H. C. 13 BOX 400

2008-07 Anschutz HJorth Cyn U 11-20

Casing Schematic



~~Slip int med. cmt.~~

Well name:

2008-07 Anschutz HJorth Cyn U 11-20

Operator: **Anschutz Exploration Corporation**

String type: **Surface**

Project ID:

43-049-30022

Location: **Utah County**

Design parameters:

Collapse

Mud weight: 8.800 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 652 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 916 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 buoyed weight.
Neutral point: 1,044 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 82 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 2,750 ft
Next mud weight: 8.800 ppg
Next setting BHP: 1,257 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,750 ft
Injection pressure: 2,750 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1200	13.375	54.50	J-55	ST&C	1200	1200	12.49	1041.5
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	549	1130	2.060	916	2730	2.98	57	514	9.04 J

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

Phone: 801-538-5280
FAX: 810-359-3940

Date: July 31, 2008
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 1200 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:

2008-07 Anschutz HJorth Cyn U 11-20Operator: **Anschutz Exploration Corporation**

String type: Intermediate

Project ID:

43-049-30022

Location: Utah County

Design parameters:**Collapse**Mud weight: 8.800 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 104 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,200 ft

Cement top: 425 ft

BurstMax anticipated surface
pressure: 1,585 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,915 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)Tension is based on buoyed weight.
Neutral point: 2,390 ft**Non-directional string.****Re subsequent strings:**Next setting depth: 4,700 ft
Next mud weight: 8.800 ppg
Next setting BHP: 2,149 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,750 ft
Injection pressure: 2,750 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	2750	9.625	40.00	HCL-80	LT&C	2750	2750	8.75	1170.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1257	4230	3.365	1915	5750	3.00	96	837	8.76 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: 801-538-5280
FAX: 810-359-3940Date: July 31, 2008
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 2750 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:

2008-07 Anschutz HJorth Cyn U 11-20Operator: **Anschutz Exploration Corporation**

String type: Production

Project ID:

43-049-30022

Location: Utah County

Design parameters:**Collapse**Mud weight: 8.800 ppg
Design is based on evacuated pipe.**Burst**Max anticipated surface
pressure: 1,115 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 2,149 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 buoyed weight.

Neutral point: 4,078 ft

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 131 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 2,244 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	4700	7	23.00	J-55	LT&C	4700	4700	6.25	1038.9
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2149	3270	1.522	2149	4360	2.03	94	313	3.34 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: 801-538-5280
FAX: 810-359-3940Date: July 31, 2008
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 4700 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

BOPE REVIEW

Anschutz Hjorth Cn U 11-20 API 43-049-30022

Well Name	Anschutz Hjorth Cn U 11-20 API 43-049-30022		
	String 1	String 2	String 3
Casing Size (")	13 3/8	9 5/8	7
Setting Depth (TVD)	1200	2750	4700
Previous Shoe Setting Depth (TVD)	0	1200	2750
Max Mud Weight (ppg)	8.8	8.8	8.8
BOPE Proposed (psi)	0	5000	5000
Casing Internal Yield (psi)	2730	5750	4360
Operators Max Anticipated Pressure (psi)	2200		9.0 ppg

Calculations	String 1	13 3/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	549	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	405	NO
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	285	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	285	NO - <i>reasonable depth - no expected pressure</i>
Required Casing/BOPE Test Pressure		1200 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		0 psi	*Assumes 1psi/ft frac gradient

Calculations	String 2	9 5/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	1258	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	928	YES ✓
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	653	YES
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	917	YES ✓
Required Casing/BOPE Test Pressure		2750 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		1200 psi	*Assumes 1psi/ft frac gradient

Calculations	String 3	7 "	
Max BHP [psi]	.052*Setting Depth*MW =	2151	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	1587	YES ✓
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	1117	YES
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	1722	YES ✓
Required Casing/BOPE Test Pressure		3052 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		2750 psi	*Assumes 1psi/ft frac gradient

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160

(UT-922)

May 29, 2008

Memorandum

To: Assistant Field Office Manager, Salt Lake Field Office

From: Michael Coulthard, Petroleum Engineer

Subject: 2008 Plan of Development Hjorth Canyon Unit
Utah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following well is planned for calendar year 2008 within the Hjorth Canyon Unit, Utah County, Utah.

API#	WELL NAME	LOCATION
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(Proposed PZ Jurassic Nugget)

43-049-30022 Hjorth Canyon U 11-20 Sec 20 T11S R04E 2485 FSL 2516 FWL

This office has no objections to permitting the well at this time.

/s/ Michael L. Coulthard

bcc: File - Hjorth Canyon Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:5-29-08



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

October 21, 2008

Anschutz Exploration Corporation
555 17th St., Ste. 2500
Denver, CO 80202

Re: Hjorth Canyon Unit 11-20 Well, 2485' FSL, 2516' FWL, NE SW, Sec. 20, T. 11 South, R. 4 East, Utah County, Utah

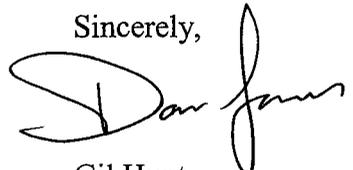
Gentlemen:

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 43-049-30022.

Sincerely,

For 
Gil Hunt
Associate Director

pab
Enclosures

cc: Utah County Assessor

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



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 7, 2010

Anschutz Exploration Corporation
555 17TH Street, Suite 2500
Denver, CO 80202

Re: APD Rescinded – Hjorth Canyon Unit 11-20, Sec. 20, T. 11S, R. 4E
Utah County, Utah API No. 43-049-30022

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 21, 2008. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 7, 2010.

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

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

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Service Manager