



CARBON COUNTY PLANNING AND BUILDING DEPARTMENTS

120 East Main Street • P.O. Box 14501 • (351) 636-1260 • Fax (351) 636-1261

February 9, 2006

Scott Jacoby
Marion Energy, Inc.
119 South Tennessee, Suite 200
McKinney, TX 75069

Re: Zone change request and conditional use permit request for six (6) gas wells in the Clear Creek area: Alpine School District 3-17, Oman 14-20, Jacob 5-5, Madsen 2-30, Woolsey 3-31, and Oman 7-19.

Dear Mr. Jacoby:

This is to confirm that the Carbon County Planning Commission met in a regularly scheduled meeting February 7, 2006 to consider Marion Energy, Inc.'s request for a zone change from WS to MR, and for a conditional use permit for six (6) gas wells, as mentioned above.

As you know from having attended this meeting, the requests were approved, with the following additional conditions:

- Use liners for containment ponds, and any diesel tanks
- Berms around sites
- No noise emitted beyond 55 db at 100' from well head; baffle is necessary
- Keep truck traffic through Clear Creek to a minimum
- Control erosion
- No open fires allowed on site, unless attended

We will now submit an ad for the public notice to the Sun Advocate, for which you will be billed, for a public hearing to be held before the County Commission Wednesday March 1, 2006 at 4:30 p.m. in the Courthouse. You may want to attend this meeting to answer any questions which may arise.

Please contact our office if you have any questions.

Sincerely,

Gayla M. Williams
Zoning Administrator

Cc: Mel Coonrod, EIS

Dave Levanger
Building Official/Director of Planning
636-3261

Lew Korenko
Deputy Building Official
636-3262

Gayla Williams
Zoning Administrator
636-3710

Rex Sacco
Lands and Access Coordinator
636-3712

Ann Price
Administrative Assistant
636-3260



CARBON COUNTY PLANNING AND BUILDING DEPARTMENT

120 East Main Street • Price, Utah 84501 • (435) 636-3260 • Fax (435) 636-3264

DAVE LEVANGER
Building Official
Director of Planning
636-3261

LEW KORENKO
Deputy Building
Official
636-3262

GAYLA WILLIAMS
Deputy Zoning
Administrator
636-3710

March 9, 2006

Scott Jacoby
Marion Energy, Inc.
119 South Tennessee, Suite 200
McKinney, TX 75069

Re: zone change request and application for conditional use permits for the following gas wells in the Scofield/Clear Creek area of Carbon County, Utah:

Alpine School District 3-17

Oman 14-20

Jacob 5-5

Madsen 2-30

Woolsey 3-31

Oman 7-19

Dear Mr. Jacoby:

This is to confirm that the Carbon County Commission met in a special meeting March 8, 2006, to consider your request for zone changes from WS to MR for one 3-acre parcel and five 2-acre parcels, and for a conditional use permit to drill and operate six (6) gas wells on the above-mentioned sites.

Marion Energy was represented at this meeting by Keri Clarke and Mel Coonrod; after much discussion and the addition of some conditions, the request was approved. (Copy of conditions enclosed.)

We now need the exact legal descriptions of the six sites so we can change the zone map. We also need an engineer's estimate of the total cost of the project, in order to assess the conditional use permit fee. We will multiply the total cost of the project times .002; then subtract the \$100 per well you paid at the time you submitted the application, \$600. This amount must be paid before the conditional use permit will be issued.

Please contact our office if you have any questions.

Sincerely,

Gayla M. Williams
Zoning Administrator

Cc: Mel Coonrod

MID- POWER

RESOURCE CORPORATION

April 26, 2006

Diana Whitney
State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Directional Drilling R649-3-11

Alpine School District #3-17: 2014.49'FEL, 692.77'FNL NE/4 S17 13S-7E (Surface)
1585ft FWL 95ft FNL / NW/4 S17 13S-7E (bottom hole)
Carbon County, UT.

Dear Ms. Whitney

Pursuant to the filing of Mid-Power Resource Corporation's Application for Permit to Drill the above referenced well on January 5th 2006, we are hereby submitting this letter in accordance with Oil and Gas Conservation Rule R649-3-11 pertaining to the exception to location and Siting of wells.

- The Alpine School District #3-17 well is located within the Clear Creek Federal Unit Area.
- Mid-Power Resource Corporation is permitting this well as a directional well in order to maximize drainage of the reservoir in a topographically challenging area.
- The concept of drilling Multiple directional wells from a single pad site will allow Mid-Power Resource Corporation to minimize surface disturbance that would be otherwise cause by two or more separate pad sites, as the plan is to drill two directional wells from this pad.
- Mid-Power Resource Corporation hereby certifies that it is the sole owner within 460 feet of the entire directional well bore.

Therefore, based upon the above information Mid-Power Resource Corporation requests the permit be granted pursuant to R649-3-11.

Sincerely,



Benjamin Evans
Landman
Marion Energy Inc.
(Agent for Mid-Power Resource Corp.)



April 28, 2006

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

RE: Alpine School District #3-17 and #6-17
Mid-Power Resource Corp. Application for Permit to Drill
Clear Creek Unit 13S-7E and 14S-7E, Carbon and Emery Counties, Utah

Dear Ms. Whitney

Please find enclosed two copies of the above referenced well APD's that are to be drilled in our Clear Creek Unit located in 13S-7E and 14S-7E, Carbon and Emery Counties, Utah.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

A handwritten signature in black ink, appearing to read "B. Evans", with a long horizontal flourish extending to the right.

Benjamin Evans
Landman
Marion Energy Inc.
(Agent for Mid-Power Resource Corp.)

MAY 01 2006

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: STATE ML-1257	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:	
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: Clear Creek Unit	
2. NAME OF OPERATOR: Mid-Power Resource Corp.		9. WELL NAME and NUMBER: Alpine School District #3-17	
3. ADDRESS OF OPERATOR: 8290 W. Sahara, St 186 CITY Las Vegas STATE NV ZIP 89117		PHONE NUMBER: (702) 838-0716	10. FIELD AND POOL, OR WILDCAT: Clear Creek
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2014.49'FEL, 692.77'FNL NE1/4 486248 X 4393702 Y 39.644936 AT PROPOSED PRODUCING ZONE: 1585ft FWL 95ft FNL / NW1/4 (NE NW) 485761 X 439381 Y 39.696546 111.166076		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 2 miles South of Scofield Utah		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 100'	16. NUMBER OF ACRES IN LEASE: 120	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 20ft from directional well drilled from same pad	19. PROPOSED DEPTH: 4,850'	20. BOND DESCRIPTION: See attached - Bond Document	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7921.6 GR	22. APPROXIMATE DATE WORK WILL START: 5/30/2006	23. ESTIMATED DURATION: 30 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
17 1/2"	13 3/8" J-55 61#	500	Premium Plus III	517 sx	1.41 cuft/sk	14.20 ppg
12 1/4"	8 5/8" J-55 36#	2,100	Lead: Prem. Lite	200 sx	3.82 cuft/sk	11 ppg
			Tail: 50/50 Poz	79 sx	1.41 cuft/sk	14.20 ppg
7 7/8"	5 1/2" J-55 17#	5,304	Lead: Prem. Lite	350 sx	3.82 cuft/sk	11 ppg
			Tail: 50/50 Poz	275 sx	1.41 cuft/sk	14.20 ppg

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) Benjamin Evans TITLE Landman
SIGNATURE *B. Evans* DATE 4/28/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31182

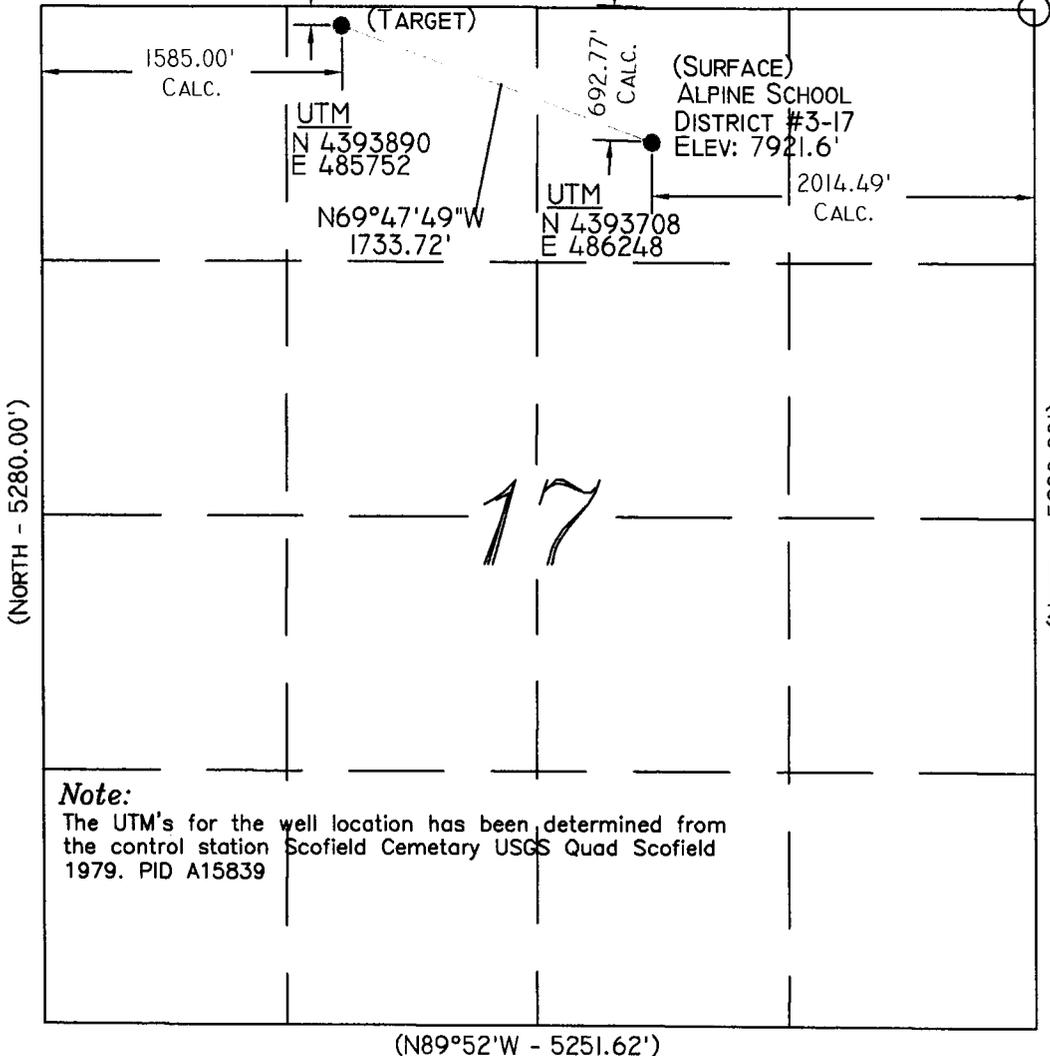
Approved by the
Utah Division of
Oil, Gas and Mining
APPROVAL:
Date: 07-26-06
By: *[Signature]*

MAY 01 2006

Note:
A more definite location to be located when weather permits.

Range 7 East

Township 13 South



(NORTH - 5280.00')

(NORTH - 5280.00')

Note:
The UTM's for the well location has been determined from the control station Scofield Cemetary USGS Quad Scofield 1979. PID A15839

- Legend**
- Drill Hole Location
 - ⊕ Metal Cap (Found)
 - Brass Cap (Searched for, but not found)
 - △ Calculated Corner
 - () GLO
- GPS Measured

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

SURFACE	TARGET
LAT / LONG	LAT / LONG
39°41'41.969"N	39°41'47.843"N
111°09'37.407"W	111°09'58.247"W

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

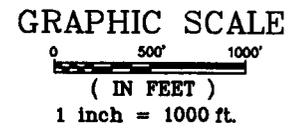
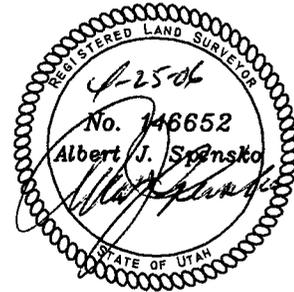
Basis of Bearing:
The Basis of Bearing is GPS Measured.

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

Basis of Elevation:
Basis of Elevation of 7740' being a NGS Triangulation Point - Scofield Cemetary Carbon County, Utah in Section 32, Township 12 South, Range 7 East, Salt Lake Base and Meridian, as shown on the USGS Quad Scofield (1979).

Description of Location:
Surface Location
Proposed Drill Hole located in the NW/4 NE/4 of Section 17, T13S, R7E, S.L.B.&M., being 692.77' South and 2014.49' West from the Northeast Section Corner of Section 17, T13S, R7E, Salt Lake Base & Meridian.
Target Location
Proposed Target located in the NE/4 NW/4 of Section 17, T13S, R7E, S.L.B.&M., being 95.00' South and 1585.00' East from the Northwest Section Corner of Section 17, T13S, R7E, 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.



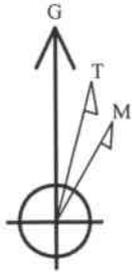
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonres@net

Marion Energy Inc.

Alpine School District #3-17
Section 17, T13S, R7E, S.L.B.&M.
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 4/24/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2154-1A



Azimuths to Grid North
 True North: 0.10°
 Magnetic North: 9.12°

Magnetic Field
 Strength: 35838nT
 Dip Angle: 32.93°
 Date: 5/2/2006
 Model: igrf2005

Marion Energy, Inc. ASD # 3-17 Sec. 17-T13S-R7E Clear Creek Unit, Carbon County, Utah Preliminary Plan



WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
3-17	0.00	0.00	4393708.00	486248.00	39°41'41.969N	111°09'37.407W	N/A

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
Ferron	3996.00	598.44	-1626.52	4393890.41	485752.24	39°41'47.856N	111°09'58.237W	Circle (Radius: 100)

SECTION DETAILS

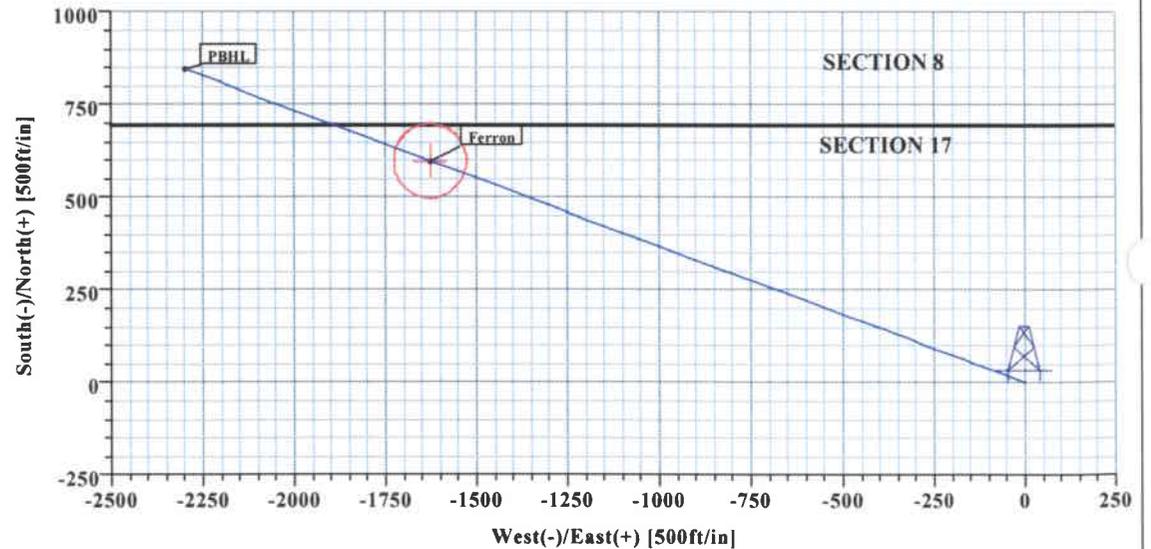
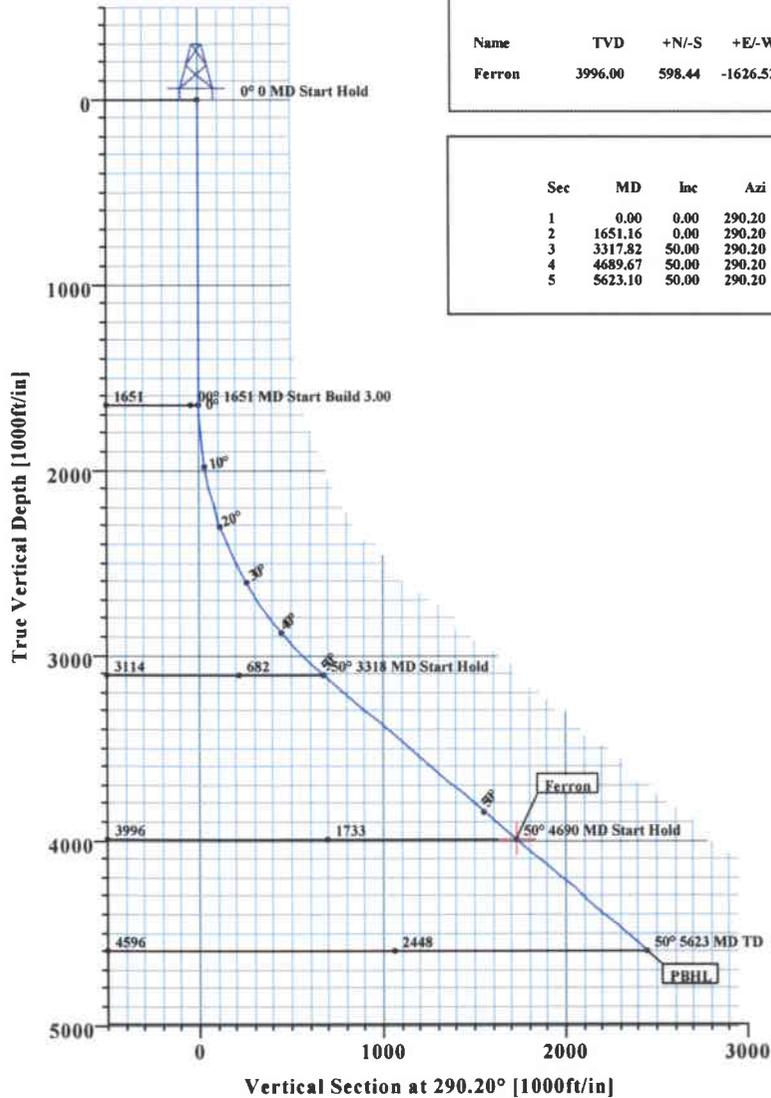
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	290.20	0.00	0.00	0.00	0.00	0.00	0.00	
2	1651.16	0.00	290.20	1651.16	0.00	0.00	0.00	0.00	0.00	
3	3317.82	50.00	290.20	3114.19	235.57	-640.26	3.00	290.20	682.23	
4	4689.67	50.00	290.20	3996.00	598.44	-1626.52	0.00	0.00	1733.12	Ferron
5	5623.10	50.00	290.20	4596.00	845.35	-2297.59	0.00	0.00	2448.17	

FIELD DETAILS

Carbon County UTM 27
 Geodetic System: Universal Transverse Mercator
 Ellipsoid: NAD27 (Clarke 1866)
 Zone: UTM Zone 12, North 114W to 108W
 Magnetic Model: igrf2005
 System Datum: Mean Sea Level
 Local North: Grid North

SITE DETAILS

ASD #3-17
 Site Centre Northing: 4393708.00
 Easting: 486248.00
 Ground Level: 7921.60
 Positional Uncertainty: 0.00
 Convergence: -0.10



Plan: Plan #1 (3-17/1)

Created By: Brian Varcoe

Date: 5/2/2006

Checked: _____

Date: _____

WEATHERFORD DRILLING SERVICES

Planning Report

Company: Marion Energy, Inc.	Date: 5/2/2006	Time: 14:58:55	Page: 1
Field: Carbon County UTM 27	Co-ordinate(NE) Reference: Site: ASD #3-17, Grid North		
Site: ASD #3-17	Vertical (TVD) Reference: SITE 7936.6		
Well: 3-17	Section (VS) Reference: Well (0.00N,0.00E,290.20Azi)		
Wellpath: 1	Plan: Plan #1		

Field: Carbon County UTM 27 UTAH	Map Zone: UTM Zone 12, North 114W to 108W
Map System: Universal Transverse Mercator	Coordinate System: Site Centre
Geo Datum: NAD27 (Clarke 1866)	Geomagnetic Model: igrf2005
Sys Datum: Mean Sea Level	

Site: ASD #3-17

Site Position:	Northing: 4393708.00 m	Latitude: 39 41 41.969 N	
From: Map	Easting: 486248.00 m	Longitude: 111 9 37.407 W	
Position Uncertainty: 0.00 ft		North Reference: Grid	
Ground Level: 7921.60 ft		Grid Convergence: -0.10 deg	

Well: 3-17	Slot Name:
Well Position: +N/-S 0.00 ft	Northing: 4393708.00 m
+E/-W 0.00 ft	Easting: 486248.00 m
Position Uncertainty: 0.00 ft	Latitude: 39 41 41.969 N
	Longitude: 111 9 37.407 W

Wellpath: 1	Drilled From: Surface
Current Datum: SITE	Tie-on Depth: 0.00 ft
Magnetic Data: 5/2/2006	Above System Datum: Mean Sea Level
Field Strength: 35838 nT	Declination: 9.02 deg
Vertical Section: Depth From (TVD) ft	Mag Dip Angle: 32.93 deg
	+N/-S ft
	+E/-W ft
	Direction deg
0.00	0.00
0.00	0.00
0.00	290.20

Plan: Plan #1	Date Composed: 5/2/2006
	Version: 1
Principal: Yes	Tied-to: From Surface

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	290.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1651.16	0.00	290.20	1651.16	0.00	0.00	0.00	0.00	0.00	0.00	
3317.82	50.00	290.20	3114.19	235.57	-640.26	3.00	3.00	0.00	290.20	
4689.67	50.00	290.20	3996.00	598.44	-1626.52	0.00	0.00	0.00	0.00	Ferron
5623.10	50.00	290.20	4596.00	845.35	-2297.59	0.00	0.00	0.00	0.00	

Section 1 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
0.00	0.00	290.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1600.00	0.00	290.20	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	290.20
1651.16	0.00	290.20	1651.16	0.00	0.00	0.00	0.00	0.00	0.00	290.20

Section 2 : Start Build 3.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
1700.00	1.47	290.20	1699.99	0.22	-0.59	0.62	3.00	3.00	0.00	0.00
1800.00	4.47	290.20	1799.85	2.00	-5.44	5.80	3.00	3.00	0.00	0.00
1900.00	7.47	290.20	1899.30	5.59	-15.19	16.19	3.00	3.00	0.00	0.00
2000.00	10.47	290.20	1998.06	10.97	-29.82	31.77	3.00	3.00	0.00	0.00
2100.00	13.47	290.20	2095.88	18.13	-49.27	52.50	3.00	3.00	0.00	0.00
2200.00	16.47	290.20	2192.48	27.04	-73.50	78.32	3.00	3.00	0.00	0.00
2300.00	19.47	290.20	2287.59	37.69	-102.45	109.16	3.00	3.00	0.00	0.00
2400.00	22.47	290.20	2380.96	50.05	-136.02	144.94	3.00	3.00	0.00	0.00
2500.00	25.47	290.20	2472.33	64.07	-174.14	185.55	3.00	3.00	0.00	0.00
2600.00	28.47	290.20	2561.45	79.73	-216.69	230.89	3.00	3.00	0.00	0.00
2700.00	31.47	290.20	2648.07	96.97	-263.56	280.83	3.00	3.00	0.00	0.00

WEATHERFORD DRILLING SERVICES

Planning Report

Company: Marion Energy, Inc.	Date: 5/2/2006	Time: 14:58:55	Page: 2
Field: Carbon County UTM 27	Co-ordinate(NE) Reference: Site: ASD #3-17, Grid North		
Site: ASD #3-17	Vertical (TVD) Reference: SITE 7936.6		
Well: 3-17	Section (VS) Reference: Well (0.00N,0.00E,290.20Azi)		
Wellpath: 1	Plan:	Plan #1	

Section 2 : Start Build 3.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
2800.00	34.47	290.20	2731.96	115.76	-314.62	335.24	3.00	3.00	0.00	0.00
2900.00	37.47	290.20	2812.89	136.03	-369.73	393.96	3.00	3.00	0.00	0.00
3000.00	40.47	290.20	2890.63	157.75	-428.74	456.84	3.00	3.00	0.00	0.00
3100.00	43.47	290.20	2964.98	180.83	-491.49	523.70	3.00	3.00	0.00	0.00
3200.00	46.47	290.20	3035.72	205.23	-557.80	594.36	3.00	3.00	0.00	0.00
3300.00	49.47	290.20	3102.67	230.87	-627.50	668.62	3.00	3.00	0.00	0.00
3317.82	50.00	290.20	3114.19	235.57	-640.26	682.23	3.00	3.00	0.00	0.00

Section 3 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3400.00	50.00	290.20	3167.02	257.31	-699.34	745.18	0.00	0.00	0.00	0.00
3500.00	50.00	290.20	3231.30	283.76	-771.23	821.78	0.00	0.00	0.00	0.00
3600.00	50.00	290.20	3295.57	310.21	-843.13	898.38	0.00	0.00	0.00	0.00
3700.00	50.00	290.20	3359.85	336.66	-915.02	974.99	0.00	0.00	0.00	0.00
3800.00	50.00	290.20	3424.13	363.11	-986.91	1051.59	0.00	0.00	0.00	0.00
3900.00	50.00	290.20	3488.41	389.56	-1058.81	1128.20	0.00	0.00	0.00	0.00
4000.00	50.00	290.20	3552.69	416.02	-1130.70	1204.80	0.00	0.00	0.00	0.00
4100.00	50.00	290.20	3616.97	442.47	-1202.59	1281.41	0.00	0.00	0.00	0.00
4200.00	50.00	290.20	3681.25	468.92	-1274.48	1358.01	0.00	0.00	0.00	0.00
4300.00	50.00	290.20	3745.53	495.37	-1346.38	1434.62	0.00	0.00	0.00	0.00
4400.00	50.00	290.20	3809.80	521.82	-1418.27	1511.22	0.00	0.00	0.00	0.00
4500.00	50.00	290.20	3874.08	548.27	-1490.16	1587.82	0.00	0.00	0.00	0.00
4600.00	50.00	290.20	3938.36	574.72	-1562.06	1664.43	0.00	0.00	0.00	0.00
4689.67	50.00	290.20	3996.00	598.44	-1626.52	1733.12	0.00	0.00	0.00	0.00

Section 4 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
4700.00	50.00	290.20	4002.64	601.18	-1633.95	1741.03	0.00	0.00	0.00	0.00
4800.00	50.00	290.20	4066.92	627.63	-1705.84	1817.64	0.00	0.00	0.00	0.00
4900.00	50.00	290.20	4131.20	654.08	-1777.73	1894.24	0.00	0.00	0.00	0.00
5000.00	50.00	290.20	4195.48	680.53	-1849.63	1970.85	0.00	0.00	0.00	0.00
5100.00	50.00	290.20	4259.76	706.98	-1921.52	2047.45	0.00	0.00	0.00	0.00
5200.00	50.00	290.20	4324.03	733.43	-1993.41	2124.06	0.00	0.00	0.00	0.00
5300.00	50.00	290.20	4388.31	759.88	-2065.30	2200.66	0.00	0.00	0.00	0.00
5400.00	50.00	290.20	4452.59	786.34	-2137.20	2277.26	0.00	0.00	0.00	0.00
5500.00	50.00	290.20	4516.87	812.79	-2209.09	2353.87	0.00	0.00	0.00	0.00
5600.00	50.00	290.20	4581.15	839.24	-2280.98	2430.47	0.00	0.00	0.00	0.00
5623.10	50.00	290.20	4596.00	845.35	-2297.59	2448.17	0.00	0.00	0.00	0.00

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
1600.00	0.00	290.20	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	
1651.16	0.00	290.20	1651.16	0.00	0.00	0.00	0.00	0.00	0.00	
1700.00	1.47	290.20	1699.99	0.22	-0.59	0.62	3.00	3.00	0.00	
1800.00	4.47	290.20	1799.85	2.00	-5.44	5.80	3.00	3.00	0.00	
1900.00	7.47	290.20	1899.30	5.59	-15.19	16.19	3.00	3.00	0.00	
2000.00	10.47	290.20	1998.06	10.97	-29.82	31.77	3.00	3.00	0.00	
2100.00	13.47	290.20	2095.88	18.13	-49.27	52.50	3.00	3.00	0.00	
2200.00	16.47	290.20	2192.48	27.04	-73.50	78.32	3.00	3.00	0.00	
2300.00	19.47	290.20	2287.59	37.69	-102.45	109.16	3.00	3.00	0.00	
2400.00	22.47	290.20	2380.96	50.05	-136.02	144.94	3.00	3.00	0.00	
2500.00	25.47	290.20	2472.33	64.07	-174.14	185.55	3.00	3.00	0.00	
2600.00	28.47	290.20	2561.45	79.73	-216.69	230.89	3.00	3.00	0.00	
2700.00	31.47	290.20	2648.07	96.97	-263.56	280.83	3.00	3.00	0.00	
2800.00	34.47	290.20	2731.96	115.76	-314.62	335.24	3.00	3.00	0.00	
2900.00	37.47	290.20	2812.89	136.03	-369.73	393.96	3.00	3.00	0.00	

WEATHERFORD DRILLING SERVICES

Planning Report

Company: Marion Energy, Inc. Field: Carbon County UTM 27 Site: ASD #3-17 Well: 3-17 Wellpath: 1	Date: 5/2/2006 Co-ordinate(N/E) Reference: Site: ASD #3-17, Grid North Vertical (TVD) Reference: SITE 7936.6 Section (VS) Reference: Well (0.00N,0.00E,290.20Azi) Plan: Plan #1	Time: 14:58:55 Page: 3
--	--	---

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
3000.00	40.47	290.20	2890.63	157.75	-428.74	456.84	3.00	3.00	0.00	
3100.00	43.47	290.20	2964.98	180.83	-491.49	523.70	3.00	3.00	0.00	
3200.00	46.47	290.20	3035.72	205.23	-557.80	594.36	3.00	3.00	0.00	
3300.00	49.47	290.20	3102.67	230.87	-627.50	668.62	3.00	3.00	0.00	
3317.82	50.00	290.20	3114.19	235.57	-640.26	682.23	3.00	3.00	0.00	
3400.00	50.00	290.20	3167.02	257.31	-699.34	745.18	0.00	0.00	0.00	
3500.00	50.00	290.20	3231.30	283.76	-771.23	821.78	0.00	0.00	0.00	
3600.00	50.00	290.20	3295.57	310.21	-843.13	898.38	0.00	0.00	0.00	
3700.00	50.00	290.20	3359.85	336.66	-915.02	974.99	0.00	0.00	0.00	
3800.00	50.00	290.20	3424.13	363.11	-986.91	1051.59	0.00	0.00	0.00	
3900.00	50.00	290.20	3488.41	389.56	-1058.81	1128.20	0.00	0.00	0.00	
4000.00	50.00	290.20	3552.69	416.02	-1130.70	1204.80	0.00	0.00	0.00	
4100.00	50.00	290.20	3616.97	442.47	-1202.59	1281.41	0.00	0.00	0.00	
4200.00	50.00	290.20	3681.25	468.92	-1274.48	1358.01	0.00	0.00	0.00	
4300.00	50.00	290.20	3745.53	495.37	-1346.38	1434.62	0.00	0.00	0.00	
4400.00	50.00	290.20	3809.80	521.82	-1418.27	1511.22	0.00	0.00	0.00	
4500.00	50.00	290.20	3874.08	548.27	-1490.16	1587.82	0.00	0.00	0.00	
4600.00	50.00	290.20	3938.36	574.72	-1562.06	1664.43	0.00	0.00	0.00	
4689.67	50.00	290.20	3996.00	598.44	-1626.52	1733.12	0.00	0.00	0.00	Ferron
4700.00	50.00	290.20	4002.64	601.18	-1633.95	1741.03	0.00	0.00	0.00	
4800.00	50.00	290.20	4066.92	627.63	-1705.84	1817.64	0.00	0.00	0.00	
4900.00	50.00	290.20	4131.20	654.08	-1777.73	1894.24	0.00	0.00	0.00	
5000.00	50.00	290.20	4195.48	680.53	-1849.63	1970.85	0.00	0.00	0.00	
5100.00	50.00	290.20	4259.76	706.98	-1921.52	2047.45	0.00	0.00	0.00	
5200.00	50.00	290.20	4324.03	733.43	-1993.41	2124.06	0.00	0.00	0.00	
5300.00	50.00	290.20	4388.31	759.88	-2065.30	2200.66	0.00	0.00	0.00	
5400.00	50.00	290.20	4452.59	786.34	-2137.20	2277.26	0.00	0.00	0.00	
5500.00	50.00	290.20	4516.87	812.79	-2209.09	2353.87	0.00	0.00	0.00	
5600.00	50.00	290.20	4581.15	839.24	-2280.98	2430.47	0.00	0.00	0.00	
5623.10	50.00	290.20	4596.00	845.35	-2297.59	2448.17	0.00	0.00	0.00	PBHL

Targets

Name	Description Dip. Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing m	Map Easting m	← Latitude →			← Longitude →			
							Deg	Min	Sec	Deg	Min	Sec	
Ferron		3996.00	598.44	-1626.52	4393890.41	485752.24	39	41	47.856	N	111	9 58.237	W
-Circle (Radius: 100)													
-Plan hit target													

Annotation

MD ft	TVD ft	
5623.10	4596.00	PBHL



58

May 3, 2006

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

RE: Cordingly Canyon #11-1 Amended Location and ASD #3-17 Survey

Dear Ms. Whitney

Please find enclosed a copy of the correct survey for the Alpine School District #3-17 well and also an amended Form 3 for the Cordingly Canyon #11-1 well. Per Mark Jones' recommendations the pad has been moved to the south of its original location. I have also included the exceptional location letter that pertains to the Cordingly Canyon #11-1 that also reflects the new footages.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.

RECEIVED

MAY 04 2006

DIV. OF OIL, GAS & MINING

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

Request to Transfer Application or Permit to Drill

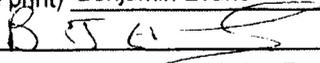
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Alpine School District #3-17
API number:	4300731182
Location:	Section 17 Township 13S Range 7E
Company that filed original application:	Mid-Power Resource Corporation
Date original permit was issued:	
Company that permit was issued to:	Not Yet Approved

Check one	Desired Action:
<input checked="" type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
	Transfer approved Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If so, has the surface agreement been updated?	<input type="checkbox"/>	<input type="checkbox"/>
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>B001617</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Benjamin Evans Title Landman
 Signature  Date 05/09/2006
 Representing (company name) Marion Energy Inc.

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

MAY 09 2006

DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-063018X
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK UNIT
2. NAME OF OPERATOR: Mid-Power Resource Corporation		8. WELL NAME and NUMBER:
3. ADDRESS OF OPERATOR: 8290 W. SAHARA Ave, #186 CITY LAS VEGAS STATE NV ZIP 89117		9. API NUMBER:
PHONE NUMBER: (702) 838-0714		10. FIELD AND POOL, OR WILDCAT: CLEAR CREEK FEDERAL UNIT
4. LOCATION OF WELL FOOTAGES AT SURFACE: NA		COUNTY: CARBON AND EMERY
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NA		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" 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.
 Mid-Power Resource Corporation, the designated operator of the unit, resigns as unit operator, effective upon the approval of the successor unit operator, MARION ENERGY INC. Mid-Power Resource Acknowledges AND Approves this change.

Please refer to ALL Documents Submitted by MARION ENERGY AS successor unit operator AND ON BEHALF OF Mid-Power Resource regarding this change.

NAME (PLEASE PRINT) SUSAN TRIMBOLI TITLE Company Representative
 SIGNATURE Susan Trimboli DATE May 9, 2006

(This space for State use only)

APPROVED 5118106

(5/2000)

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

MAY 12 2006

DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-063018X
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
2. NAME OF OPERATOR: Marion Energy Inc. (N2740)		8. WELL NAME and NUMBER: See Attachment "A"
3. ADDRESS OF OPERATOR: 119 S Tennessee Ste #200 CITY McKinney STATE TX ZIP 75069		9. API NUMBER:
4. LOCATION OF WELL FOOTAGES AT SURFACE: N/A QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: N/A		10. FIELD AND POOL, OR WLD/CAT: Clear Creek Federal unit COUNTY: Carbon and Emery STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" 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.

Marion Energy Inc. will take over operation of the Clear Creek Federal Unit which is currently operated by Mid-Power Resource Corporation, and is located in both Carbon and Emery Counties Utah.

N2215

Please See attachment "A" for well Names, API numbers, and legal descriptions

*BLM Bond = UTB000179
Special Bond = B002775
State + Fee Bond = B001617
Effective 4/28/2006*

NAME (PLEASE PRINT) <u>Keri Clarke</u>	TITLE <u>Vice President Land (Marion Energy Inc)</u>
SIGNATURE	DATE <u>5/4/06</u>

(This space for State use only)

APPROVED 5118106
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(5/2000)

(See Instructions on Reverse Side)

DIV. OF OIL, GAS & MINING

RECEIVED

**Attachment A
Marion Energy Inc.**

**Clear Creek Unit
Carbon and Emery Counties, Utah**

Wells

<u>Well Name</u>	<u>API Number</u>	<u>Status</u>	<u>Section Township Range</u>
Utah Fuel No. 1	43-007-16009-00-00	Shut-in	S. 5 T14S R7E
Utah Fuel No. 2	43-007-16010-00-00	Shut-in	S. 32 T13S R7E
Utah Fuel No. 3	43-007-16011-00-00	Shut-in	S. 32 T13S R7E
Utah Fuel No. 4	43-007-16012-00-00	Shut-in	S. 30 T13S R7E
Utah Fuel No. 5	43-007-16013-00-00	Plugged and Abandoned	S. 31 T13S R7E
Utah Fuel No. 8	43-007-16015-00-00	Shut-in	S. 19 T13S R7E
Utah Fuel No. 10	43-007-16016-00-00	Shut-in	S. 5 T14S R7E
Utah State M.L. 1256-1	43-007-30102-00-00	Shut-in	S. 29 T13S 7E
Oman 2-20	43-007-30289-00-00	Shut-in	S. 20 T13S R7E
Utah Fuel A-1	43-015-16021-00-00	Plugged and Abandoned	S. 6 T14S R7E
Alpine School District #6-17	43-007-31181-00-00	Permit not yet Approved	S. 17 T13S R7E
Alpine School District #3-17	43-007-31182-00-00	Permit not yet Approved	S. 17 T13S R7E
Ridge Runner 11-20	43-015-30271-00-00	Shut-in	S. 20 T14S R7E
Ridge Runner 13-17	43-015-30269-00-00	Shut-in	S. 17 T14S R7E
Ridge Runner #1-30	43-015-30680-00-00	Approved APD (NYS)*	S. 20 T14S R7E
Ridge Runner #7-20	43-015-30681-00-00	Approved APD (NYS)*	S. 20 T14S R7E
Ridge Runner #8-19	43-015-30682-00-00	Approved APD (NYS)*	S. 20 T14S R7E
Ridge Runner #2-18	43-015-30683-00-00	Approved APD (NYS)*	S. 17 T14S R7E
Ridge Runner #11-18	43-015-30684-00-00	Approved APD (NYS)*	S. 17 T14S R7E
Ridge Runner #11-17	43-015-30685-00-00	Approved APD (NYS)*	S. 17 T14S R7E

* Not Yet Spudded

Plugged Wells or Abandoned Well Sites in area (noted but not changed)

Clear Creek 1	43-007-20068-00-00	Plugged and Abandoned	S. 17 T14S R7E
Clear Creek Unit No. 16	43-015-16018-00-00	Plugged and Abandoned	S. 29 T14S R7E
Clear Creek Unit No. 17	43-015-30053-00-00	Plugged and Abandoned	S. 20 T14S R7E
G W Deck A-1	43-007-16008-00-00	Plugged and Abandoned	S. 8 T14S R7E
Gov't 1-17	43-007-11179-00-00	Plugged and Abandoned	S.17 T14S R7E
Kearns A-1	43-015-11217-00-00	Plugged and Abandoned	S. 32 T14S R7E
Kemmerer Coal 1	43-015-10897-00-00	Plugged and Abandoned	S. 24 T14S R6E
Kemmerer Coal 2	43-015-10304-00-00	Plugged and Abandoned	S. 24 T14S R6E
C. K. Steiner A-1	43-015-10306-00-00	Plugged and Abandoned	S. 5 T15S R7E
Utah Fuel No. 7	43-007-16014-00-00	Plugged and Abandoned	S. 17 T13S R7E
H. E. Walton No. 1	43-007-16017-00-00	Plugged and Abandoned	S. 17 T14S R7E
H.E. Walton A-3	43-015-16023-00-00	Plugged and Abandoned	S. 30 T14S R7E
P. T. Walton No. 1-X	43-015-16024-00-00	Plugged and Abandoned	S. 19 T14S R7E
Clear Creek Water Well 1	43-007-20119-00-00	Plugged and Abandoned	S. 17 T14S R7E
Deck 1	43-007-20356-00-00	Location Abandoned	S. 8 T14S R7E
Clear Creek U 18	43-007-30043-00-00	Location Abandoned	S. 20 T13S R7E
1-18	43-015-20300-00-00	Location Abandoned	S. 18 T14S R7E
P.T. Walton 1	43-015-20302-00-00	Plugged and Abandoned	S. 19 T14S R7E
Clear Creek Unit 1	43-015-30090-00-00	Plugged and Abandoned	S. 19 T14S R7E
Clear Creek (Deep) 2	43-015-30307-00-00	Location Abandoned	S. 19 T14S R7E

Drilling Plan Mid-Power Resource Corporation Alpine School District #3-17

1. Geologic Surface Formation
 - a. Quaternary

2. Estimated Tops

Name	TVD	TD	Production Phase
Emery	500'	500'	Gas
Blue Gate	1650'	1654'	Gas
Ferron	3980'	4530'	Gas
TD	4581'	5304'	

3. Casing Program

- a. See Form #3 Section 24.

4. Operators Specifications for Pressure Control Equipment

- a. 2000 psi WP Double Gate BOP or Single Gate BOP (Schematic Attached).
- b. Functional test daily.
- c. All casing strings shall be pressure tested (0.2psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
- d. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All testes shall be for a period of 15 minutes.

5. Auxiliary Equipment

- a. Kelly Cock – Yes
- b. Float at the bit – No
- c. Monitoring Equipment on the mud system – visually
- d. Full opening safety valve on rig floor – Yes
- e. Rotating head – Yes

This TD is different from the TD on the APC

- f. The blooie line shall be at least 6 inches in diameter and extend at least 100 feet from the well bore into the reserve/blooie pit.
- g. Blooie line ignition shall be provided by a continuous pilot (ignited when drilling below 500 feet).
- h. Compressor shall be tied directly to the blooie line through a manifold.
- i. A mistor with a continuous stream of water shall be installed near the end of the blooie lines for dust suppression.

6. Proposed Circulating Medium

<u>Depth</u>	<u>Mud Type</u>
0 to TD	Air / Mist

7. Testing, Logging, and Coring Program

- a. Cores - Possible core of Ferron Sand
- b. DST - None anticipated
- c. Logging - DIL-GR (TD to base of surface casing).
 - a. FDC-CNL-GR-Cal (TD to base of surface casing).
- d. Formation and Completion Interval: Ferron interval, final determination of completion will be made by analysis of logs.
Simulation: Simulation will be designed for the particular area of interest as encountered.
- e. Frac gradient: Approximately 0.80 psi/ft.

8. Anticipated Cementing Program:

- a. See Form #3, Section 24.

Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1500 psi (calculated 0.517 psi/ft) and maximum anticipated surface pressure equals approximately 862 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

Surface Use Plan
Mid-Power Resource Corporation
Alpine School District 3-17

1. Existing Road:

- a. Topo Map 'A' is the vicinity map showing the access route from Scofield, Utah.
- b. Topo Map 'B' shows the proposed access road to each well. It also shows existing roads in the immediate area.
- c. The existing and proposed access road, unless otherwise stated, shall be crowned, ditched, and dipped from the nearest improved road.
- d. Occasional maintenance blading and storm repairs will keep roads in good condition.
- e. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.

2. Planned Access Roads:

- a. Maximum grade will be 8% or less.
- b. No turnouts are required.
- c. Low water crossings to be placed in the proposed access road during drilling process and culverts may be installed at a later date.
- d. Road surface material will be that native to the area.
- e. No cattleguards are required.
- f. The proposed access road was flagged at the time the location was staked.
- g. The back slopes of the proposed access road will be no steeper than vertical or 1/2:1 in rock and 2:1 elsewhere.

3. Location of Existing Wells:

- a. See Topo Map 'B'

4. Location of Existing and/or Proposed Facilities:

- a. All Petroleum Production Facilities are to be contained within the proposed location sites.
- b. In the event that production of these wells is established, the following will be shown:
 - i. Proposed location and attendant lines, by flagging, if off well pad.
 - ii. Dimensions of facilities.
 - iii. Construction methods and materials.
- c. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
- d. All permanent facilities placed on the locations shall be painted a non-reflective color, which will blend with the natural environment.
- e. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
- f. All buried pipelines shall be covered to a depth of 3 feet except at road crossings where they shall be covered to a depth of 4 feet.

- g. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
 - h. Pipeline location warning signs shall be installed within 90 days upon completion of construction.
5. Location and Water Supply:
- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
 - b. No water wells are to be drilled.
6. Source of Construction Materials:
- a. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.
 - b. All access roads crossing BLM land is shown on Topo Map 'B'.
 - c. All well pad surface disturbance areas are on Alpine School District (FEE) lands.
7. Methods for Handling Waste Disposal:
- a. Drill cuttings will be buried in the reserve pit when covered.
 - b. Drilling fluids will be contained in the reserve pit.
 - c. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.
 - d. Portable chemical toilets will be provided and services by a local commercial sanitary service.
 - e. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
 - f. Prior to commencement of drilling, the reserve pit will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pits shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.
8. Ancillary Facilities:
- a. No airstrips, camps, or other living facilities will be built off the locations. Housing and office trailers will be on the location as seen on the location layout.
9. Well Site Layout:
- a. See attached cut sheet.
 - b. Company representatives will determine if the pit is to be lined, and if so, the type of material to be used.

- c. Topsoil shall be stripped to a depth of 4 to 6 inches and stockpiled as shown on the location layout plat.
 - d. The back slopes of the locations will be no steeper than vertical or 1/2:1 in rock and 2:1 elsewhere.
 - e. The upper edges of all cut banks on the access roads and well pads will be rounded.
 - f. Catchment ponds to be placed as required to intercept drainage re-routes.
10. Plans for Restoration:
- a. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
 - b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within one (1) year from the date of well completion.
 - c. All disturbed areas will be seeded with the mixture, which is found suitable by the Utah Division of Wildlife Resources and the landowner.
 - d. The seedbed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than 1/2 inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soils. Certified seed is recommended.
 - e. Fall seeding will be completed after September, and prior to prolonged ground frost.
 - f. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation would be established. Additional work may be required in case of seeding failures, etc.
 - g. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site, the fill material will be pushed into cuts and up over the back slope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
 - h. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Carbon County Weed Control personnel.
11. Other Information:
- a. Man uses the area for the primary purpose of grazing domestic livestock.
 - i. All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the company representative.
 - ii. If any fossils are discovered during construction, the operator shall cease construction immediately and notify the company representative so as to determine the significance of the discovery.
 - b. A Class III cultural resource inventory was completed prior to disturbance by a qualified professional archaeologist.
 - c. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are

uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the State Historic Preservation Office (SHPO). The SHPO Officer will outline (if any) what mitigation is appropriate.

- i. If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or delays associate with this process, the SHPO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The SHPO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the State that the required mitigation has been completed, the operator will be allowed to resume construction.
- d. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less then threshold planning quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

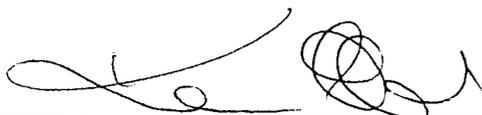
12. Lessee's or Operator's Representative:

Marion Energy, Inc.
Mr. Keri Clarke
119 South Tennessee, Suite 200
McKinney, Texas 75069
(972) 540-2967

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site(s) and access route(s); 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 Marion Energy, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.



Keri Clarke
Company Representative

4/28/2006
Date

MEMORANDUM OF SURFACE USE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That **Alpine School District**, whose address is 575 North 100 East, American Fork, UT, 84003 ("Grantor") and Mid-Power Resource Corporation, represented by its authorized agent Marion Energy Inc. (Mid-Power), whose address is 119 South Tennessee, Suite 200, McKinney, Texas, 75069("Grantee") have entered into a Surface Use and Damage Agreement dated effective as of April 12, 2006 ("Agreement"). (Exhibit B) *JB*

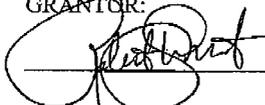
The Agreement, which is unrecorded and may be found in the files of the Grantor and Grantee, is adopted herein and made a part hereof by reference to the same full extent as if all its provisions were copied in full in this Memorandum.

Pursuant to the terms of the Agreement, Grantor grants to Grantee and all of its parent, subsidiary, or other affiliated companies, their agents, employees and others authorized by them the right-of-way to use the Property described in Exhibit A and Exhibit A1, attached hereto and made a part of this Memorandum ("Property"), for the purpose of access to and from mineral leases it owns and operates underlying and in the vicinity of the Property ("Leases"), for well locations, and other facilities related to its conduct of operations pursuant to the Leases.

This Memorandum shall be binding on and inure to the benefit of Grantor and Grantee, their respective heirs, administrators, successors and assigns.

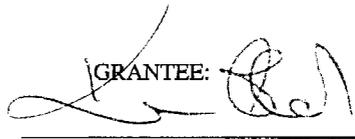
The parties hereto have executed this Memorandum as of the dates of the respective acknowledgements.

GRANTOR:



Representing the Alpine School District
575 North 100 East, American Fork,
UT, 84003

GRANTEE:



Representing Mid-Power
119 S. Tennessee, Suite 200
McKinney, Texas, 75069

STATE OF UTAH }
 }ss
COUNTY OF CARBON }

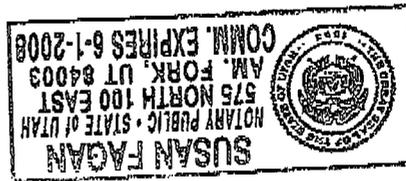
The foregoing instrument was acknowledged before me on this 25th day of April, 2006 by Robert W. Smith, personally known to me who acknowledged before me that they executed the foregoing instrument for the uses and purposes set forth herein.

WITNESS my hand and seal.

My Commission Expires:

6-1-08

Susan Fagan
Notary Public



TEXAS
STATE OF ~~UTAH~~ }
 }ss
COUNTY OF ~~CARBON~~ }

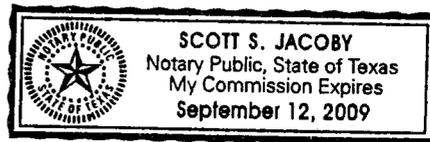
The foregoing instrument was acknowledged before me on this 28th day of April, 2006 by KERZ CLARKE, on behalf of said company.

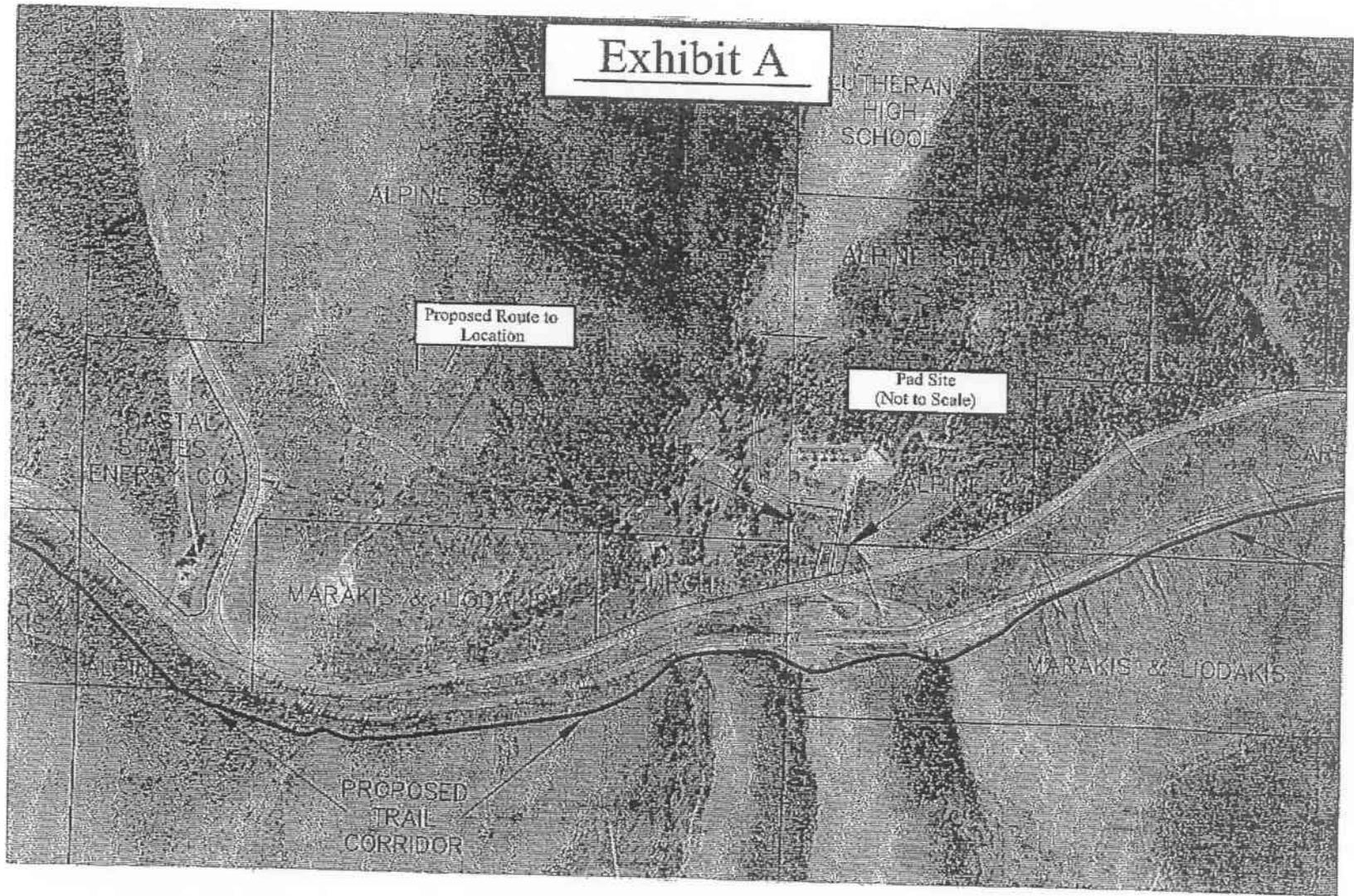
WITNESS my hand and seal.

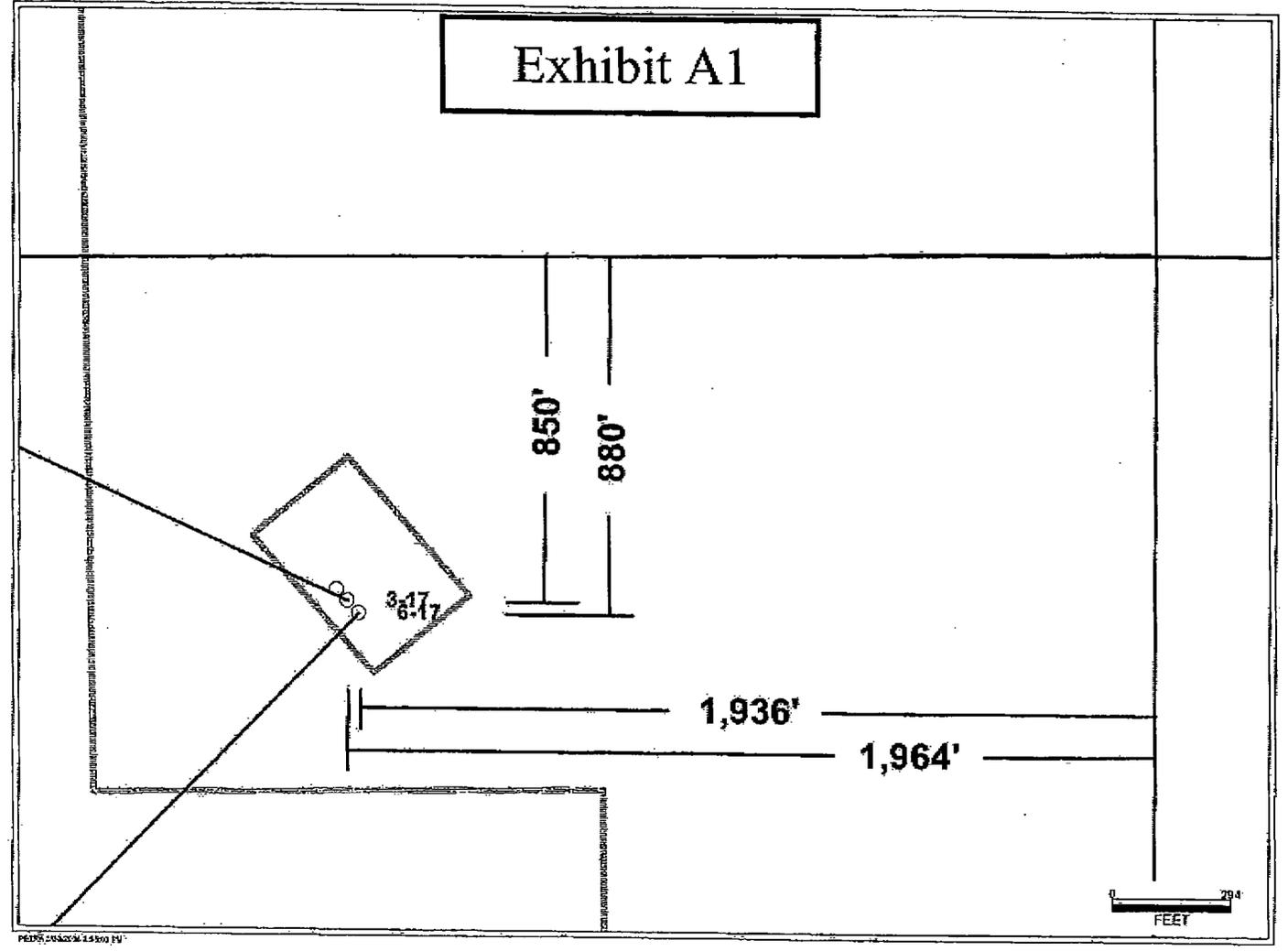
My Commission Expires:

September 12, 2009

Scott Jacoby
Notary Public







GRANT OF EASEMENT

This grant of easement is entered into and made effective this 25 day of April 2006, by and between Tommy John Nicolaides, of 989 Military Drive, Salt Lake City, Utah 84108 ("Owner"), and Marion Energy Inc., 119 S. Tennessee, Suite 200, McKinney, TX 75069 of ("Operator").

WITNESSETH

Owner owns an interest in the mineral estate under those certain lands described on Exhibit "A" attached hereto and made a part hereof (the "Subject Lands") which lands are subject to a Surface Use Easement between the surface estate owner and Operator, also described on Exhibit "A" (the "Easement");

Operator is the lessee of an oil and gas lease covering the Subject Lands and under oil and gas leases covering other lands in the surrounding area. Operator's operations in the area contemplate a surface drillsite on the Subject Lands which will include wells drilled into and bottomed in lands adjacent to the Subject Lands or other lands;

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Owner grants to Operator, its successors and assigns, in addition to any rights granted under the Owner's Lease, such right of way and easement in, on, over, across and through the subsurface of the Subject Lands as Operator may reasonably require for boring well holes, casing same, and otherwise completing, producing and maintaining wells either in the Subject Lands or on any lands other than the Subject Lands from a location of operations on the Subject Lands, subject to the following terms and conditions:

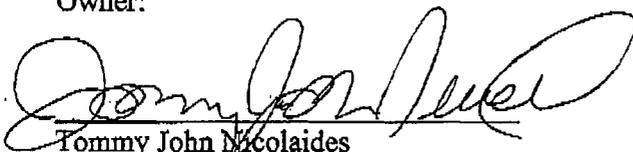
1. For all purposes herein, any wells drilled into and the producing intervals of which are bottomed under other lands, the surface locations of which are located on the Subject Lands, shall be considered to have been drilled in such other lands and the operation of such wells shall be conducted in accordance with the terms and conditions of the oil and gas leases covering the bottom locations of such wells.
2. Should the Owner's Lease covering the surface drillsite location terminate due to lack of production, or for any other reason, the rights granted Operator under this agreement shall not terminate or expire so long as drilling, completing, producing or maintenance activities are

being conducted from the Subject Lands for the benefit of other lands in the surrounding area.

- 3. When the easement granted hereunder is no longer useful, necessary or convenient to Operator, Operator shall, at the request of Owner, execute and record a release of this easement. However, Operator shall have no obligation to remove any of its underground equipment but shall have the option, at its sole discretion, to do so.
- 4. The rights granted herein may be assigned by the parties in whole or in part, and the terms, conditions and provisions hereof shall extend to and be binding upon the parties, their successors and assigns.

Owner:

Operator: Marion Energy Inc.



 Tommy John Nicolaides


 By: _____
 Its VP LAUD

State of Utah

County of Sanpete

The foregoing instrument was acknowledged before me this 25th day of April, 2006 by Tommy John Nicolaides.



 Notary public

My commission expires:
4-13-2009



Exhibit "A"

Attached to and made part of that certain Grant of Easement dated April 25, 2006 by and between Tommy John Nicolaides (Owner) and Marion Engery, Inc. (Operator).

The Northwest quarter of the Northeast quarter of Section 17,
Township 13 South, Range 7 East, Salt Lake Base and Meridian,
Carbon County, Utah.

A handwritten signature in black ink, appearing to be 'TJN', written over a horizontal line.

Mid-Power Resource Corporation

8280 West Sahara Avenue, Suite 188
Las Vegas, Nevada 89117
702-838-0718 Fax 702-838-5087

August 25, 2005

Mr. Keri Clarke
Vice President - Land
Marion Energy Inc.
119 South Tennessee, Suite 200
McKinney, Texas 75069

Re: Clear Creek Unit – Carbon/Emery Counties, Utah

Dear Mr. Clarke:

Mid-Power Resource Corporation, as operator of the Clear Creek Unit located in Carbon/Emery Counties, Utah, hereby, authorizes and empowers Marion Energy Inc. to act as a designated agent on its behalf.

As designated agent, Marion Energy Inc. shall handle all operational matters relating to the Clear Creek Unit and shall deal directly with all State and Federal regulatory agencies in Utah (USDA Forest Service, BLM, and the DOGM) on such operational matters.

This authorization is in accordance with the terms and conditions outlined in the Farmout and Exploration Agreement entered into on February 22, 2005 by and between Mid-Power Resource Corporation and Marion Energy Inc.

Sincerely,



James W. Scott
President

PERFORMANCE BOND
(See Instructions on reverse)

DATE BOND EXECUTED (Must be same or later than date of contract)

OMB No.: 8000-0045

Public reporting burden for this collection of information is estimated to average 26 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of the collection of information, including suggestions for reducing this burden, to the FAR Secretariat (MFRG), Federal Acquisition Policy Office, GSA, Washington, DC 20405.

Principal Name and Business Address

Mid-Power Resource Corporation
3660 Howard Hughes Parkway #260-8290 W. SAHARA AVE.
Las Vegas, Nevada 89109-89117 suite 186

TYPE OF ORGANIZATION (X) and

INDIVIDUAL PARTNERSHIP
 JOINT VENTURE CORPORATION

STATE OF INCORPORATION

Surety(ies) Name(s) and Business Address(es)

In lieu of surety(ies) hereon, I/We the undersigned principal(s) deposit the penal amount of this bond in the sum of \$ 103,000.00 cash. Said deposit is pledged as security for performance and fulfillment of the contract designated hereon.

PENAL SUM OF BOND

MILLIONS	THOUSANDS	HUNDREDS	CENTS
	103	000	00

CONTRACT DATE

9/6/02

CONTRACT NO.

RITF 10410-03-13

OBLIGATION:

We, the Principal and Surety(ies), are jointly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, associates, administrators, and successors, jointly and severally. However, where the Sureties are co-sureties acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of showing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no link of liability is indicated, the link of liability is the full amount of the penal sum.

CONDITIONS:

The Principal has entered into the contract identified above.

THEREFORE:

The above obligation is void if the Principal -

(1) Performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of the contract during the original term of the contract and any extensions thereof that are granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and (2) performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of the contract that hereafter are made. Notice of these modifications to the Surety(ies) are waived.

(3) Pays to the Government the full amount of the taxes imposed by the Government, if the said contract is subject to the Miller Act, 40 U.S.C. 2705-2706, which are collected, deducted, or withheld from wages paid by the Principal in carrying out the construction contract with respect to which this bond is furnished.

WITNESS:

The Principal and Surety(ies) executed this performance bond and affixed their seals on the above date.

PRINCIPAL

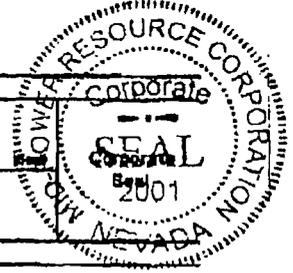
SIGNATURE(S)	1. <i>[Signature]</i>	2. _____	3. _____
	(Name)	(Name)	(Name)
NAME(S) & TITLE(S) (Typed)	1. _____	2. _____	3. _____
	(Typed)	(Typed)	(Typed)

INDIVIDUAL SURETY(IES)

SIGNATURE(S)	1. _____	2. _____
	(Name)	(Name)
NAME(S) (Typed)	1. _____	2. _____
	(Typed)	(Typed)

CORPORATE SURETY(IES)

SURETY A	NAME & ADDRESS	STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	1. _____	1. _____	1. _____	
SIGNATURE(S)	1. _____	2. _____	2. _____	Corporate Seal
	(Typed)	(Typed)	(Typed)	



AUTHORIZED FOR LOCAL REPRODUCTION
Previous edition not available

STANDARD FORM 25 (REV. 3-88)
Prescribed by GSA-FAR (48 CFR) 53.220(a)

Approved by: _____ BOND APPROVING OFFICER _____ Date _____

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

FORM 4B

Bond No. 9578030406

COLLATERAL BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Mid-Power Resource Corporation 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:

One Hundred Eighty Four Thousand One Hundred Eighty dollars (\$ \$184,180.00) 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 R649-3-1):

Negotiable Certificate of Deposit #9578030406

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

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

Blanket Bond: To cover all wells drilled in the State of Utah
(FOR 9 Wells Purchased FROM EDWARD MIKE DAVIS)
 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 heretunto 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

25 day of March, 2005

(Corporate or Notary Seal here)

See attached Jurat

Attestee: _____ Date: _____

Mid-Power Resource Corporation

Principal (company name)

By James W. Scott CEO & President

Name (print) Title

James W. Scott
Signature

(5/2002)

COPY

1946

ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Sacramento } ss.

On March 29, 2005 before me, Ayana Hepburn
(DATE) (NOTARY)

personally appeared James Scott
SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

NOTARY'S SIGNATURE

OPTIONAL INFORMATION

The information below is not required by law. However, it could prevent fraudulent attachment of this acknowledgment to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- INDIVIDUAL
- CORPORATE OFFICER

- PARTNER(S)
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

DESCRIPTION OF ATTACHED DOCUMENT

Collateral Bond

TITLE OR TYPE OF DOCUMENT

1

NUMBER OF PAGES

DATE OF DOCUMENT

OTHER

RIGHT THUMBPRINT
OF
SIGNER



August 24, 2004

Mr. Ed Bonner
State of Utah
School and Institutional Trust
Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Re: Mid-Power Resource Corporation
Bonding Requirement Changes

Dear Ed:

In response to TLA's bonding requirement changes, we have reviewed and verified that our bonding requirements are in compliance with the new rules.

Our findings indicate that a cash deposit in the amount of \$20,000 was accepted by TLA on September 11, 2002 as surety to cover operations of the Utah Mineral State Well and the Oman 2-20 Well under lease ML1256. Those two wells are also covered under our bond with DOGM for plugging and abandonment.

Since the new rules require operators to post a performance bond with TLA in the amount of \$5,000 per well, we request that the cash balance of \$10,000 be release back to Mid-Power Resource Corporation.

Please feel free to contact me should you have any questions concerning this matter. I can be reached at 702-838-0716.

Sincerely,

Susan Trimboli

CC: Earlene Russell - DOGM - Fax Number 801-359-3940
Mark Roedell -Mid-Power Service Corporation

waiting for check



School and Institutional
TRUST LANDS ADMINISTRATION

Olene S. Walker
Governor
Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

May 4, 2004

MID-POWER RESOURCES CORPORATION
3753 HOWARD HUGES PARKWAY
SUITE 200
LAS VEGAS, NV 89109

RE: Bonding Requirement Changes
Effective: February 24, 2004

Dear Sir or Madam:

Effective February 24, 2004, School and Institutional Trust Lands Administration ("TLA") entered into an agreement with the Board of Oil, Gas and Mining ("DOGM") to transfer to DOGM the responsibility of maintaining a sufficient performance bond to plug each dry or abandoned well, repair each well causing pollution, and maintain and restore each well site, if necessary. In the past, operators have been required to post bonds in various amounts with TLA to cover their operations on lands owned and administered by TLA; with DOGM if the company had operations on fee lands in Utah; and, still another, if its operations were on federal lands. Under our new agreement with DOGM, TLA will no longer require operators to post a plugging and reclamation bond with this office. All plugging and reclamation bonds for operations on TLA lands or fee lands will now be administered by DOGM under their rule R649-3-1, as revised July 1, 2003. If you currently have a bond in place with DOGM, please check with their office as it may be sufficient to cover operations on trust lands and no additional bond may be required. The DOGM rules can be viewed and bond forms can be downloaded from the DOGM website at <http://ogm.utah.gov/oilgas>.

Operators will be required, however, to post a performance bond in the amount of \$5,000 per well or \$15,000 statewide with TLA to cover lease obligations on TLA lands not otherwise covered by the DOGM bond. Delinquent or unpaid royalties would be examples of deficiencies that could be remedied by the bond. The surety sources are the same as set out in TLA's current rules at R850-20-2800.

Your company has 120 days from the date of this letter or until September 1, 2004, to verify and update your bonding to come into compliance with the new rules. Should you need assistance or have compliance questions, please contact the following people for help:

At TLA – Ed Bonner (801/538-5151 or edbonner@utah.gov)
At DOGM – Earlene Russell (801/538-5336 or earlenerussell@utah.gov)

As soon as TLA is provided evidence by your company that: (1) it has sufficient bonding with DOGM to cover plugging and reclamation operations; (2) your company has no outstanding obligations with TLA that would be remedied by your bond, and, (3) your company provides TLA

Release
\$10,000



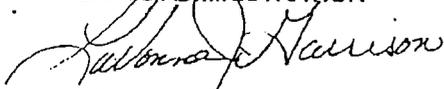
~~with the appropriate well or statewide replacement bond for future lease obligations in the~~
appropriate amount, your current bond will be released. If you would like your bond with TLA to
be transferred to DOGM's ownership, and if the instrument allows for such a transfer, please
make arrangements with your surety and with DOGM. No bonds will be released by TLA until
sufficient evidence is provided that all required bonding is in place and that there are no
outstanding obligations to TLA.

There will be a transition period, but TLA sees this as a positive move for the industry that will
simplify your statewide bonding requirements in the State of Utah.

We appreciate your assistance with these changes and look forward to hearing from you.

Yours very truly,

SCHOOL AND INSTITUTIONAL TRUST
LANDS ADMINISTRATION



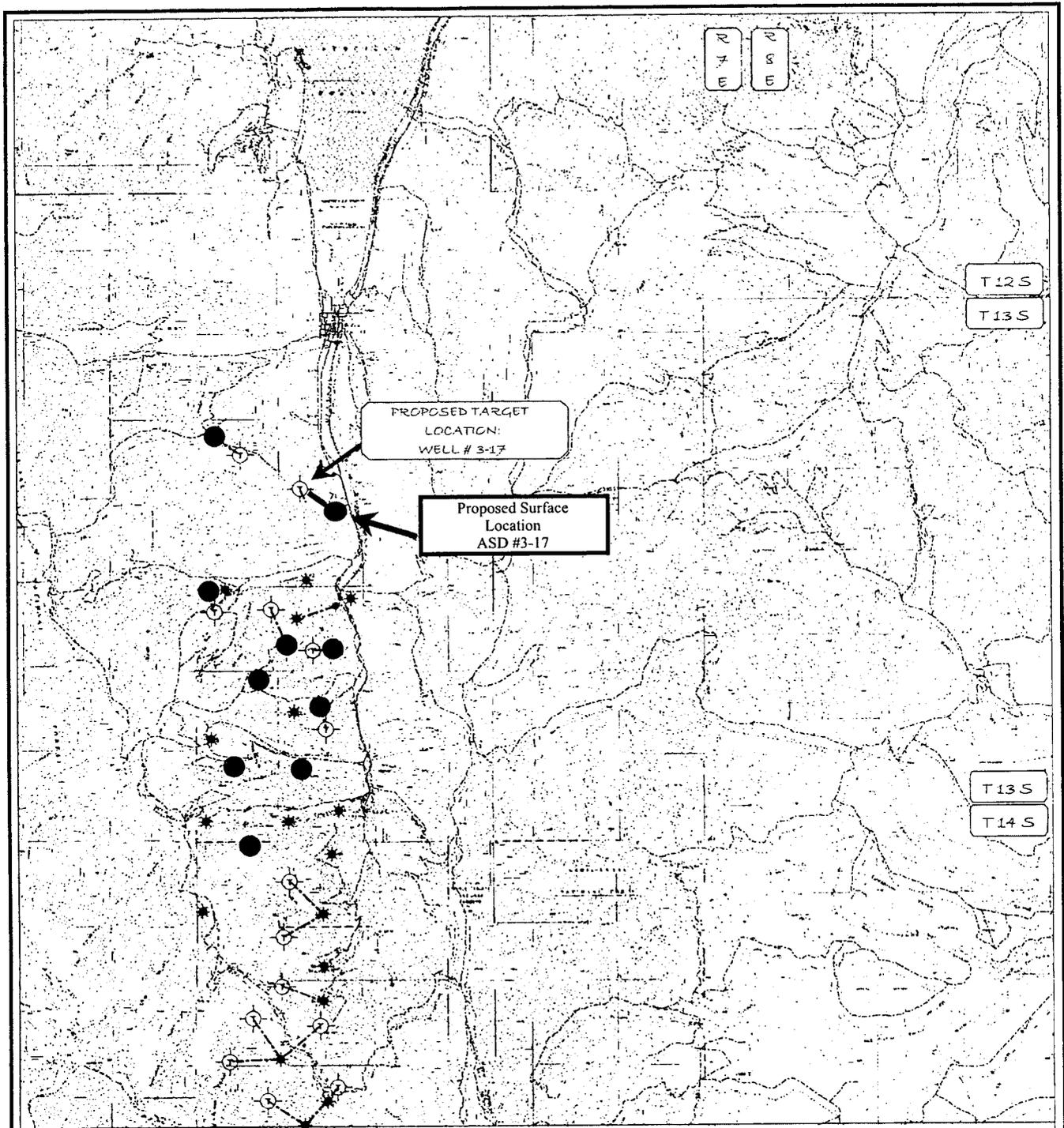
LaVonne J. Garrison
Assistant Director/Oil & Gas

April 14, 2004

NOTICE TO OPERATORS
Concerning
Plugging Bonds for State Lease Wells

Effective February 24, 2004, the School and Institutional Trust Lands Administration (SITLA) entered into an agreement with the Board and Division of Oil, Gas and Mining (DOGGM) to transfer to DOGM the responsibility of maintaining sufficient bonds to cover drilling, operating and plugging of wells and the restoration of each well site. In the past, operators have been required to post bonds in various amounts with SITLA to cover their operations on lands owned and administered by SITLA, with DOGM if the company had operations on fee lands in Utah, and still another if its operations were on federal lands. Under this new agreement, SITLA will no longer require operators to post a plugging and reclamation bond. All plugging and reclamation bonds for operations on SITLA lands and fee lands will now be administered by DOGM under their rule R649-3-1, as revised July 1, 2003.

Operators are required, however, to post a performance bond for delinquent or unpaid royalties in the amount of \$5,000 per well or \$15,000 statewide with SITLA to cover lease obligations on SITLA lands not otherwise covered by the DOGM bond. The surety sources are the same as set out in SITLA's current rules at R850-20-2800.



LEGEND

- PROPOSED TARGET LOCATION
- PROPOSED PAD LOCATION
- PROPOSED VERTICAL LOCATION
- EXISTING PAD
- EXISTING DIRECTIONAL TARGET LOCATION

Environmental Industrial Services
 Environmental & Engineering Consulting

31 North Main Street
 Helper, Utah 84526
 (435) 472-3814
 Fax (435) 472-8780
 eisec@preciscom.net

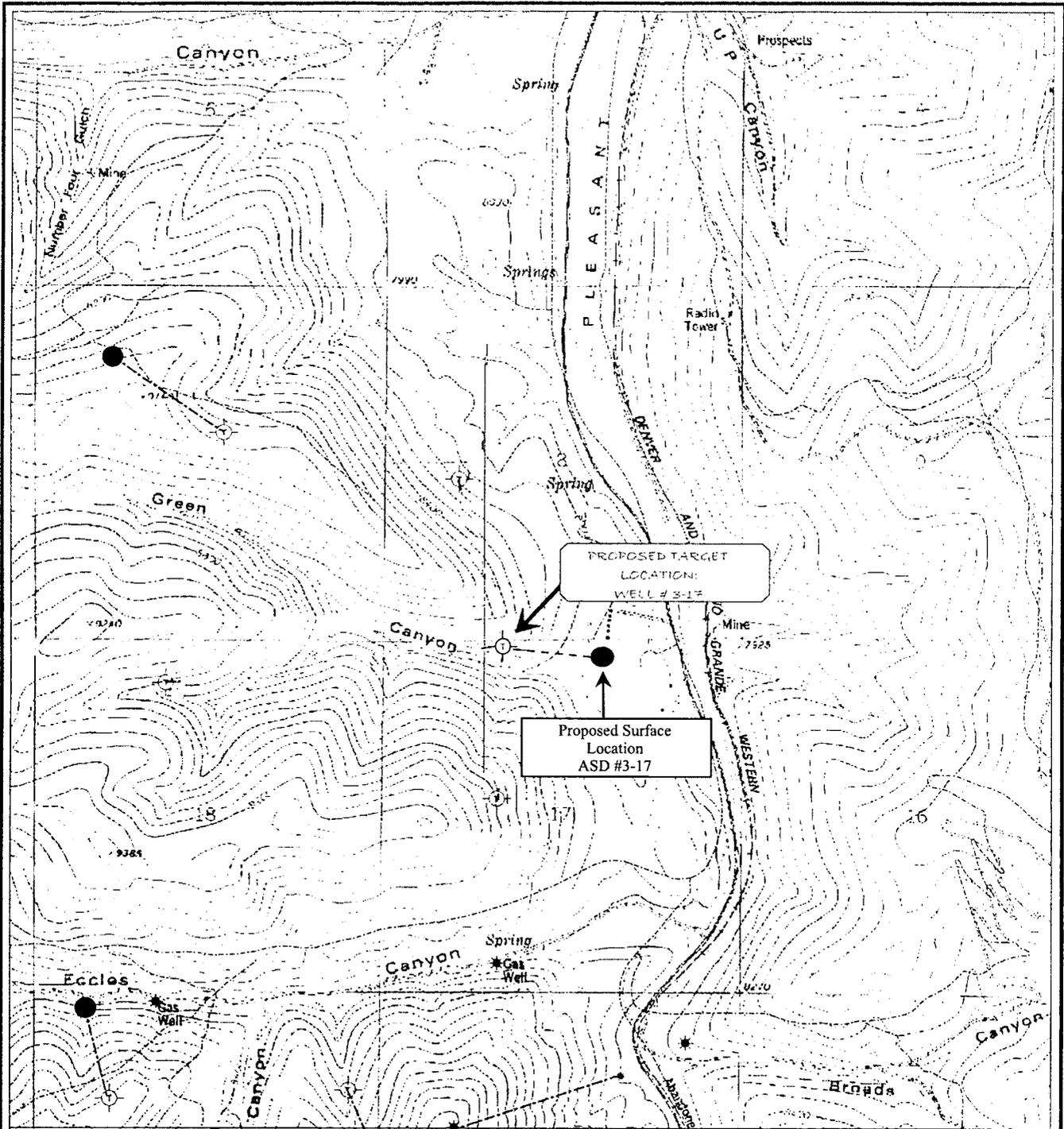


MID-POWER RESOURCES

Directional Well: Alpine School District #3-17
 NE Section 17 T.13S., R7E., S.L.B
 Surface Location: 2014.49'FEL, 692.77'FNL NE/4
 Target Location: 95' FNL, 1585' FWL NW/4

TOPOGRAPHIC MAP (QUAD NAME):
 SCOFIELD QUAD
 CREATED ON: 12-30-05
 SCALE: 1:12,000 | DRAWN BY: KJN | REVISED: MM-DD-YY





LEGEND

- PROPOSED TARGET LOCATION
- PROPOSED PAD LOCATION
- PROPOSED VERTICAL LOCATION
- EXISTING PAD
- EXISTING DIRECTIONAL TARGET LOCATION

MID-POWER RESOURCES

Directional Well: Alpine School District #3-17
 NE Section 17 T.13S., R7E., S.L.B
 Surface Location: 2014.49'FEL, 692.77'FNL NE/4
 Target Location: 95' FNL, 1585' FWL NW/4

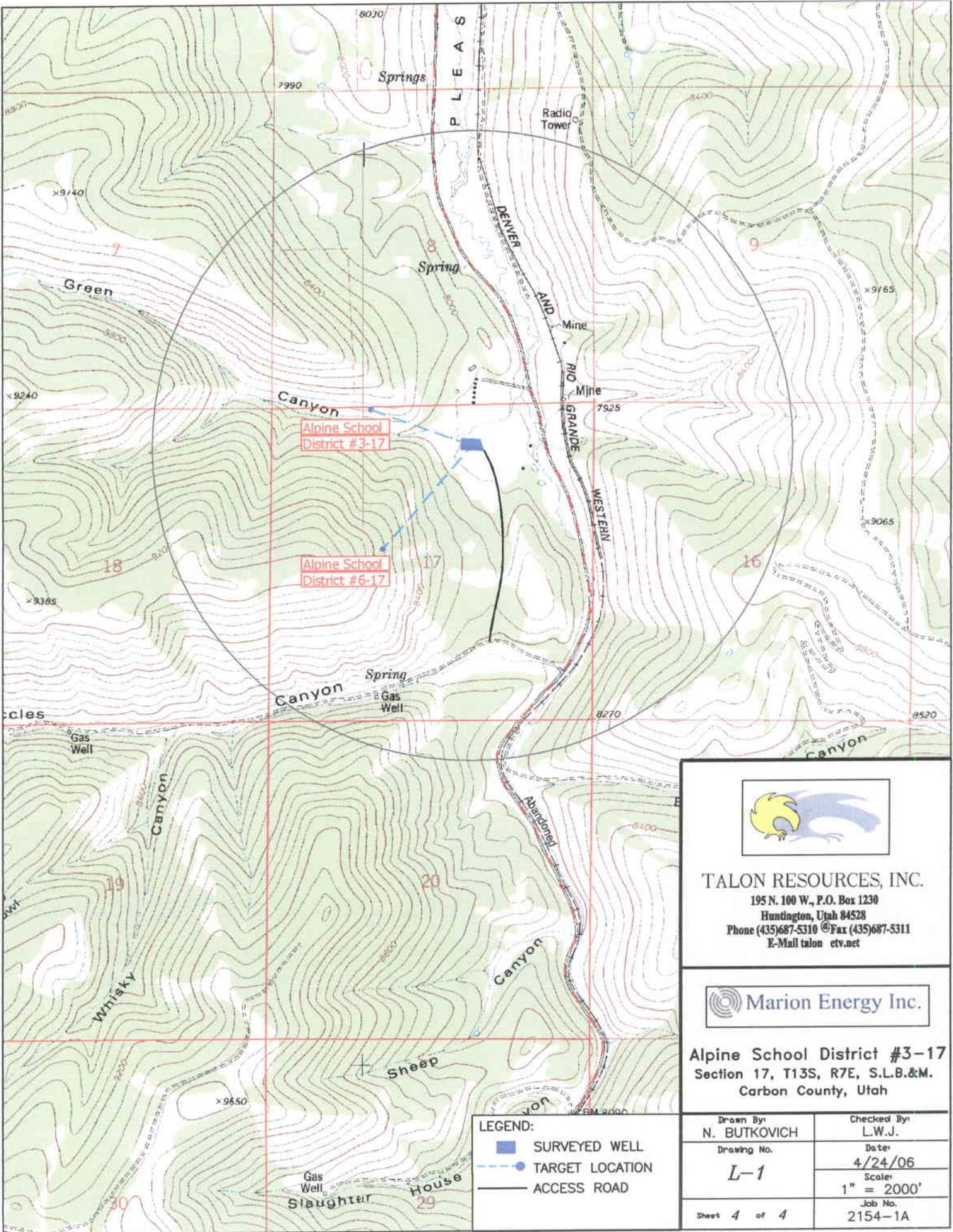
Environmental Industrial Services
 Environmental & Engineering Consulting

31 North Main Street
 Helper, Utah 84526
 (435) 472-3814
 Fax (435) 472-8780
 eiseo@preciscora.net



TOPOGRAPHIC MAP (QUAD NAME):
 SCOFIELD QUAD
 CREATED ON: 12-30-05
 SCALE: 1:2,000 | DRAWN BY: KJN | REVISED: MM-BD-YY





TALON RESOURCES, INC.
 195 N. 100 W., P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 © Fax (435)687-5311
 E-Mail talon etv.net

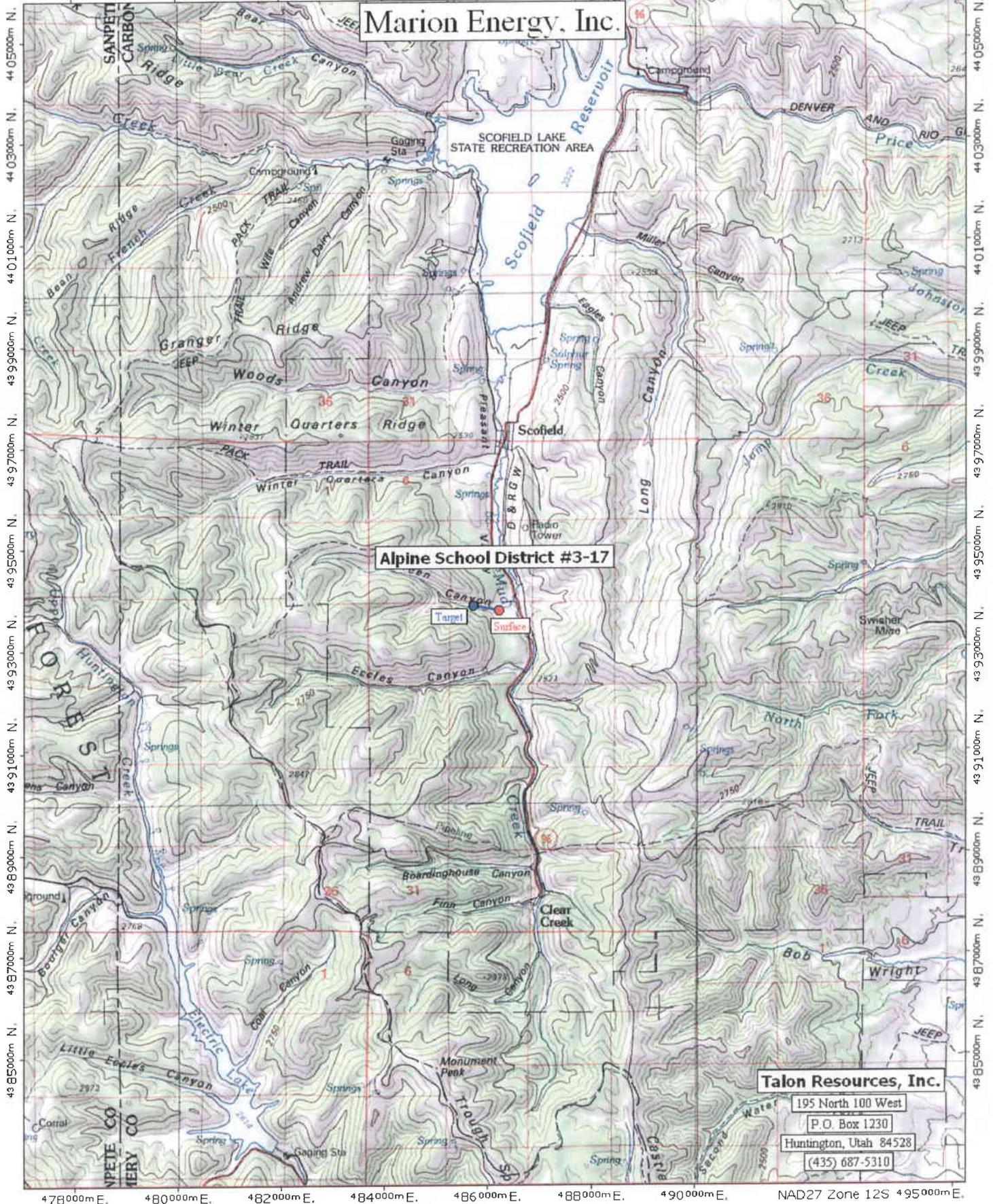


Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

LEGEND:
 SURVEYED WELL
 TARGET LOCATION
 ACCESS ROAD

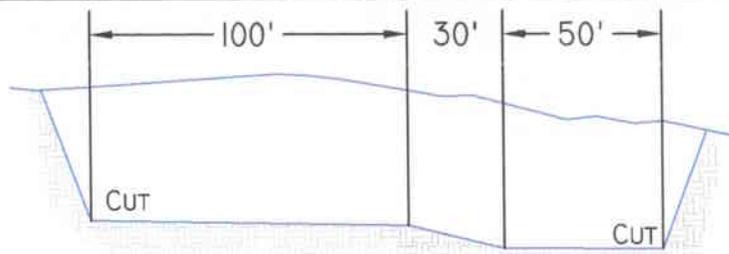
Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. L-1	Date 4/24/06
	Scale 1" = 2000'
Sheet 4 of 4	Job No. 2154-1A

478000mE, 480000mE, 482000mE, 484000mE, 486000mE, 488000mE, 490000mE, NAD27 Zone 12S 495000mE



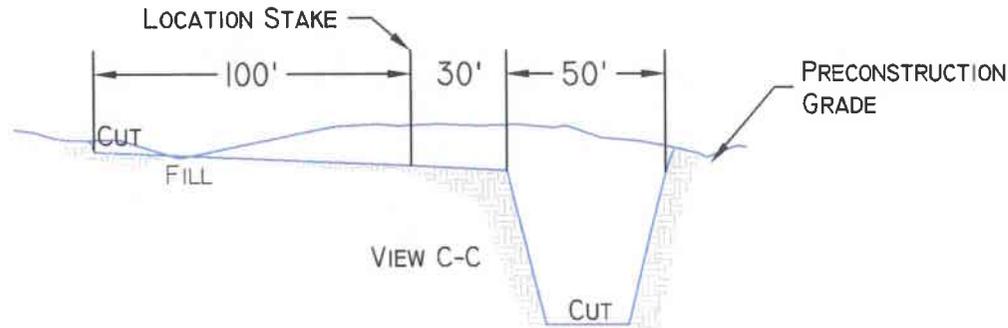
TN 12°





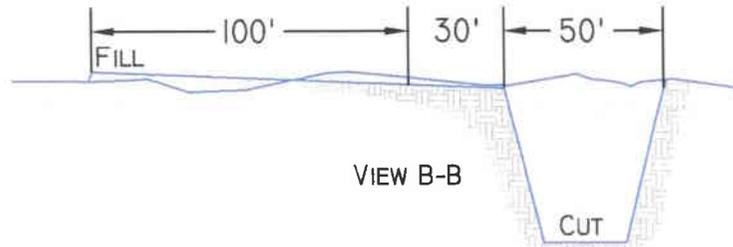
VIEW D-D

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

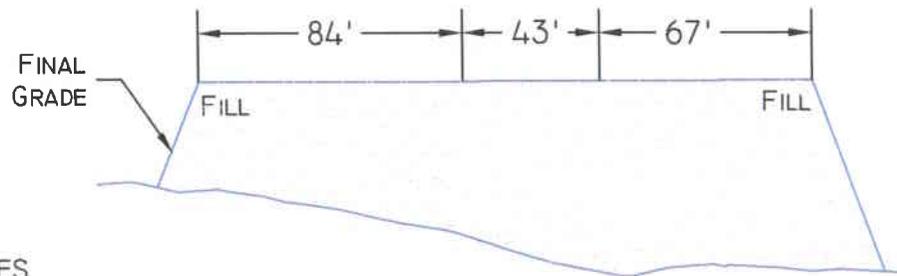


VIEW C-C

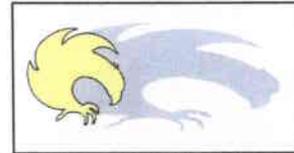
SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



VIEW B-B



VIEW A-A



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonectv.net

 **Marion Energy Inc.**

LOCATION LAYOUT
Section 17, T13S, R7E, S.L.B.&M.
ALPINE SCHOOL DISTRICT #3-17

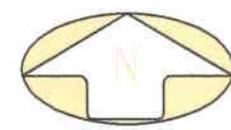
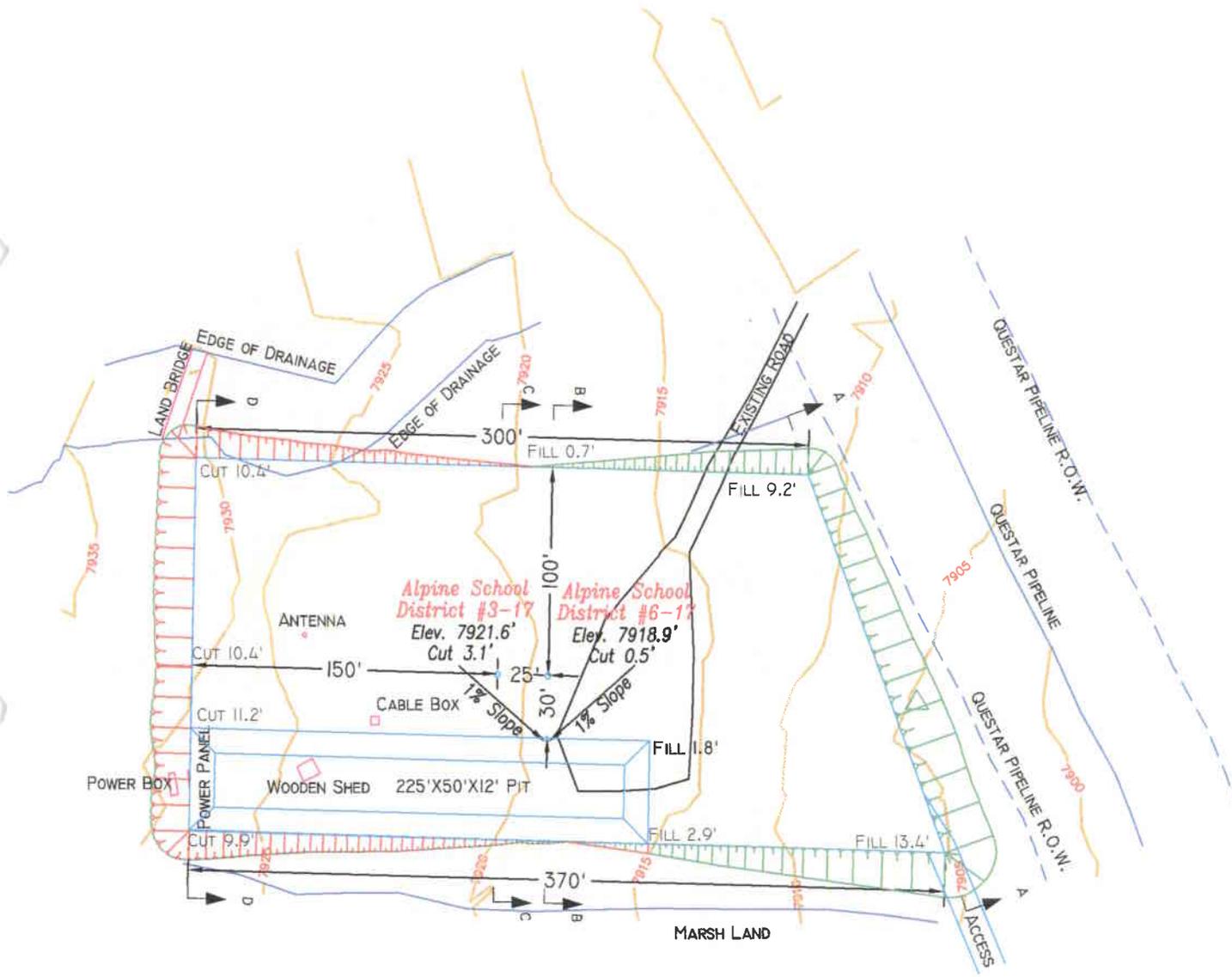
Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 4/21/06
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 2154-1A

APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 1,120 CU. YDS.

TOTAL CUT (INCLUDING PIT) = 9,930 CU. YDS.

TOTAL FILL = 7,475 CU. YDS.



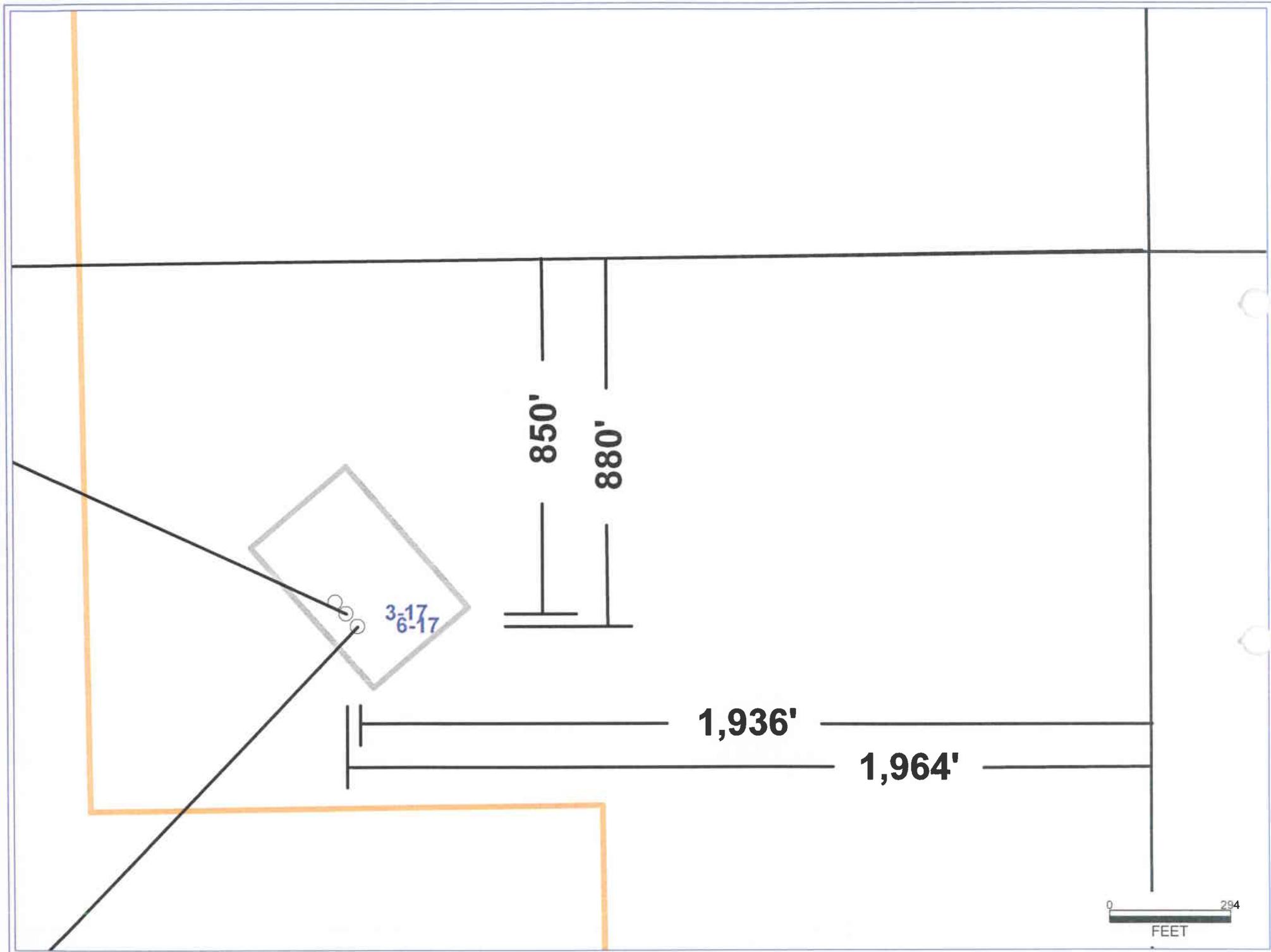
TALON RESOURCES, INC.

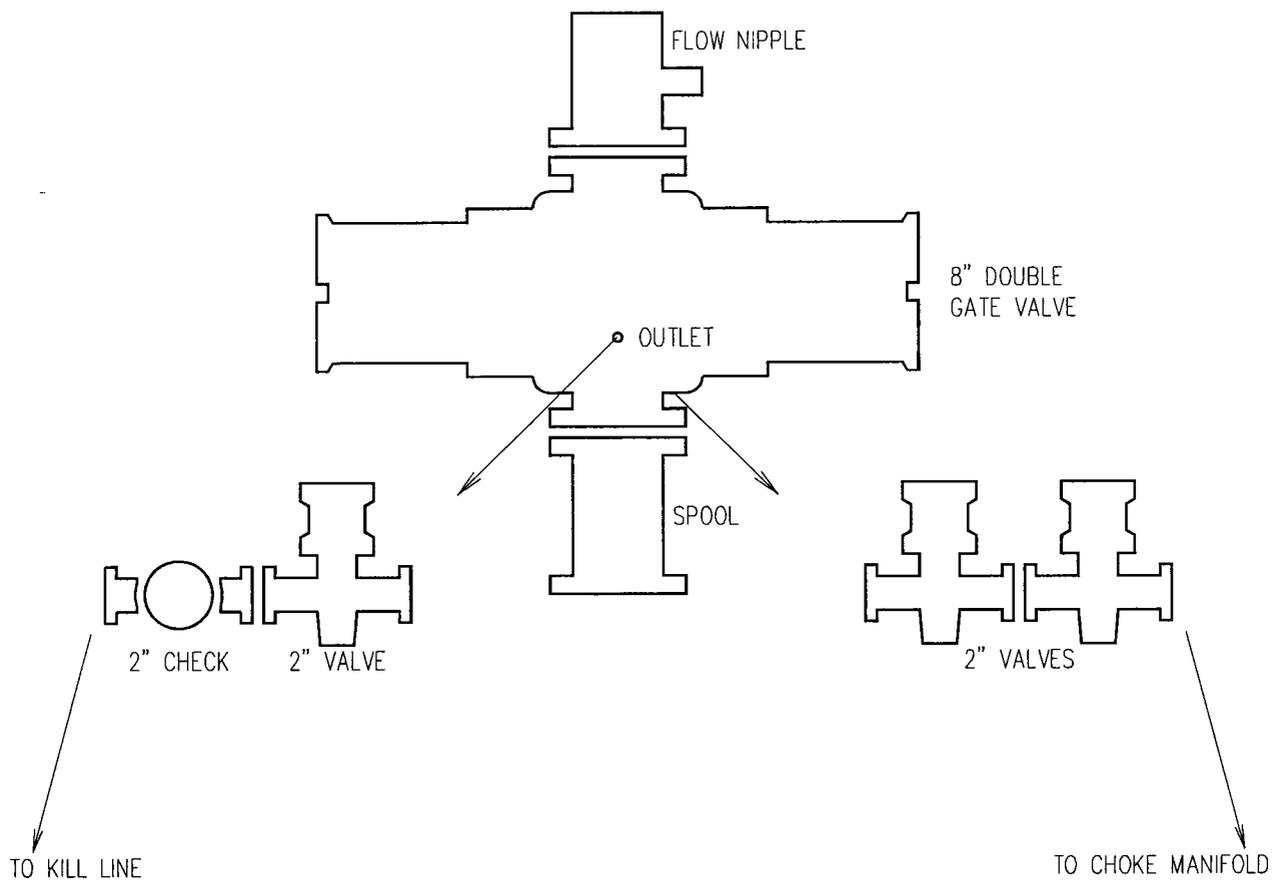
195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talonnetv.net



LOCATION LAYOUT
Section 17, T13S, R7E, S.L.B.&M.
ALPINE SCHOOL DISTRICT #3-17

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 4/21/06
	Scale: 1" = 80'
Sheet 2 of 4	Job No. 2154-1A





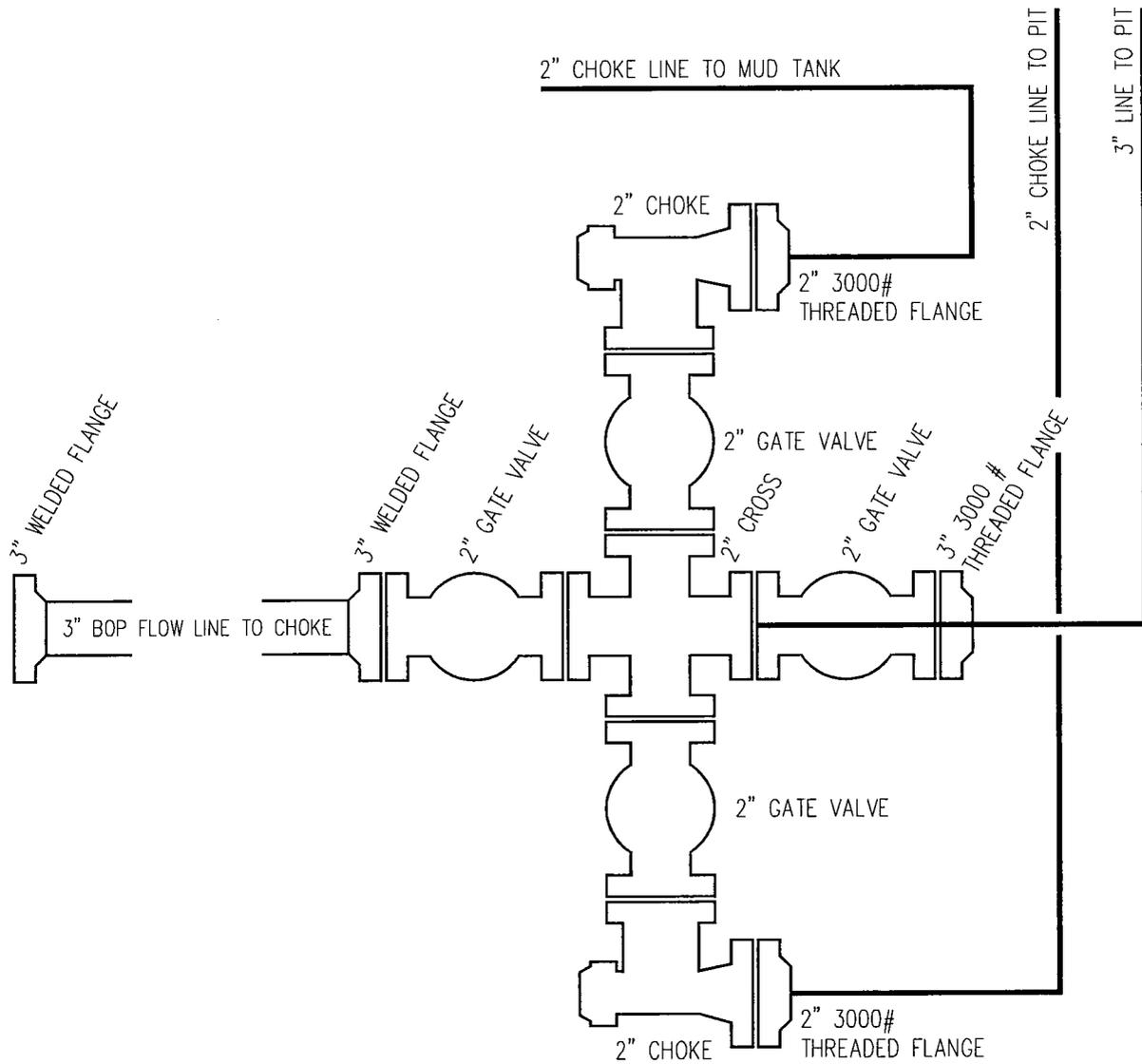
REVISIONS		
#	DATE	BY



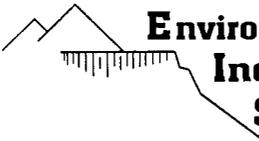
Environmental Industrial Services
Environmental & Engineering Consulting
 31 NORTH MAIN STREET
 HELPER, UTAH 84526
 (435) 472-3814

MARION ENERGY, INC.
 119 SOUTH TENNESSEE #200
 MCKINNEY, TEXAS

DRAWING NAME:		TYPICAL RIG
DRAWN BY:	PJJ	SCALE: NONE
APPROVED BY:	EIS	DATE: 10/17/05
SHEET:		FIGURE 2



REVISIONS		
#	DATE	BY



Environmental Industrial Services
Environmental & Engineering Consulting
 31 NORTH MAIN STREET
 HELPER, UTAH 84526
 (435) 472-3814

MARION ENERGY, INC.
 119 SOUTH TENNESSEE #200
 MCKINNEY, TEXAS

DRAWING NAME:		TYPICAL RIG
DRAWN BY:	PJJ	SCALE: NONE
APPROVED BY:	EIS	DATE: 10/17/05
SHEET:		FIGURE 1

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/01/2006

API NO. ASSIGNED: 43-007-31182

WELL NAME: ALPINE SCHOOL DIST 3-17

OPERATOR: Mamon Energy Inc. (N2740)

PHONE NUMBER: 702-838-0716

CONTACT: BENJAMIN EVANS

PROPOSED LOCATION:

NWNE 17 130S 070E
 SURFACE: 0692 FNL 2014 FEL
 BOTTOM: 0095 FNL 1585 FWL
 COUNTY: CARBON
 LATITUDE: 39.69494 LONGITUDE: -111.1604
 UTM SURF EASTINGS: 486248 NORTHINGS: 4393702
 FIELD NAME: CLEAR CREEK (10)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	6/26/06
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-1257
 SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. Bod1617)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. PRRV)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

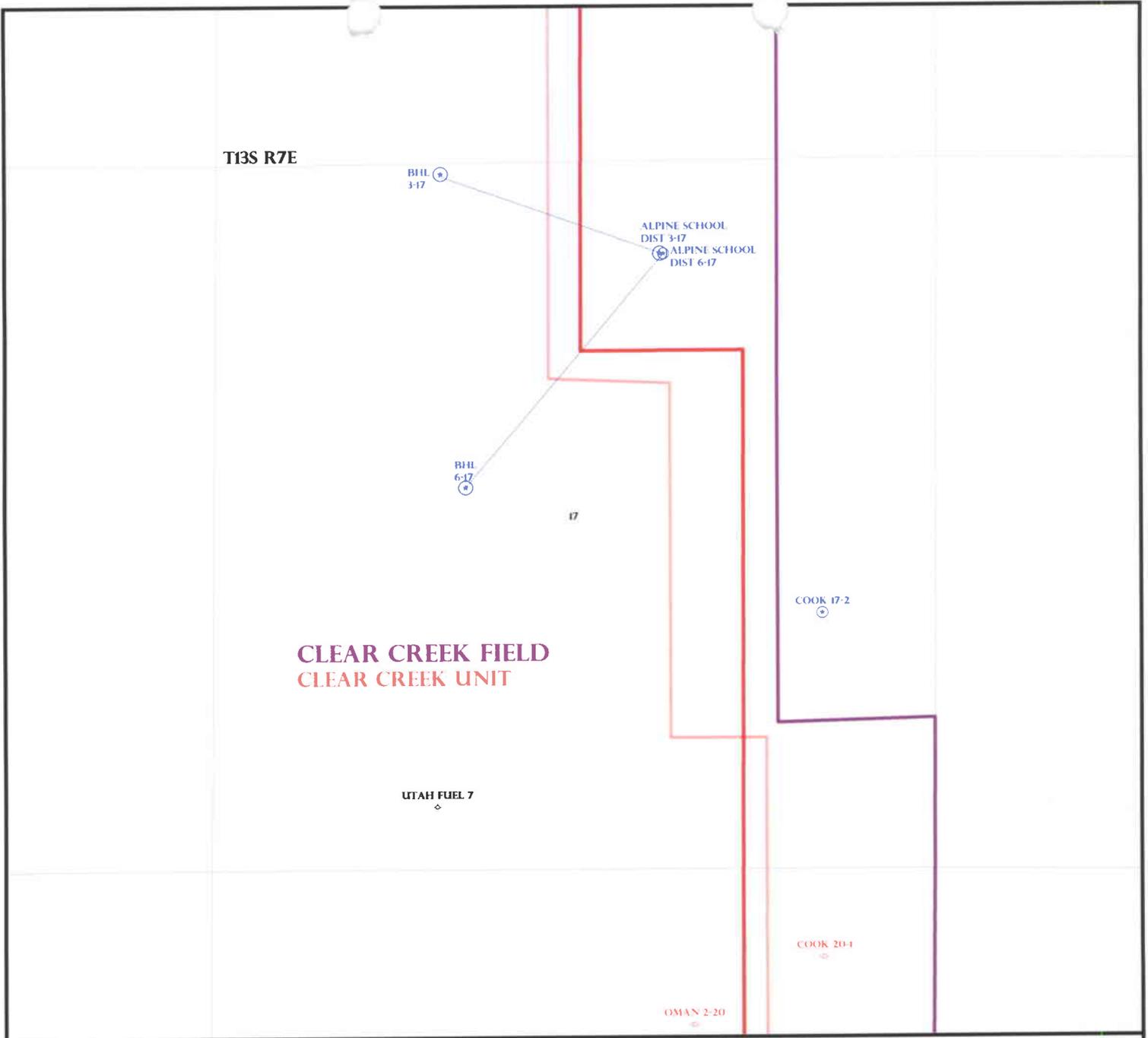
- R649-2-3.
- Unit: CLEAR CREEK
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS:

Needs Perm (OS-2506)

STIPULATIONS:

- 1- Spacing Slip
- 2- STATEMENT OF BASIS



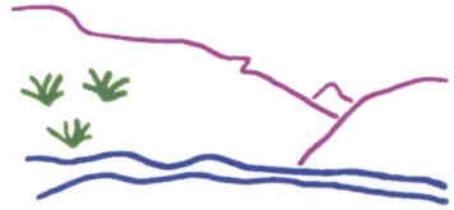
OPERATOR: MID-POWER RES CORP (N2215)

SEC: 17 T. 13S R. 7E

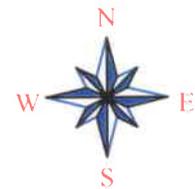
FIELD: CLEAR CREEK (10)

COUNTY: CARBON

SPACING: R649-3-11 / DIRECTIONAL DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 9-MAY-2006

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL
 - DRILLING

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Marion Energy, Inc.
WELL NAME & NUMBER: Alpine School District 3-17
API NUMBER: 43-007-31182
LOCATION: 1/4,1/4 NWNE Sec:17 TWP: 13 S RNG: 7 E 692 FNL 2014 FEL

Geology/Ground Water:

A well drilled at this location will likely spud into a poorly to moderately permeable soil developed on Quaternary Terrace deposits covering the Cretaceous age Star Point Sandstone Member of the Mancos Shale. High quality ground water is likely to be encountered in the sandstone Members encountered in the upper Mancos Shale. Water quality will deteriorate in the deeper strata. The nearest mapping of the base of moderately saline ground water (~15 miles east northeast) implies that the base of moderately saline ground water is likely to be above sea level and within several thousand feet of the surface. Several filings have been made on subsurface water rights within a mile of the location. The proposed casing and cementing program should be sufficient protect the shallow ground water resource if the surface casing is extended below the Emery Sandstone Member of the Mancos Shale. The drilling fluid system presently calls for air/mist to TD. It is very unlikely that this system will be implemented much below the surface owing to very permeable sandstones and large fresh water flows to significant depth as reported from nearby drilling. A fresh water/gel/polymer mud system will likely be necessary shortly after spud. In any case, the mud system should be benign to protect the ground water resource.

Reviewer: Christopher J. Kierst **Date:** 6/6/06

Surface:

Proposed well is located ~2 miles south of Scofield, Carbon County, Utah. The property is located on the west side of a narrow mountain valley and at the mouth of Green Canyon. The primary surface use of the immediate and surrounding area of the proposed well is Alpine School District education and recreation activities, as well as wildlife habitat. The location is staked on property owned by Alpine School District. Access to this well will be along existing UDOT maintained roads and upgraded two-track roads. The direct area drains to the east into Mud Creek, eventually making its way into Scofield Reservoir, ~3.5 miles north. Live water boarders this location as staked on both the south and north sides. A live running stream flows out of Green Canyon, this stream directly boarders the north side of the pad. A small spring surfaces directly west of the pad ~100 yards then flows in a northwest to southeast direction, this boarders the south side of the pad and is very marshy. The west side, although not directly boarding the pad, has live water issues as well. A municipal water source is located within 1000 feet of the proposed well. There are significant impacts to the operations of the school district's education program that takes place on this property. Safety of the school children is of great concern. Hydrology (surface and subsurface) is a concern of The Division and has been a very publicly voiced concern of Carbon County officials regarding drilling activities in the Scofield area. This particular pad has several issues relating to hydrology that will need to be addressed. In addressing these concerns it will be required by the operator to; berm the location on all four sides, utilize a closed mud system (no open pits on location), provide and maintain adequate runoff drainage above and around the location, fencing the location. M. Jones (DOGM), Ben Evans, Erik Norton (Marion), Gayla Williams (Carbon County), Keith Larsen, Boyd McAfee, John Burton, Rob Smith (Alpine School Dist.), Ed Bonner (SITLA)

were in attendance for the pre-site inspection. (Further evaluation and discussions with Marion resulted in changing the pad layout and the pit lining requirements. The reserve pit will be moved to the north side of the pad and the pit will be lined with a 60 mil liner with an apron extended under the drilling equipment. The pit and its contents are to be removed at the end of drilling activities. Production tanks are to be located in a suitable place away from the drilling pad and surface waters. Brad Hill 06-15-06)

Reviewer: Mark L. Jones

Date: June 6, 2006

Conditions of Approval/Application for Permit to Drill:

1. The reserve pit will be moved to the north side of the pad.
2. The reserve pit shall be lined with a 60 mil liner with an apron extended under the drilling equipment.
3. The reserve pit and its contents are to be removed at the end of drilling activities.
4. Production tanks are to be located in a suitable place away from the drilling pad and surface waters.
5. Provide adequate drainage and erosion protection for the location and existing drainages.
6. Berms shall be placed surrounding the entire pad.
7. Fencing shall be installed around the pad to keep school children away from equipment both during drilling and production operations.
8. Silt fences shall be placed at the base of all fill material and at the edge of the pad adjacent to any surface water.

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

OPERATOR: Marion Energy, Inc.
WELL NAME & NUMBER: Alpine School District 3-17
API NUMBER: 43-007-31182
LEASE: State **FIELD/UNIT:** _____
LOCATION: 1/4,1/4 NWNE **Sec:** 17 **TWP:** 13S **RNG:** 7E 692 **FNL** 2014 **FEL**
LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F **1/4,1/4 LINE;** 920 F **ANOTHER WELL.**
GPS COORD (UTM): X= 486243 E; Y= 4393716 N **SURFACE OWNER:** Alpine School District.

PARTICIPANTS

M. Jones (DOGM), Ben Evans, Erik Norton, Gayla Williams (Carbon County), Keith Larsen, Boyd McAfee, John Burton, Rob Smith (Alpine School Dist.), Ed Bonner (SITLA).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed well is located ~2 miles south of Scofield, Carbon County, Utah. The property is located on the west side of a narrow mountain valley and at the mouth of Green Canyon. The primary surface use of the immediate and surrounding area of the proposed well is Alpine School District education and recreation activities, as well as wildlife habitat. The location is staked on property owned by Alpine School District. Access to this well will be along existing UDOT maintained roads and upgraded two-track roads. The direct area drains to the east into Mud Creek, eventually making its way into Scofield Reservoir, ~3.5 miles north.

SURFACE USE PLAN

CURRENT SURFACE USE: Education and recreation, as well as wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 370' x 180' w/ 225' x 50' x 12' included pit.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 6 producing, proposed, shut-in, injection, and/or PA wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Production facilities will be on location; no pipelines are planned at this time.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Yes. Alpine School District does not want this well to be drilled. They have made mention that they feel as though they have been "bullied" into this. They understand they cannot stop someone from

drilling however they feel that Marion has not seriously considered the impact to the operations of the school district's education program that takes place on this property. Safety of the school children is of great concern. There are significant impacts to the operations of the surface use with the permitting, drilling, and production of this location and its wells. Hydrology, surface and subsurface, is of great concern to The Division and has been a very publicly voiced concern of Carbon County officials regarding drilling activities in the Scofield area. This particular pad has several issues relating to hydrology. I question the placement of this location. Have alternative locations been looked at and exhausted by Marion before choosing this location?

WASTE MANAGEMENT PLAN:

Addressed in the APD in the 13-point surface use plan item #7 Methods for Handling Waste Disposal.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Live water borders this location as staked on both the south and north sides. A live running stream flows out of Green Canyon, this stream directly borders the north side of the pad. A small spring surfaces directly west of the pad ~100 yards then flows in a northwest to southeast direction, this borders the south side of the pad and is very marshy. The west side, although not directly bordering the pad, has live water issues as well.

FLORA/FAUNA: Grasses, sagebrush, pine community. Various species of wildlife.

SOIL TYPE AND CHARACTERISTICS: Sandy clay loam.

SURFACE FORMATION & CHARACTERISTICS: Quaternary alluvium

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: No open reserve pit will be allowed. Must use closed mud system.

LINER REQUIREMENTS (Site Ranking Form attached): Closed mud system.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: Signed.

CULTURAL RESOURCES/ARCHAEOLOGY: None requested by landowner.

OTHER OBSERVATIONS/COMMENTS

The APD outlines drilling this well completely with air. Two other wells have been drilled within the past 4 years ~1 mile south of this proposed well. Both of these previously drilled wells also expected to drill with air, both had to turn to mud at ~ 200' due to water flows. I anticipate this proposed well will also require going to mud prior to setting surface pipe.

The access into the location is proposed from the south, from Eccles Canyon, along an existing Questar Pipeline that feeds the school district facilities. This pipeline runs directly bordering the location of the east side of the pad. This access is at the request of the school district. I made comment that this may need some further thought and pointed out a few items that should be of concern to the school district. These points were; 1) this access would allow unwelcome visitors easier access into the school districts facilities from the "back side". 2) This access would also necessitate construction and disturbance to the surface that the school district has strongly been opposed to. The access was proposed over the top of the Questar line and I pointed out that you don't want this access on top of that gas line and Questar wont allow it! Thus, creating more surface damage and impact. The school district said they would consider these points.

The reserve pit for this location was of great concern during the pre-site visit surrounding the points of hydrology and safety for the school children. It was discussed that the reserve pit would be lined. It was also discussed that the pit would be reclaimed prior to snowfall. Leaving this pit open, then covered with 8 feet of snow is a huge safety concern with the presence of school children on this property during the winter months. After reviewing the notes taken during the pre-site inspection, and after consultation with Brad Hill, DOGM permitting supervisor, it was decided that a closed mud system would be required for this location.

Another recreation/education property and facility is also located close to the proposed well location. It is owned by the LDS Church and is used by the church year-round for education and recreation of church members, primarily youth activities. It is located ~ 800' southeast of the proposed location.

ATTACHMENTS

Photos of this location were taken and placed on file. Additional photos taken on June 5, 2006.

Mark L. Jones
DOGM REPRESENTATIVE

May 25, 2006 / 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>20</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>20</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>20</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>10</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>10</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>15</u>

Final Score 125 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

Criteria for determining when to exclude or discourage the use of reserve pits on a proposed drilling location

1. Proposed well location is situated near a surface water source or drainage, such that a breach of a pit would result in fluid entering surface waters.
2. Proposed well location is built on materials such that a breach of a pit would result in fluid entering shallow ground water, and/or could be conducted to nearby surface waters.

Example of 1)

Pit would be located above a stream such that any loss of fluid to the location surface would drain naturally to the stream, and strata beneath the pit is fractured or otherwise permeable such that a leak from the pit would result in fluid entering the stream or drainages leading directly to the stream.

Example of 2)

Pit would be located on the flood plain of a stream such that any loss of fluid to the surface, or from a pit leak, would flow through permeable near surface materials directly to the nearby stream.

It is unlawful for any person to discharge a pollutant into "Waters of the State" or to place or cause to be placed any wastes in a location where there is probable cause to believe it will cause pollution. Discharge of pollutants into surface waters must be covered under a UPDES or NPDES permit or could be subject to penalties under the Utah Water Quality Act or Federal Clean Water Act. Waters of the State is broadly defined and includes all surface and ground waters (not confined and retained within private property limits) and drainage systems.

Alternatives to consider:

1. Use a closed mud system.
2. Move the location.
3. Directional drill.



State Online Services

Agency List

Business.utah.gov

Search Utah.gov

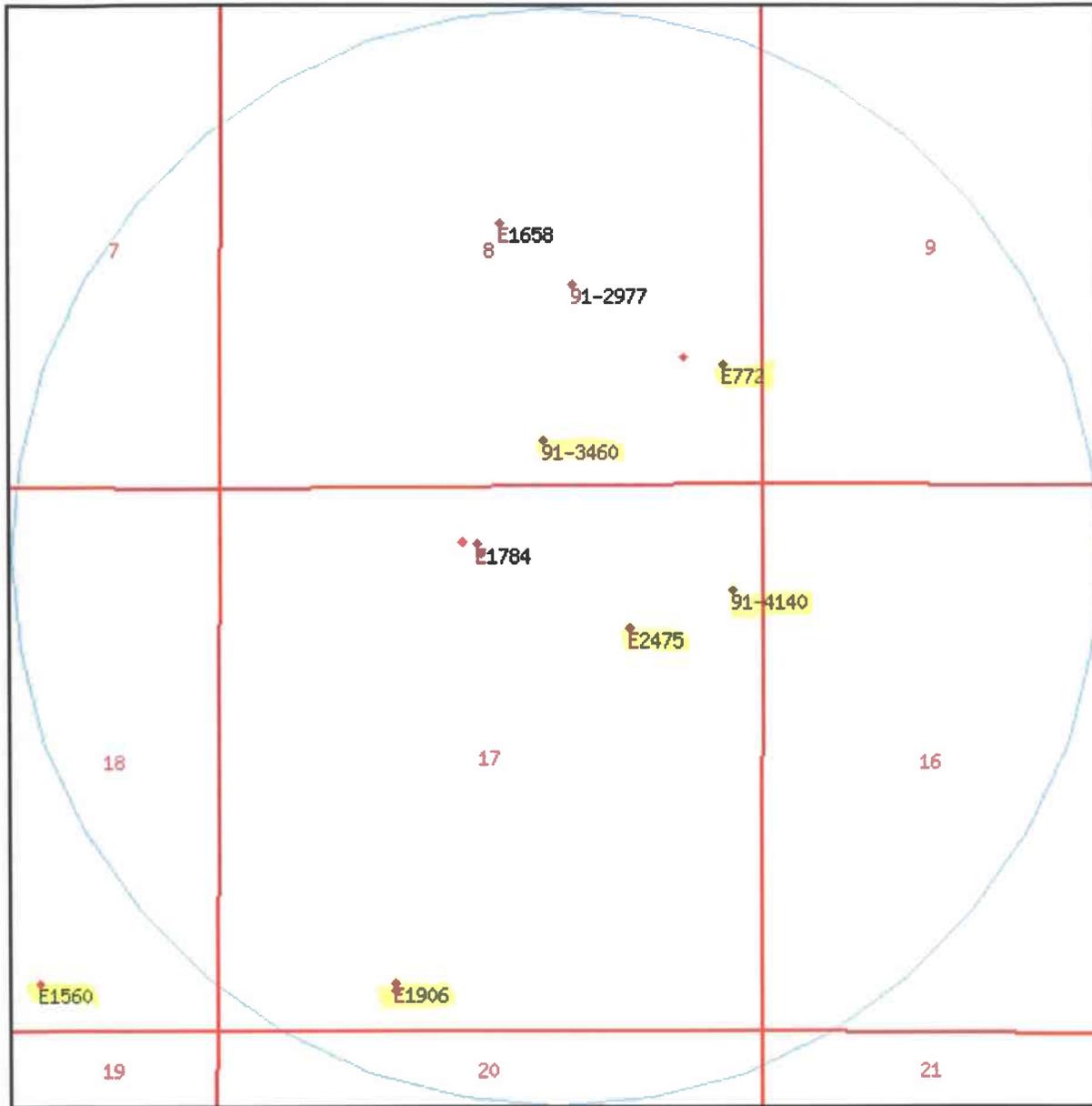


UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 06/06/2006 11:44 AM

Radius search of 5280 feet from a point S692 W2014 from the NE corner, section 17, Township 13S, Range 7E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp status=U,A,P usetypes=all



Water Rights

WR	Diversion	Well	Status	Priority	Uses	CFS	ACFT	Owner Name
----	-----------	------	--------	----------	------	-----	------	------------

Number	Type/Location	Log				
91-1986	Surface	P	18720000 O	0.050	0.000	CORPORATION OF THE PRESIDING BISHOP LDS CHURCH ATTN: NATURAL RESOURCE SERVICES
	S1020 W310 NE 17 13S 7E SL					
91-200	Underground	P	19540322 DIO	0.134	0.000	ALPINE SCHOOL DISTRICT 50 NORTH CENTER STREET
	N450 E500 S4 08 13S 7E SL					
91-2971	Surface	P	18740000 I	0.106	0.000	CARBON CO. REC. TRANSPORTATION SPECIAL SERVICE DIS A SPECIAL SERVICE DIST. CREATED BY CO. OF CARBON
	S700 W1840 E4 08 13S 7E SL					
91-2972	Surface	P	18740000 I	0.106	0.000	CARBON CO. REC. TRANSPORTATION SPECIAL SERVICE DIS A SPECIAL SERVICE DIST. CREATED BY CO. OF CARBON
	S700 W1840 E4 08 13S 7E SL					
91-2973	Surface	P	18740000 I	0.381	0.000	CARBON CO. REC. TRANSPORTATION SPECIAL SERVICE DIS A SPECIAL SERVICE DIST. CREATED BY CO. OF CARBON
	S700 W1840 E4 08 13S 7E SL					
91-2974	Surface	P	18740000 IS	0.170	0.000	CARBON CO. REC. TRANSPORTATION SPECIAL SERVICE DIS A SPECIAL SERVICE DIST. CREATED BY CO. OF CARBON
	S700 W1840 E4 08 13S 7E SL					
91-2977	Surface	P	18740000 I	0.075	0.000	FRED AND SHELIA JENSEN P.O. BOX 113
	S700 W1840 E4 08 13S 7E SL					
91-3012	Surface	P	18690000 IS	0.015	0.000	CORPORATION OF THE PRESIDING BISHOP LDS CHURCH ATTN: NATURAL RESOURCE SERVICES
	S1030 W300 NE 17 13S 7E SL					
91-345	Surface	P	18740000 I	0.750	0.000	TOM NICOLAIDES 1026 EAST 1ST SOUTH
	S650 W100 N4 17					

	13S 7E SL						
<u>91-3460</u>	Underground	P	19530715 DIO	0.134	0.000	ALPINE SCHOOL DISTRICT BOARD OF EDUCATION	
	N450 E500 S4 08 13S 7E SL					50 NORTH CENTER	
<u>91-4140</u>	Underground	P	18820000 DO	0.150	0.000	KANAWHA AND HOCKING COAL AND COKE COMPANY	
	S1020 W310 NE 17 13S 7E SL					700 WEST GATE TOWER	
<u>91-4159</u>	Underground	P	18820000 O	1.000	0.000	KANAWHA AND HOCKING COAL AND COKE COMPANY	
	N1220 W780 SE 08 13S 7E SL					700 WEST GATE TOWER	
<u>91-4195</u>	Surface	P	18740000 M	0.100	0.000	SCOFIELD TOWN	
	S546 W285 N4 17 13S 7E SL					SCOFIELD UT 84538	
<u>a21912</u>	Underground	A	19980209 O	0.000	427.000	CANYON FUEL COMPANY LLC	
	N390 E1730 SW 17 13S 7E SL					ATTN: PROPERTY ADMINISTRATION	
<u>E1560</u>	Underground	A	19790719 X	0.000	118.000	CANYON FUEL COMPANY LLC.	
	N460 W1725 SW 17 13S 7E SL					ATTN: PROPERTY ADMINISTRATION	
<u>E1658</u>	Surface	A	19800303 O	0.000	1.000	ROBERT AND ELLEN RADA KOVICH MARITAL & FAMILY TRUST	
	S120 W2540 E4 08 13S 7E SL					ROBERT RADA KOVICH, TRUSTEE	
<u>E1784</u>	Surface	A	19810206 M	0.000	15.000	KANAWHA AND HOCKING COAL AND COKE COMPANY	
	S530 E2490 NW 17 13S 7E SL					SCOFIELD ROUTE	
<u>E1906</u>	Underground	<u>well info</u>	A	19810528 O	0.000	118.000	CANYON FUEL COMPANY LLC
	N460 E1725 SW 17 13S 7E SL					ATTN: PROPERTY ADMINISTRATION	
<u>E2475</u>	Underground	<u>well info</u>	A	19861008 D	0.000	1.000	CORPORATION OF THE PRESIDING BISHOP LDS CHURCH
	S1400 W1305 NE 17					ATTN: NATURAL RESOURCE	

	13S 7E SL					SERVICES
<u>E772</u>	Underground	<u>well</u>	A	19740515 O	0.446 0.000	VALLEY CAMP COAL COMPANY
	N1150 W400 SE 08	<u>info</u>				CASTLE GATE UT 84514
	13S 7E SL					

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Brad Hill - Connie Stauffer Lease and Easement

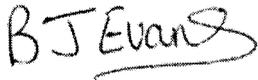
From: "Ben Evans" <bevans@marionenergy.com>
To: <bradhill@utah.gov>
Date: 6/20/2006 12:31 PM
Subject: Connie Stauffer Lease and Easement

Mr. Hill

Please find attached to this email the lease and sub surface easement documents signed by Ms. Stauffer. Keri had asked me to forward this information to you as you had received a phone call from Ms. Stauffer earlier in the week.

If you require any further information, please do not hesitate to contact me.

Thanks
Ben Evans



Benjamin Evans
Landman
Marion Energy, Inc

119 South Tennessee, Suite 200
McKinney, Texas
75069

Tel: (972) 540-2967 ext. 3004
Cell: (214) 534-0358
Fax: (972) 547-0442

GRANT OF EASEMENT

This grant of easement is entered into and made effective this 4th day of May 2006, by and between Connie Stauffer, of 2100 bengal Blvd. #E-102, Cottonwood Heights, UT 84121 ("Owner"), and Marion Energy Inc., 119 S. Tennessee, Suite 200, McKinney, TX 75069 of ("Operator").

WITNESSETH

Owner owns an interest in the mineral estate under those certain lands described on Exhibit "A" attached hereto and made a part hereof (the "Subject Lands") which lands are subject to a Surface Use Easement between the surface estate owner and Operator, also described on Exhibit "A" (the "Easement");

Operator is the lessee of an oil and gas lease covering the Subject Lands and under oil and gas leases covering other lands in the surrounding area. Operator's operations in the area contemplate a surface drillsite on the Subject Lands which will include wells drilled into and bottomed in lands adjacent to the Subject Lands or other lands;

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Owner grants to Operator, its successors and assigns, in addition to any rights granted under the Owner's Lease, such right of way and easement in, on, over, across and through the subsurface of the Subject Lands as Operator may reasonably require for boring well holes, casing same, and otherwise completing, producing and maintaining wells either in the Subject Lands or on any lands other than the Subject Lands from a location of operations on the Subject Lands, subject to the following terms and conditions:

1. For all purposes herein, any wells drilled into and the producing intervals of which are bottomed under other lands, the surface locations of which are located on the Subject Lands, shall be considered to have been drilled in such other lands and the operation of such wells shall be conducted in accordance with the terms and conditions of the oil and gas leases covering the bottom locations of such wells.
2. Should the Owner's Lease covering the surface drillsite location terminate due to lack of production, or for any other reason, the rights granted Operator under this agreement shall not terminate or expire so long as drilling, completing, producing or maintenance activities are



being conducted from the Subject Lands for the benefit of other lands in the surrounding area.

3. When the easement granted hereunder is no longer useful, necessary or convenient to Operator, Operator shall, at the request of Owner, execute and record a release of this easement. However, Operator shall have no obligation to remove any of its underground equipment but shall have the option, at its sole discretion, to do so.
4. The rights granted herein may be assigned by the parties in whole or in part, and the terms, conditions and provisions hereof shall extend to and be binding upon the parties, their successors and assigns.

Owner:

Connie Stauffer
Connie Stauffer

Operator: Marion Energy Inc.

By: [Signature]

Its KERI CLARKE
VICE PRESIDENT - LAND

State of Utah

County of Sanpete

The foregoing instrument was acknowledged before me this 4th day of May, 2006 by Connie Stauffer.

[Signature]
Notary public

My commission expires:

4-13-2009



EXHIBIT "A"

Attached to and made a part of that certain Grant of Easement, dated May 4, 2006, by and between Connie Stauffer, Owner and Marion Energy Inc.

TOWNSHIP 13 SOUTH, RANGE 7 EAST, SLM

Section 17: NW/4NE/4

PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 4th day of May, 2006, by and between Connie Stauffer whose address is 2100 Bengal Blvd. #E-102, Cottonwood Heights, UT 84121 as Lessor (whether one or more), and Wolcott LLC, with offices at 550 Cedar Avenue, Grand Junction, CO 81501, as Lessee.

1. **Description.** In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called Leased Premises:

The Northwest quarter of the Northeast quarter of Section 17, Township 13 South, Range 7 East, Salt Lake Base and Meridian.

in the County(ies) of Carbon, State of Utah containing 40.00 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide, gaseous sulfur compounds, coal bed methane and all substances produced in association therewith from coal-bearing formations, and other commercial gases, as well as normal hydrocarbon gases. In addition to the above-described land, this lease and the term "Leased Premises" also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described land, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any payments based on acreage hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. **Term of Lease.** This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the Leased Premises or from lands pooled or unitized therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof. This lease may, at Lessee's option, be extended as to all or part of the lands covered hereby for an additional term of five (5) years commencing on the date that the lease would have expired but for the extension. Lessee may exercise its option by paying or tendering to Lessor an extension payment equal to the payment of the primary five (5) year term of this lease.

3. **Royalty Payment.** Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows:

- (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth (1/8) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity;
- (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth (1/8) of the proceeds realized by Lessee from the sale thereof, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements entered into on the same or nearest preceding date as the date on which Lessee or its affiliate commences its purchases hereunder; and
- (c) in calculating royalties on production hereunder, Lessee may deduct Lessor's proportionate part of any ad valorem, production and excise taxes, and any costs incurred by Lessee in treating, processing, delivering and otherwise marketing such production.

If at the end of the primary term or any time thereafter one or more wells on the Leased Premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee or other non producing operations are being conducted as set out below, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. Lessee shall be obligated to pay or tender to Lessor on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in or in which dewatering operations have commenced and thereafter on or before the succeeding anniversary dates of this lease during the period or periods such well is shut-in or is in the process of dewatering, as royalty the amount of One dollar per year per net royalty acre retained hereunder, provided that, if leased minerals from any well are sold or used as aforesaid prior to any such anniversary date of this lease, or if at any such anniversary date, this lease is being maintained in force and effect otherwise than by reason of such shut-in or dewatering well, Lessee shall not be obligated to pay or tender, on or before that particular anniversary date, said sum of money. Such shut-in or dewatering payment shall be deemed a royalty under all provisions of this lease. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. **Depository Agent.** All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit with a depository bank or other depository agent, the name of which will be supplied to Lessee upon request, and which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. **Operations.** Included under this article, but not by way of limitation, are those operations that may be conducted in an effort to dewater coalbed formations in an effort to produce methane gas or other associated products therefrom, if there be such. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the Leased Premises or lands pooled or unitized therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority or if coalbed dewatering operations cease, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the Leased Premises or lands pooled or unitized therewith, or re-establishes coalbed dewatering operations, within 180 days after completion of operations on such dry hole or within 180 days after such cessation of all production or coalbed dewatering cessation. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, or operations to re-establish coalbed dewatering operations, this lease shall remain in force so long as any one or more of such operations are prosecuted with no interruption of more than 180 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the Leased Premises or lands pooled or unitized therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the Leased Premises or lands pooled or unitized therewith as a reasonably prudent operator would drill under the same or similar circumstances to protect the Leased Premises from uncompensated drainage by any well or wells located on other lands not pooled or unitized therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein. It is also understood that operations may include, and Lessor is granted the exclusive right to inject air, gas, water, brine and other fluids from any source (other than Lessee's potable or irrigation water source) into subsurface strata that are below and separated from the source of said Lessee's water source.



6. **Pooling and Unitization.** Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

7. **Payment Reductions.** If Lessor owns less than the full mineral estate in all or any part of the Leased Premises, the royalties and shut-in royalties payable hereunder for any well on any part of the Leased Premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the Leased Premises bears to the full mineral estate in such part of the Leased Premises. To the extent any royalty or other payment attributable to the mineral estate covered by this lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

8. **Ownership Changes.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository provided for above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly, or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. **Release of Lease.** Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. **Ancillary Rights.** In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the Leased Premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the Leased Premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the Leased Premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the Leased Premises or lands pooled or unitized therewith, the ancillary rights granted herein shall apply (a) to the entire Leased Premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the Leased Premises or lands pooled or unitized therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 400 feet from any house or barn now on the Leased Premises or other lands of Lessor used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the Leased Premises, or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the Leased Premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. **Regulation and Delay.** Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, production or other operations are so prevented or delayed.

12. **Breach or Default.** No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

13. **Warranty of Title.** Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the Leased Premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

14. **Limited Liability.** Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, claims and environmental liability arising out of Lessee's operations under the terms of this lease.

15. **Sole Agreement.** This Agreement may be executed in counterparts and all counterparts shall be construed together and shall constitute one Agreement. Upon execution, this lease shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor. Any prior agreement or representation, oral or written, between the parties is superseded by this Agreement and this Agreement between the parties above is the sole and only agreement now in effect between such parties.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above,

LESSOR (WHETHER ONE OR MORE)

Connie Stauffer
Connie Stauffer

ACKNOWLEDGEMENT

STATE OF Utah)

) ss.

COUNTY OF Sanpete

On this 4th day of May, 2006, before me, the undersigned, a Notary Public in and for said County and State, Connie Stauffer personally appeared and personally known to me, or proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon which the person acted, executed the instrument.

WITNESS my hand and official seal.

Tisha Larsen
Notary Public

My Commission Expires

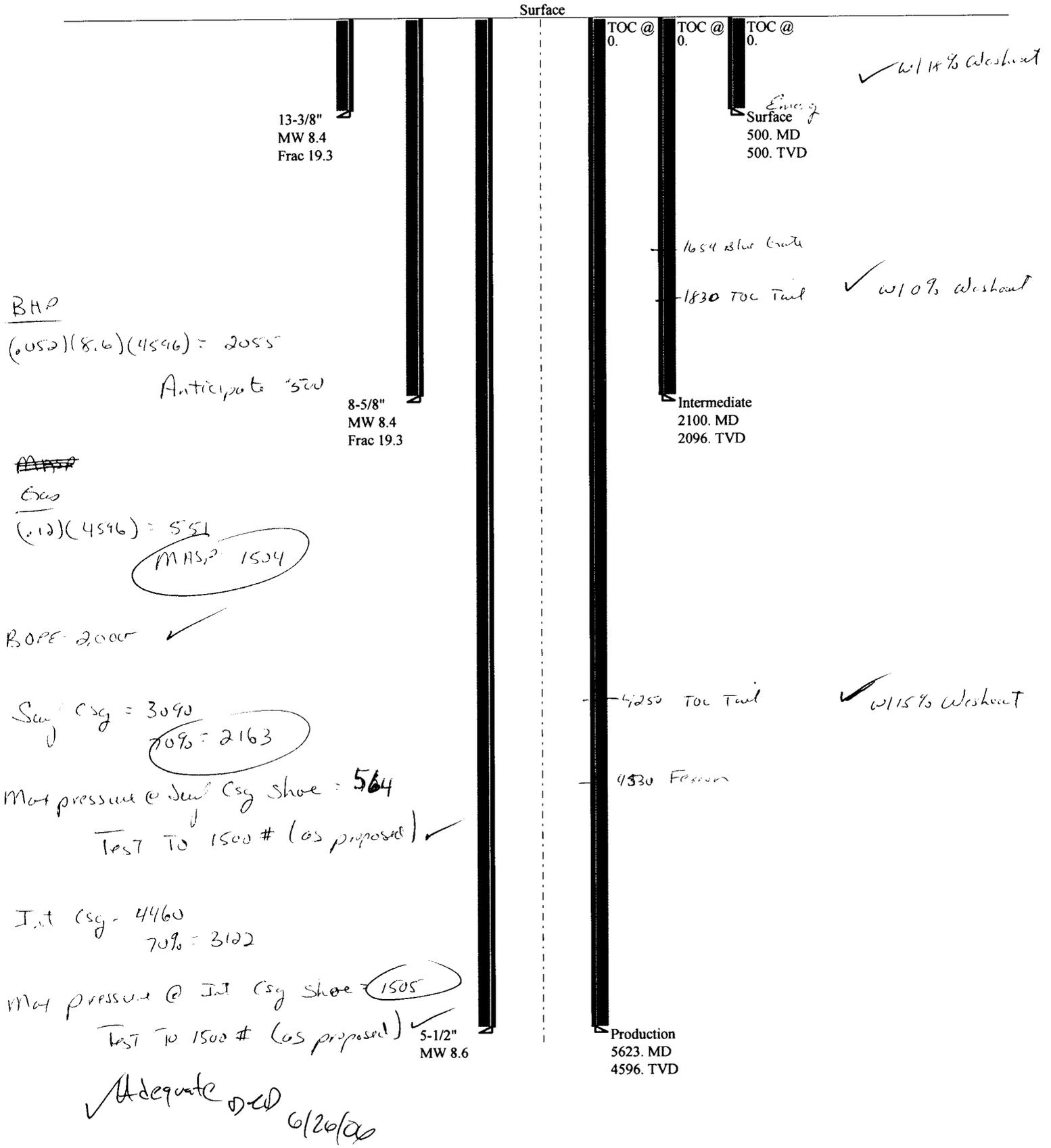
4-13-2009

After Recording Return to:
Wolcott, L.L.C.
550 Cedar Avenue, Grand Junction, CO 81501
(970) 242-5957



06 Marion Alpine School District 3-17

Casing Schematic



Well name:

06-06 Marion Alpine School District 3-17

Operator: **Marion Energy Inc**

String type: **Surface**

Project ID:

43-007-31182

Location: **Carbon Co.**

Design parameters:

Collapse

Mud weight: 8.400 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: 72 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Burst

Max anticipated surface pressure: -5 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 218 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 437 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 2,096 ft
Next mud weight: 8.400 ppg
Next setting BHP: 915 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure 500 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	500	13.375	61.00	J-55	ST&C	500	500	12.39	60.7
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	218	1540	7.063	218	3090	14.17	30	595	19.52 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Date: June 15,2006
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 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

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

Well name:	06-06 Marion Alpine School District 3-17		
Operator:	Marion Energy Inc	Project ID:	43-007-31182
String type:	Intermediate		
Location:	Carbon Co.		

Design parameters:

Collapse
Mud weight: 8.400 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: 94 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 600 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,502 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,753 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 1,833 ft

Directional well information:

Kick-off point 500 ft
Departure at shoe: 52 ft
Maximum dogleg: 3 °/100ft
Inclination at shoe: 13.46 °

Re subsequent strings:

Next setting depth: 4,596 ft
Next mud weight: 8.600 ppg
Next setting BHP: 2,053 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,096 ft
Injection pressure 2,096 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	2100	8.625	36.00	J-55	ST&C	2096	2100	7.7	150.7
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	914	3341	3.654	1753	4460	2.54	75	434	5.75 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Date: June 15,2006
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 2096 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.
Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

Well name:	06-06 Marion Alpine School District 3-17	
Operator:	Marion Energy Inc	Project ID:
String type:	Production	43-007-31182
Location:	Carbon Co.	

Design parameters:

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

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 129 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Burst:
Design factor 1.00

Cement top: Surface

Burst

Max anticipated surface pressure: -1 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 2,053 psi

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)

Directional well information:

Kick-off point 500 ft
Departure at shoe: 2448 ft
Maximum dogleg: 3 °/100ft
Inclination at shoe: 50 °

No backup mud specified.

Tension is based on air weight.
Neutral point: 4,691 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	5623	5.5	17.00	J-55	ST&C	4596	5623	4.767	193.8
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	2053	4910	2.391	2053	5320	2.59	78	229	2.93 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Date: June 15,2006
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 4596 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.
Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

Division of Oil, Gas and Mining
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File ASD 6-17
4 ASD 3-17
(Loc.) Sec 17 Twp 13S Rng 7E
(API No.) _____

Suspense
(Return Date) _____
(To-Initials) _____

Other

1. Date of Phone Call: 06-22-06 Time: 12:58

2. DOGM Employee (name) BRAD HILL (Initiated Call)
Talked to:
Name CONNIE STAUFFER (Initiated Call) - Phone No. () _____
of (Company/Organization) MINERAL OWNER

3. Topic of Conversation: MS. STAUFFER CALLED TO STATE THAT
THEY HAD WORKED OUT THE EASEMENT AND
MINERAL LEASES WITH MARION. (NW/4 NE/4)

4. Highlights of Conversation: _____

IN A MEETING THIS MORNING (9:45) WITH
MYSELF AND DUSTIN DOUDET SHE HAD STATED
THAT SHE DID NOT SIGN THE DOCUMENTS THAT
MARION HAD SENT TO DOGM BY EMAIL,

[Handwritten signature]

Friday 6/23/06

Consider this my written notification that there has been no agreement whether it be verbal or written between myself, Connie Stauffer and Marion Energy Inc. concerning "Paid off Oil & Gas Lease" and "Grant of Easement" Agreements or any other Agreement thereof.

This statement will stand in effect until any further written notice is received & notarized in the presence of the Division of Oil & Gas & Mining from myself, Connie Stauffer.

Connie Stauffer 6/23/06

RECEIVED

JUN 23 2006

DIV. OF OIL, GAS & MINING



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 26, 2006

Marion Energy Inc.
8290 West Sahara, Suite 186
Las Vegas, NV 89117

Re: Alpine School District 3-17 Well, 692' FNL, 2014' FEL, NW NE, Sec. 17, T. 13 South, R. 7 East, Bottom Location 95' FNL, 1585' FWL, NE NW, Sec. 17, T. 13 South, R. 7 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31182.

Sincerely,

Gil Hunt
Associate Director

mf
Enclosures

cc: Carbon County Assessor
SITLA
Bureau of Land Management, Vernal District Officer

Operator: Marion Energy Inc.
Well Name & Number Alpine School District 3-17
API Number: 43-007-31182
Lease: ML-1257

Location: NW NE **Sec. 17** **T. 13 South** **R. 7 East**
Bottom Location: NE NW **Sec. 17** **T. 13 South** **R. 7 East**

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following 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. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

5. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

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

7. 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.

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

FORM 9

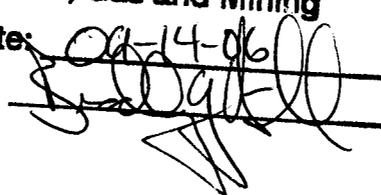
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: STATE ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Alpine School District #3-17	
2. NAME OF OPERATOR: Marion Energy Inc.		9. API NUMBER: 4300731182
3. ADDRESS OF OPERATOR: 119 S. Tennessee STE 200 CITY McKinney STATE TX ZIP 75069	PHONE NUMBER: (972) 540-2967	10. FIELD AND POOL, OR WMLDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49'FEL, 692.77'FNL NE/4		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		STATE: UTAH

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

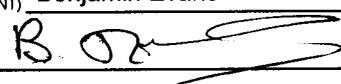
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

As per the approval documents that correspond with the APD for the Alpine School District #3-17 well, this sundry notice serves to outline the requested change in location of the reserve pit within this pad site. The pit has been moved from the south side of the pad to the north side as outlined on the attached survey as per the request of the DOGM.

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

Date: 09-14-06
By: 

DATE: 10/3/06
BY: RH

NAME (PLEASE PRINT) Benjamin Evans	TITLE Landman
SIGNATURE 	DATE 9/7/2006

(This space for State use only)

RECEIVED
SEP 11 2006
DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL		8. WELL NAME and NUMBER: Alpine School District 3-17
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		9. API NUMBER: 4300731182
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 9/26/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Casing Sundry</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Due to problems drilling in impending winter weather we propose to change the casing to 10 3/4, J-55, 45.5#

Intermediate: 7 5/8", J-55, 24 #, set at 2100'

Liner: 5 1/2", J-55, 17#

COPY SENT TO OPERATOR
Date: 11/17/06
Initials: DWM

RECEIVED
OCT 02 2006
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE <u>Doug Endsley by Chadman Be...</u>	DATE <u>9/26/2006</u>

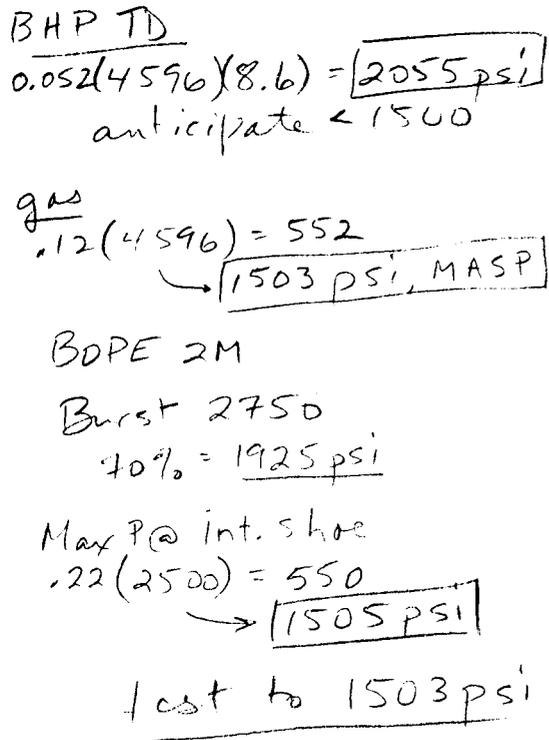
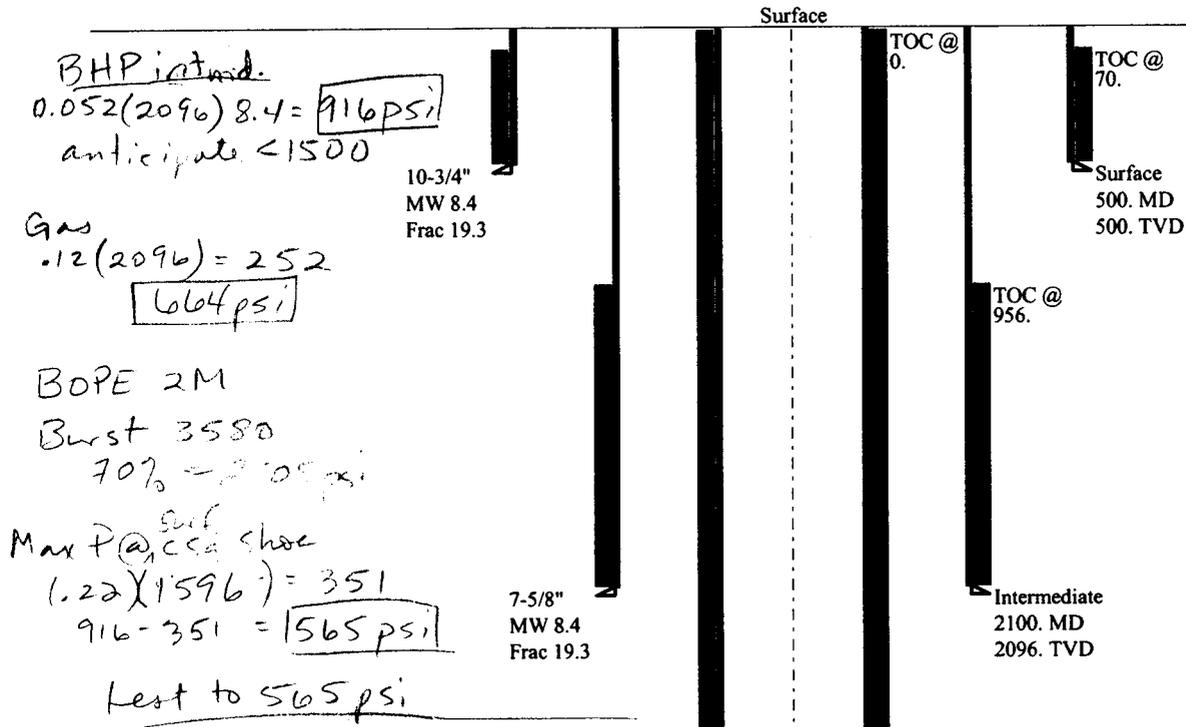
(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 11/16/06
BY: [Signature] (See Instructions on Reverse Side)

(5/2000)

* Surface and intermediate casing strings shall be cemented back to surface

2006-10 Marion Alpine School District 3-17mod Casing Schematic



⇒ Strip Surf & int med. cut s back to surface ✓

Well name:	2006-10 Marion Alpine School District 3-17mod	
Operator:	Marion Energy Inc	Project ID:
String type:	Surface	43-007-31182
Location:	Carbon Co.	

Design parameters:

Collapse

Mud weight: 8.400 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: 72 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 185 ft

Cement top: 70 ft

Burst

Max anticipated surface pressure: 440 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 500 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
 Neutral point: 438 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 2,096 ft
 Next mud weight: 8.400 ppg
 Next setting BHP: 915 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 500 ft
 Injection pressure: 500 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	500	10.75	45.50	J-55	ST&C	500	500	9.825	269.9
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	218	2090	9.581	500	3580	7.16	23	493	21.67 J

Prepared by: Clinton Dworshak
 Div of Oil, Gas & Minerals

Date: October 12, 2006
 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 500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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

Well name:	2006-10 Marion Alpine School District 3-17mod	
Operator:	Marion Energy Inc	Project ID:
String type:	Intermediate	43-007-31182
Location:	Carbon Co.	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,502 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 1,753 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: 1,833 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 94 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 600 ft

Cement top:

956 ft

Directional well information:

Kick-off point 500 ft
 Departure at shoe: 52 ft
 Maximum dogleg: 3 °/100ft
 Inclination at shoe: 13.46 °

Re subsequent strings:

Next setting depth: 4,596 ft
 Next mud weight: 8.600 ppg
 Next setting BHP: 2,053 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 2,096 ft
 Injection pressure: 2,096 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	2100	7.625	24.00	H-40	ST&C	2096	2100	6.9	565.2
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	915	1949	2.132	1753	2750	1.57	50	212	4.21 J

Prepared by: Clinton Dworshak
 Div of Oil, Gas & Minerals

Date: October 12, 2006
 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 2096 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.
 Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

Well name:	2006-10 Marion Alpine School District 3-17mod	
Operator:	Marion Energy Inc	Project ID:
String type:	Production Liner	43-007-31182
Location:	Carbon Co.	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,042 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 2,053 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: 4,691 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 129 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: Surface

Directional well information:

Kick-off point: 500 ft
 Departure at shoe: 2448 ft
 Maximum dogleg: 3 °/100ft
 Inclination at shoe: 50 °

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	5623	5.5	17.00	J-55	ST&C	4596	5623	4.767	734
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	2053	4910	2.391	2053	5320	2.59	78	229	2.93 J

Prepared by: Clinton Dworshak
 Div of Oil, Gas & Minerals

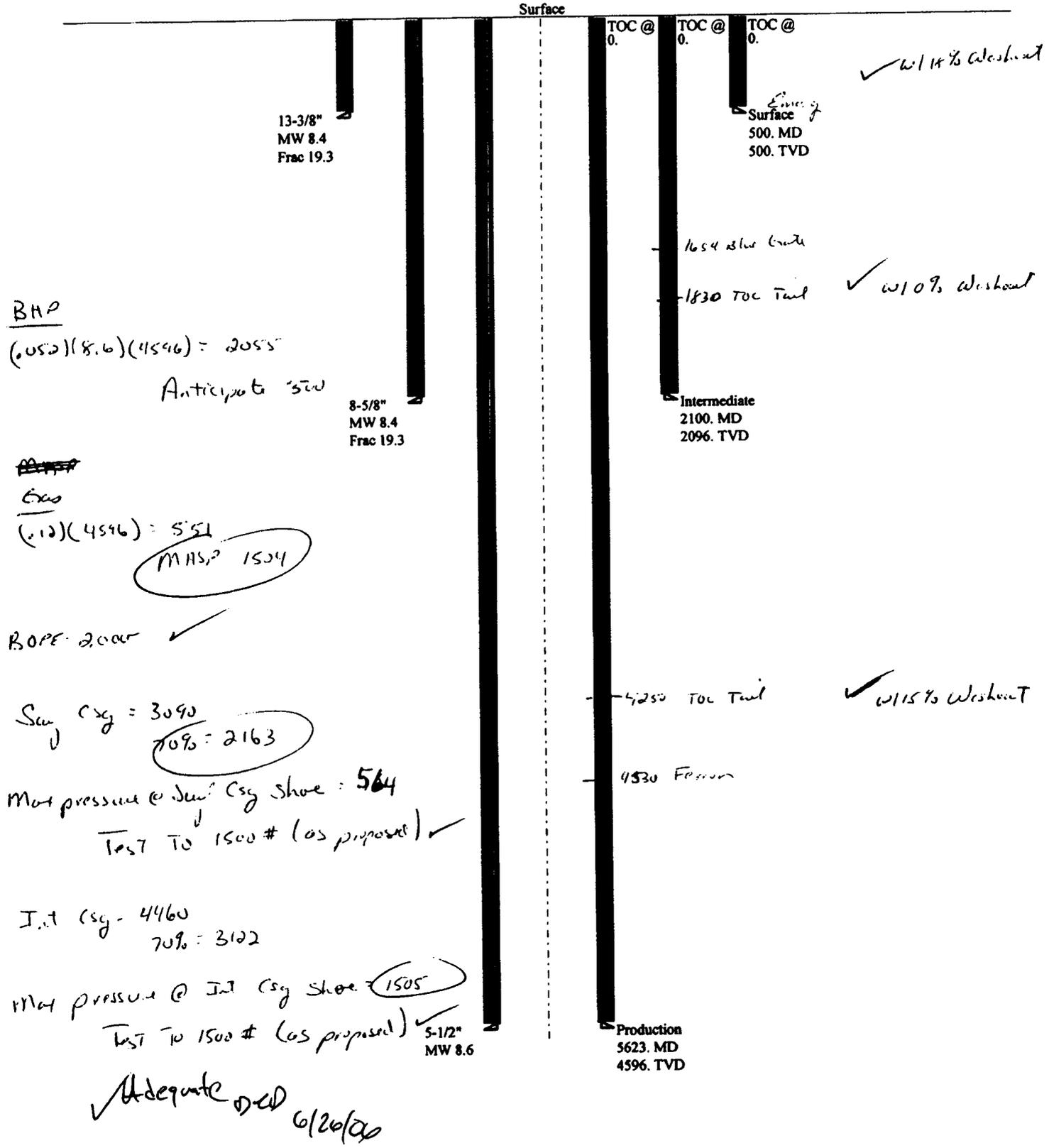
Date: October 12, 2006
 Salt Lake City, Utah

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 4596 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.
 Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

06 Marion Alpine School District 3-17
Casing Schematic



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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER:
State ML-1257

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Clear Creek Unit

8. WELL NAME and NUMBER:
Alpine School District 3-17

9. API NUMBER:
4300731182

10. FIELD AND POOL, OR WILDCAT:
Wildcat

1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER _____

2. NAME OF OPERATOR:

Marion Energy, Inc

3. ADDRESS OF OPERATOR:

119 So. Tennessee #200

CITY McKinney

STATE TX

ZIP 75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL

COUNTY: Carbon

QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>12/5/2006</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Change Casing Program</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

We plan to run 10 3/4", J-55, 40.5 # at 500', in a 14 3/4" hole. We will cement with 345 sx, Class "G", 14.2 ppg, 1.41 cuft/sk. We will then drill an 8 3/4" hole to 2100' and run 7 5/8", J-55, 26.4 # casing and cement with 262 sx 50/50 Poz, 14.2 ppg, 1.41 cuft/sk. A 6 3/4" hole will be drilled to TD of 5304'. A 5 1/2", J-55, 17 #, liner will be run and set at +/- 5154'. The liner will be cemented with 100 sx, Premium Lite cement, 11.0 ppg, 3.82 cuft/sk, as lead and 104 sx, 50/50 Poz, 14.2 ppg, 1.41 cuft/sk as tail.

COPY SENT TO OPERATOR
Date: 12-29-06
Initials: RM

NAME (PLEASE PRINT) Doug Endsley

TITLE VP Operations

SIGNATURE Doug Endsley

DATE 11/9/2006

(This space for State use only)

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

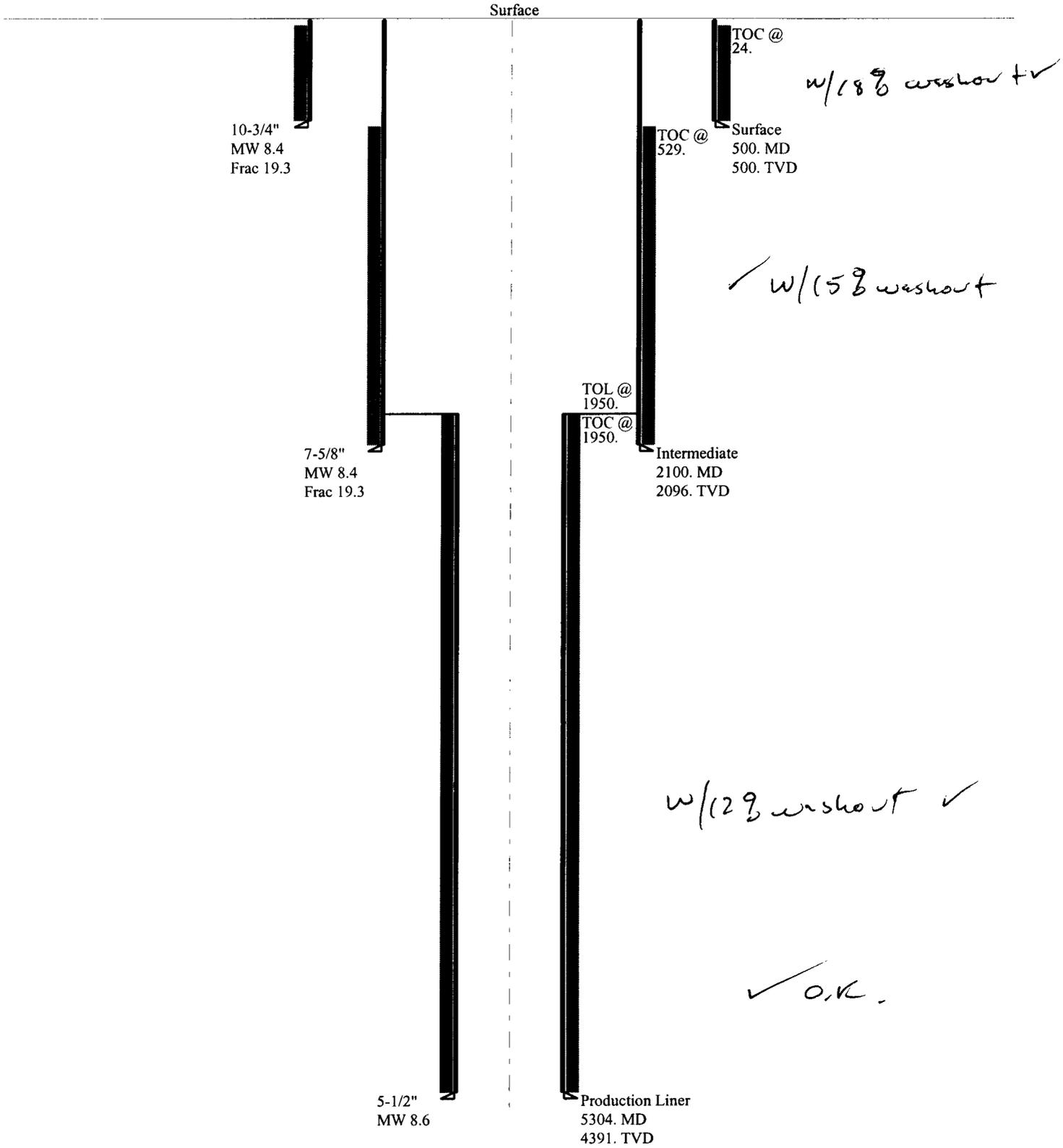
DATE: 12/28/06 (See Instructions on Reverse Side)

BY: D. Endsley

RECEIVED
NOV 16 2006

DIV. OF OIL, GAS & MINING

2006-10 Marion Alpine School District 3-17mod
Casing Schematic



Well name:	2006-10 Marion Alpine School District 3-17mod	
Operator:	Marion Energy Inc	Project ID:
String type:	Surface	43-007-31182
Location:	Carbon Co.	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 440 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 500 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: 438 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 72 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 185 ft

Cement top: 24 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 2,096 ft
 Next mud weight: 8.400 ppg
 Next setting BHP: 915 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 500 ft
 Injection pressure: 500 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	500	10.75	40.50	J-55	ST&C	500	500	9.925	275.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1580	7.243 ✓	500	3130	6.26 ✓	20	420	20.74 J ✓

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

Date: December 28, 2006
 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 500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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

Well name:

2006-10 Marion Alpine School District 3-17mod

Operator: **Marion Energy Inc**

String type: Intermediate

Project ID:
43-007-31182

Location: Carbon Co.

Design parameters:

Collapse

Mud weight: 8.400 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: 94 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 600 ft

Cement top: 529 ft

Burst

Max anticipated surface pressure: 1,435 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,686 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.

Neutral point: 1,836 ft

Directional well information:

Kick-off point 500 ft
Departure at shoe: 52 ft
Maximum dogleg: 3 °/100ft
Inclination at shoe: 13.46 °

Re subsequent strings:

Next setting depth: 4,391 ft
Next mud weight: 8.600 ppg
Next setting BHP: 1,962 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,096 ft
Injection pressure: 2,096 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	2100	7.625	26.40	J-55	ST&C	2096	2100	6.844	556.2
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	914	2811	3.074 ✓	1686	4140	2.46 ✓	55	315	5.69 J ✓

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

Date: December 28, 2006
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 2096 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

Well name:	2006-10 Marion Alpine School District 3-17mod		
Operator:	Marion Energy Inc		
String type:	Production Liner	Project ID:	43-007-31182
Location:	Carbon Co.		

Design parameters:

Collapse

Mud weight: 8.600 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: 126 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 1,950 ft

Burst

Max anticipated surface pressure: 996 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 1,962 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
 Neutral point: 4,818 ft

Liner top: 1,950 ft

Directional well information:

Kick-off point 500 ft
 Departure at shoe: 2204 ft
 Maximum dogleg: 3 °/100ft
 Inclination at shoe: 50 °

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	3304	5.5	17.00	J-55	ST&C	4391	5304	4.767	431.2
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	1962	4910	2.503 ✓	1962	5320	2.71 ✓	41	229	5.63 J ✓

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

Date: December 28, 2006
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension. For this liner string, the top is rounded to the nearest 100 ft. Collapse is based on a vertical depth of 4391 ft, a mud weight of 8.6 ppg. The Burst strength is not adjusted for tension. Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Alpine School District 3-17	
2. NAME OF OPERATOR: Marion Energy, Inc		9. API NUMBER: 4300731182
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069	PHONE NUMBER: (972) 540-2967	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		COUNTY: Carbon STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 7/3/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Spud Sundry</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Benco Services spudded the ASD 6-17 and ASD 3-17 on 6/26/2006 by setting 40' conductor pipe and cementing it in. Anticipated date to move a drilling rig in is September 2006.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE	DATE <u>7/3/2006</u>

(This space for State use only)

RECEIVED
APR 5 2007
DIV. OF OIL, GAS & MINING

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

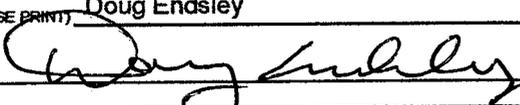
FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
2. NAME OF OPERATOR: Marion Energy, Inc		8. WELL NAME and NUMBER: Alpine School District 3-17
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		9. API NUMBER: 4300731182
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 4/2/2007	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Drilling Follow-Up</u> <u>Sundry</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>4/2/2007</u>

(This space for State use only)

RECEIVED
APR 05 2007
DIV. OF OIL, GAS & MINING

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

FORM 6

ENTITY ACTION FORM

Operator: Marion Energy Inc.
Address: 119 S. Tennessee, Ste. 200
city McKinney
state TX zip 75069

Operator Account Number: N 2740
Phone Number: (972) 540-2967

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731182	Alpine School District #3-17		NWNE	17	13S	7E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
AB	99999	2550	6/26/2006		4/12/07		
Comments: <u>FRSD BHL NENW</u>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731181	Alpine School District #6-17		NWNE	17	13S	7E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
KB	99999	2550	6/26/2006		4/12/07		
Comments: <u>FRSD BHL SENW</u>							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731168	Kenilworth Railroad #15-3		SESE	18	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16041	7/10/2006		4/23/07		
Comments: <u>FRSD BHL = SWSW Sec 15</u>							

ACTION CODES:

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

Benjamin Evans

Name (Please Print)

Signature

Landman

Title

RECEIVED

Date

APR 12 2007

DIV. OF OIL, GAS & MINING

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:

State ML-1257

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Clear Creek Unit

8. WELL NAME and NUMBER:

Alpine School District 3-17

9. API NUMBER:

4300731182

10. FIELD AND POOL, OR WILDCAT:

Wildcat

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

GAS WELL

OTHER _____

2. NAME OF OPERATOR:

Marion Energy, Inc

3. ADDRESS OF OPERATOR:

119 So. Tennessee #200

CITY

McKinney

STATE

TX

ZIP

75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL

COUNTY: Carbon

QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E

STATE:

UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>7/5/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> 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.

Due to problems encountered while drilling the ASD 6-17 we intend to change the casing program for the ASD 3-17 in the following manner.

The intermediate casing will be changed from 8 5/8" to 9 5/8", J-55, 36#. We will use the same type of cement but volumes will be changed to 230 sx of Premium Lite with a yield of 3.82 cuft. per sk and a slurry weight of 11 ppg. as lead and 194 sx of 50/50 Poz with a yield of 1.41 cuft per sk and a slurry weight of 14.2 ppg. These volumes reflect 75% excess over ideal hole volumes.

The production casing will be changed to 7", N-80, 23# and the hole size will be changed to 8 3/4" from 7 7/8". We will use the same type of cement as shown on the approved APD. The new volumes for the lead cement will be 296 sx of Premium Lite with the same yield and weight as mentioned above. The tail cement will be 186 sx of 50/50 Poz with the same yield and weight as mentioned above. These volumes were also calculated with 75% excess.

COPY SENT TO OPERATOR
Date: 7-11-07
Initials: CND

NAME (PLEASE PRINT) Charlotte Parker

TITLE Secretary

SIGNATURE Charlotte Parker

DATE 6/26/2007

(This space for State use only)

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

DATE: 7/10/07

BY: [Signature]

See Instructions on Reverse Side

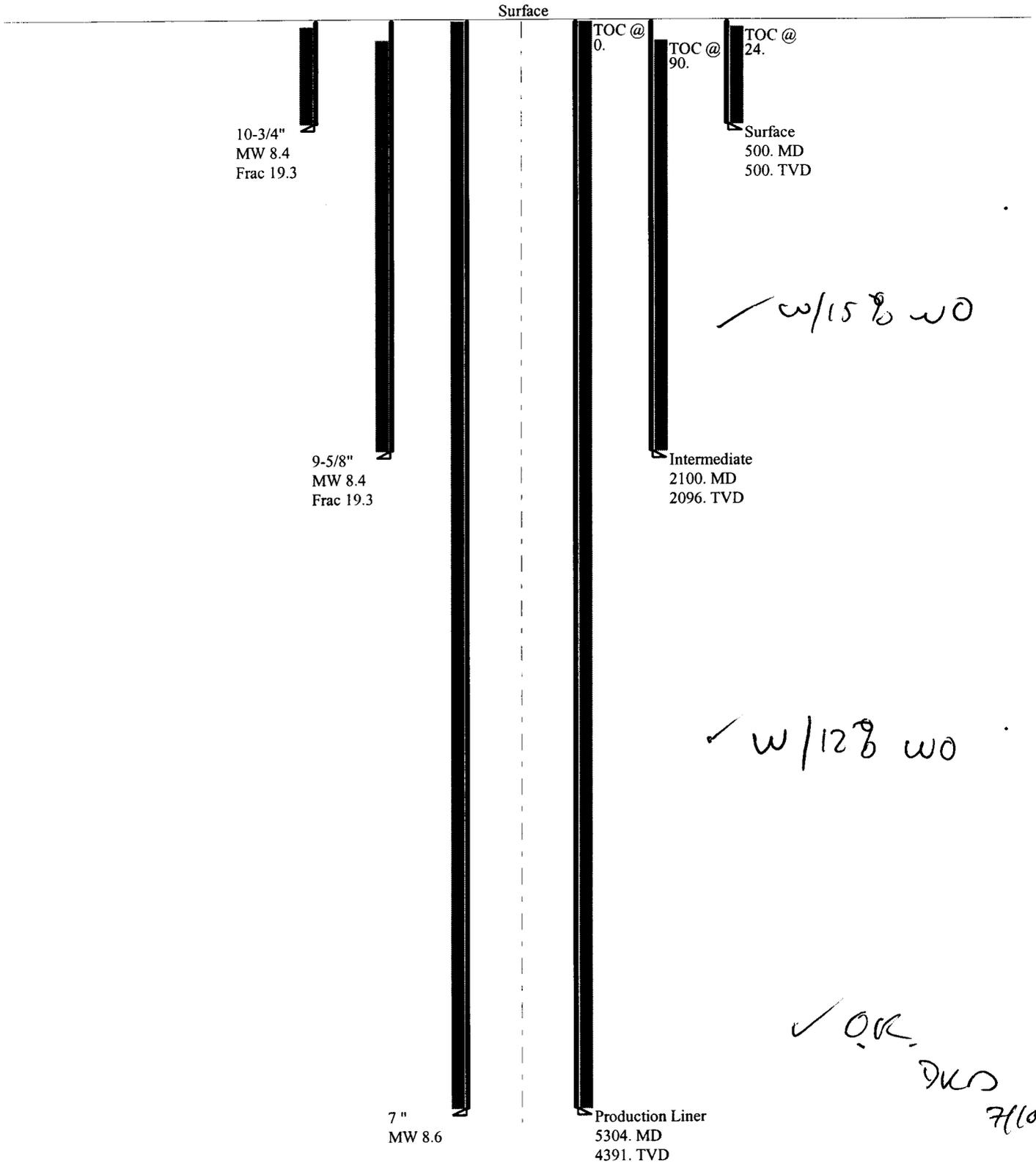
RECEIVED

JUN 28 2007

DIV. OF OIL, GAS & MINING

(5/2000)

2006-10 Marion Alpine School District 3-17modII Casing Schematic



Well name:	2006-10 Marion Alpine School District 3-17modII		
Operator:	Marion Energy Inc	Project ID:	
String type:	Intermediate	43-007-31182	
Location:	Carbon Co.		

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,435 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 1,686 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: 1,836 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 94 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 600 ft

Cement top: 90 ft

Directional well information:

Kick-off point: 500 ft
 Departure at shoe: 52 ft
 Maximum dogleg: 3 °/100ft
 Inclination at shoe: 13.47 °

Re subsequent strings:

Next setting depth: 4,391 ft
 Next mud weight: 8.600 ppg
 Next setting BHP: 1,962 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 2,096 ft
 Injection pressure: 2,096 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	2100	9.625	36.00	J-55	ST&C	2096	2100	8.796	911.5
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	915	1948	2.129 ✓	1686	3520	2.09 ✓	75	394	5.22 J ✓

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

Date: July 10, 2007
 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 2096 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.
 Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

Well name:	2006-10 Marion Alpine School District 3-17modII	
Operator:	Marion Energy Inc	Project ID:
String type:	Production Liner	43-007-31182
Location:	Carbon Co.	

Design parameters:

Collapse
Mud weight: 8.600 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: 126 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 996 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 1,962 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 4,421 ft

Directional well information:

Kick-off point 500 ft
Departure at shoe: 2204 ft
Maximum dogleg: 3 °/100ft
Inclination at shoe: 50 °

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	5304	7	23.00	N-80	LT&C	4391	5304	6.25	1172.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1962	3830	1.952 ✓	1962	6340	3.23 ✓	101	442	4.38 J ✓

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

Date: July 10, 2007
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 4391 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.
Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
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.		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
		8. WELL NAME and NUMBER: Alpine School District 3-17
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	9. API NUMBER: 4300731182	
2. NAME OF OPERATOR: Marion Energy, Inc	10. FIELD AND POOL, OR WILDCAT: Wildcat	
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069	PHONE NUMBER: (972) 540-2967	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL		COUNTY: Carbon
CTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>7/3/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Resume Drilling</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 Marion Energy, Inc. intends to resume drilling on the Alpine School District 3-17 somewhere around 7-3-2007.

NAME (PLEASE PRINT) <u>Charlotte Parker</u>	TITLE <u>Secretary</u>
SIGNATURE <u>Charlotte Parker</u>	DATE <u>6/26/2007</u>

(This space for State use only)

RECEIVED
JUL 02 2007
DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Sate ML-1257
2. NAME OF OPERATOR: Marion Energy Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee STE 200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 692.77' FNL, 2014.49 FEL, NE/4 QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		8. WELL NAME and NUMBER: Alpine School District #3-17
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 400731182
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

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

The purpose of this sundry report is to amend the bottom hole location of the Alpine School District #3-17 bottom hole location.

The new bottom hole location will no longer be located within the confines of lease ML-1257 (as referenced above), and will now be located, once the well reaches total depth, under lease FEE/UT 2570-00023-AD. (attached for your reference)

The new bottom hole location is as follows:

148ft FSL, 1415ft FWL / SW/4 S8 13S-7E (bottom hole)

Please see the attached directional survey, and platt for details pertaining to this change.

*485709X
4393955Y
39.697210
- 111.164685*

COPY SENT TO OPERATOR
Date: 8-2-07
Initials: RM

NAME (PLEASE PRINT) Benjamin Evans	TITLE Landman
SIGNATURE	DATE 7/6/2007

(This space for State use only)

APPROVED BY THE STATE
DIVISION OF OIL, GAS AND MINING

DATE: 7/23/07
BY: (See Instructions on Reverse Side)

RECEIVED
JUL 13 2007
DIV. OF OIL, GAS & MINING

(5/2000)



August 1, 2007

Diana Whitney
State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Directional Drilling R649-3-11

Alpine School District #3-17: 692.77'FNL, 2014.49' FEL NE/4 S17 13S-7E (Surface)
148ft FSL, 1415ft FWL / SW/4 S8 13S-7E (bottom hole)
Carbon County, UT.

Dear Ms. Whitney

Pursuant to the filing of Marion Energy Inc.'s Application for Permit to Drill the above referenced well on January 5th 2006, we are hereby submitting this letter in accordance with Oil and Gas Conservation Rule R649-3-11 pertaining to the exception to location and Siting of wells.

- The Alpine School District #3-17 well is located within the Clear Creek Federal Unit Area.
- Marion Energy Inc. is permitting this well as a directional well in order to maximize drainage of the reservoir in a topographically challenging area.
- The concept of drilling Multiple directional wells from a single pad site will allow Marion Energy Inc. to minimize surface disturbance that would be otherwise cause by two or more separate pad sites, as the plan is to drill two directional wells from this pad.
- Marion Energy Inc. hereby certifies that it is the sole owner within 460 feet of the entire directional well bore.

Therefore, based upon the above information Marion Energy Inc. requests the permit be granted pursuant to R649-3-11.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Evans", with a long horizontal flourish extending to the right.

Benjamin Evans
Landman
Marion Energy Inc.

119 South Tennessee, Suite 200 McKinney, Texas, 75069
Telephone: (972) 540-2967, Fax: (972) 547-0442

MARION ENERGY, INC.

Carbon County, Utah

Clear Creek Unit

ASD #3-17

Original Hole

Plan: Plan #2

Standard Planning Report

27 June, 2007

Nevis

Planning Report

Database: EDM 2003.14 Single User Db
Company: MARION ENERGY, INC.
Project: Carbon County, Utah
Site: Clear Creek Unit
Well: ASD #3-17
Wellbore: Original Hole
Design: Plan #2

Survey Method:
Survey Description:
Survey Date:
Survey Station:

Site: Clear Creek Unit
WELL @ 0.0ft (Original Well Elev)
WELL @ 0.0ft (Original Well Elev)
Grid
Minimum Curvature

Project	Carbon County, Utah, Sec. 17, T13S, R7E		
Map System:	Universal Transverse Mercator	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 - Alaska		
Map Zone:	Zone 12N (114 W to 108 W)		

Site	Clear Creek Unit, Sec.17, T13S, R7E				
Site Position:		Northing:	14,415,023.68 ft	Latitude:	39° 41' 41.969 N
From:	Lat/Long	Easting:	1,595,298.66 ft	Longitude:	111° 8' 37.407 W
Position Uncertainty:	0.0 ft	Slot Radius:	"	Grid Convergence:	-0.10 °

Well	ASD #3-17					
Well Position	+N-S	0.0 ft	Northing:	14,415,023.68 ft	Latitude:	39° 41' 41.969 N
	+E-W	0.0 ft	Easting:	1,595,298.66 ft	Longitude:	111° 8' 37.407 W
Position Uncertainty	0.0 ft		Wellhead Elevation:	ft	Ground Level:	7,918.0 ft

Wellbore	Original Hole				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	6/27/2007	12.18	65.38	52,371

Design	Plan #2				
Audit Notes:					
Version:	Phase:	PROTOTYPE	Tie On Depth:	0.0	
Vertical Section:	Depth From (TVD) (ft)	+N-S (ft)	+E-W (ft)	Direction (°)	
	0.0	0.0	0.0	295.00	

Plan Sections										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Dogleg Rate (°/100ft)	Bulld Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
1,650.0	0.00	0.00	1,650.0	0.0	0.0	0.00	0.00	0.00	0.00	
3,068.6	42.56	295.00	2,941.7	212.6	-455.9	3.00	3.00	0.00	295.00	
4,468.7	42.56	295.00	3,973.0	612.9	-1,314.1	0.00	0.00	0.00	0.00	
5,339.4	30.13	295.00	4,673.0	830.6	-1,780.8	1.43	-1.43	0.00	-179.99	

Nevis Planning Report

Database: EDM 2003.14 Single User Db
Company: MARION ENERGY, INC.
Project: Carbon County, Utah
Well: Clear Creek Unit
Well ID: ASD #3-17
Well Type: Original Hole
Design: Plan #2

Site: Clear Creek Unit
Well 1: WELL @ 0.0ft (Original Well Elev)
Well 2: WELL @ 0.0ft (Original Well Elev)
Grid:
Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
1,100.0	0.00	0.00	1,100.0	0.0	0.0	0.0	0.00	0.00	0.00
1,200.0	0.00	0.00	1,200.0	0.0	0.0	0.0	0.00	0.00	0.00
1,300.0	0.00	0.00	1,300.0	0.0	0.0	0.0	0.00	0.00	0.00
1,400.0	0.00	0.00	1,400.0	0.0	0.0	0.0	0.00	0.00	0.00
1,500.0	0.00	0.00	1,500.0	0.0	0.0	0.0	0.00	0.00	0.00
1,600.0	0.00	0.00	1,600.0	0.0	0.0	0.0	0.00	0.00	0.00
1,650.0	0.00	0.00	1,650.0	0.0	0.0	0.0	0.00	0.00	0.00
KOP									
1,700.0	1.50	295.00	1,700.0	0.3	-0.6	0.7	3.00	3.00	0.00
1,800.0	4.50	295.00	1,799.8	2.5	-5.3	5.9	3.00	3.00	0.00
1,900.0	7.50	295.00	1,899.3	6.9	-14.8	16.3	3.00	3.00	0.00
2,000.0	10.50	295.00	1,998.0	13.5	-29.0	32.0	3.00	3.00	0.00
2,100.0	13.50	295.00	2,095.8	22.3	-47.8	52.8	3.00	3.00	0.00
2,200.0	16.50	295.00	2,192.4	33.2	-71.3	78.6	3.00	3.00	0.00
2,300.0	19.50	295.00	2,287.5	46.3	-99.3	109.5	3.00	3.00	0.00
2,400.0	22.50	295.00	2,380.9	61.4	-131.8	145.4	3.00	3.00	0.00
2,500.0	25.50	295.00	2,472.2	78.6	-168.6	186.0	3.00	3.00	0.00
2,600.0	28.50	295.00	2,561.3	97.8	-209.8	231.4	3.00	3.00	0.00
2,700.0	31.50	295.00	2,647.9	119.0	-255.1	281.4	3.00	3.00	0.00
2,800.0	34.50	295.00	2,731.8	142.0	-304.4	335.9	3.00	3.00	0.00
2,900.0	37.50	295.00	2,812.6	166.8	-357.7	394.7	3.00	3.00	0.00
3,000.0	40.50	295.00	2,890.4	193.4	-414.7	457.6	3.00	3.00	0.00
3,068.6	42.56	295.00	2,941.7	212.6	-455.9	503.0	3.00	3.00	0.00
3,100.0	42.56	295.00	2,964.8	221.6	-475.2	524.3	0.00	0.00	0.00
3,200.0	42.56	295.00	3,038.5	250.2	-536.5	591.9	0.00	0.00	0.00
3,300.0	42.56	295.00	3,112.2	278.8	-597.8	659.6	0.00	0.00	0.00
3,400.0	42.56	295.00	3,185.8	307.4	-659.0	727.2	0.00	0.00	0.00
3,500.0	42.56	295.00	3,259.5	336.0	-720.3	794.8	0.00	0.00	0.00
3,600.0	42.56	295.00	3,333.1	364.5	-781.6	862.5	0.00	0.00	0.00
3,700.0	42.56	295.00	3,406.8	393.1	-842.9	930.1	0.00	0.00	0.00
3,800.0	42.56	295.00	3,480.5	421.7	-904.2	997.7	0.00	0.00	0.00
3,900.0	42.56	295.00	3,554.1	450.3	-965.5	1,065.4	0.00	0.00	0.00
4,000.0	42.56	295.00	3,627.8	478.9	-1,026.8	1,133.0	0.00	0.00	0.00
4,100.0	42.56	295.00	3,701.4	507.5	-1,088.1	1,200.6	0.00	0.00	0.00
4,200.0	42.56	295.00	3,775.1	536.1	-1,149.4	1,268.3	0.00	0.00	0.00
4,300.0	42.56	295.00	3,848.8	564.7	-1,210.7	1,335.9	0.00	0.00	0.00
4,400.0	42.56	295.00	3,922.4	593.2	-1,272.0	1,403.5	0.00	0.00	0.00
4,468.7	42.56	295.00	3,973.0	612.9	-1,314.1	1,450.0	0.00	0.00	0.00
Ferron									
4,500.0	42.11	295.00	3,996.2	621.8	-1,333.2	1,471.1	1.43	-1.43	0.00
4,600.0	40.68	295.00	4,071.2	649.7	-1,393.1	1,537.2	1.43	-1.43	0.00
4,700.0	39.26	295.00	4,147.8	676.9	-1,451.3	1,601.4	1.43	-1.43	0.00

Nevis

Planning Report

Database: EDM 2003.14 Single User Db
Company: MARION ENERGY, INC.
Location: Carbon County, Utah
Unit: Clear Creek Unit
Well: ASD #3-17
Wellbore: Original Hole
Design: Plan #2



Site: Clear Creek Unit
WELL @ 0.0ft (Original Well Elev)
WELL @ 0.0ft (Original Well Elev)
Grid
Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (*/100ft)	Build Rate (*/100ft)	Turn Rate (*/100ft)
4,800.0	37.83	295.00	4,226.0	703.2	-1,507.8	1,663.7	1.43	-1.43	0.00
4,900.0	36.40	295.00	4,305.8	728.7	-1,562.5	1,724.1	1.43	-1.43	0.00
5,000.0	34.98	295.00	4,387.0	753.4	-1,615.4	1,782.4	1.43	-1.43	0.00
5,100.0	33.55	295.00	4,469.6	777.2	-1,666.4	1,838.7	1.43	-1.43	0.00
5,200.0	32.12	295.00	4,553.7	800.1	-1,715.5	1,892.9	1.43	-1.43	0.00
5,300.0	30.70	295.00	4,639.0	822.1	-1,762.8	1,945.0	1.43	-1.43	0.00
5,339.4	30.13	295.00	4,673.0	830.6	-1,780.8	1,965.0	1.43	-1.43	0.00

PBHL

Targets

Target Name

Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
- hit/miss target									
- Shape									
PBHL	0.00	360.00	4,673.0	830.6	-1,780.8	14,415,854.28	1,593,517.86	39° 41' 50.149 N	111° 10' 0.217 W
- plan hits target									
- Circle (radius 100.0)									
KOP	0.00	360.00	1,650.0	0.0	0.0	14,415,023.68	1,595,298.66	39° 41' 41.969 N	111° 9' 37.407 W
- plan hits target									
- Point									
Ferron	0.00	360.00	3,973.0	612.9	-1,314.1	14,415,636.58	1,593,984.56	39° 41' 48.005 N	111° 9' 54.239 W
- plan hits target									
- Circle (radius 100.0)									

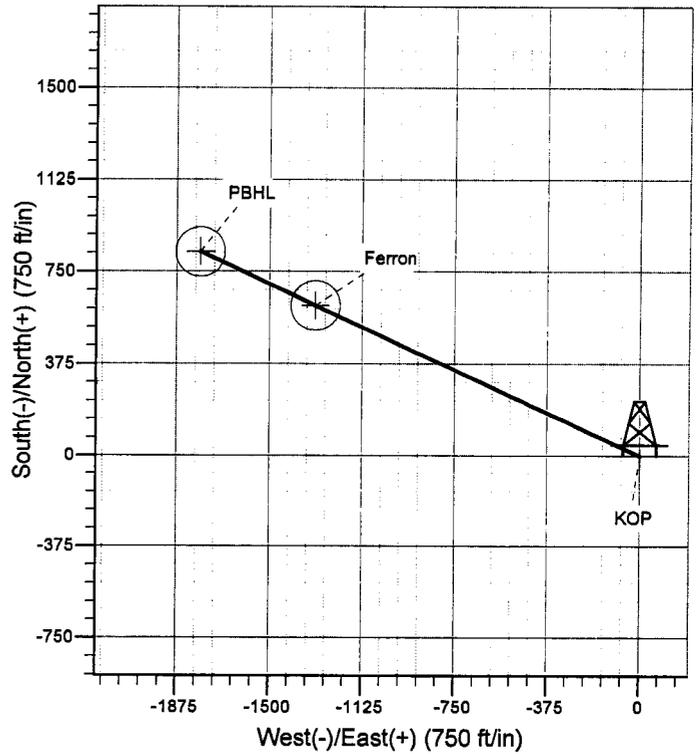
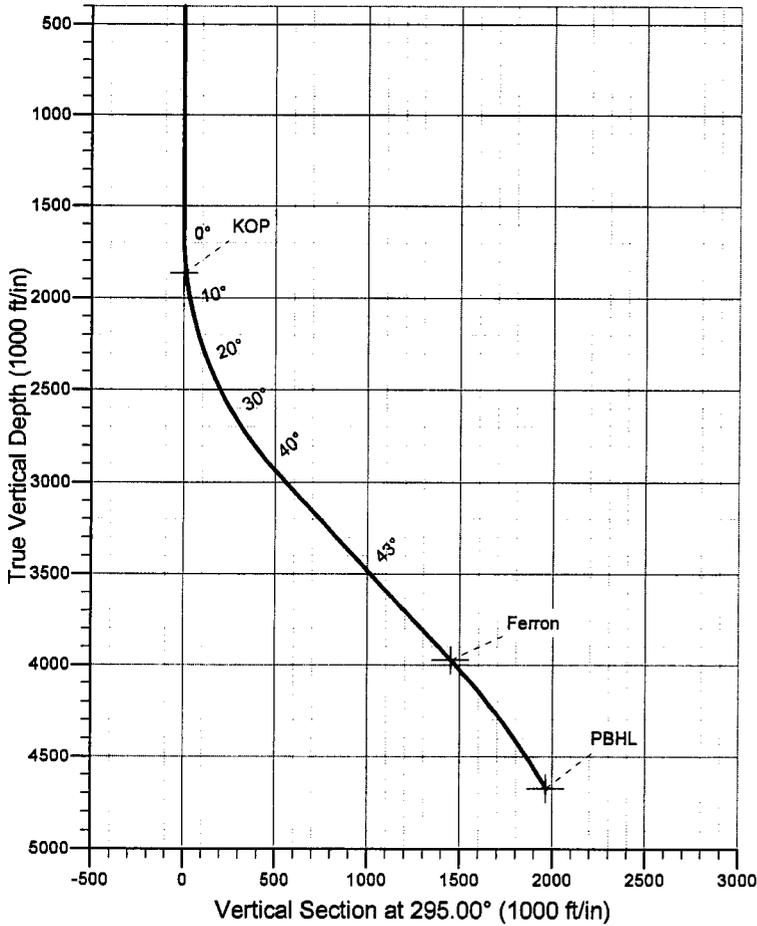
MARION ENERGY, INC.

Plan #2

ASD #3-17
Clear Creek Unit
Carbon County, Utah

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	1650.0	0.00	0.00	1650.0	0.0	0.0	0.00	0.00	0.0	
3	3068.6	42.56	295.00	2941.7	212.6	-455.9	3.00	295.00	503.0	
4	4468.7	42.56	295.00	3973.0	612.9	-1314.1	0.00	0.00	1450.0	
5	5339.4	30.13	295.00	4673.0	830.6	-1780.8	1.43	-179.99	1965.0	



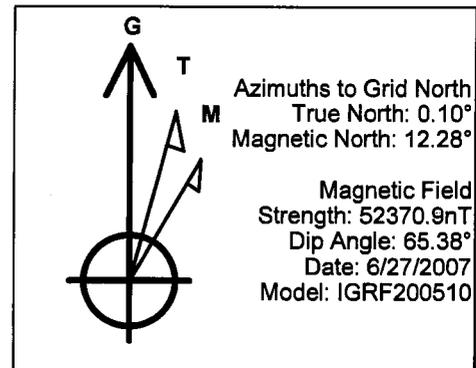
WELLBORE TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
KOP	1865.7	0.0	0.0	Point
Ferron	3973.0	612.9	-1314.1	Circle (Radius: 100.0)
PBHL	4673.0	830.6	-1780.8	Circle (Radius: 100.0)

SITE DETAILS: Clear Creek Unit

Sec. 17, T13S, R7E
Site Centre Latitude: 39° 41' 41.969 N
Longitude: 111° 9' 37.407 W

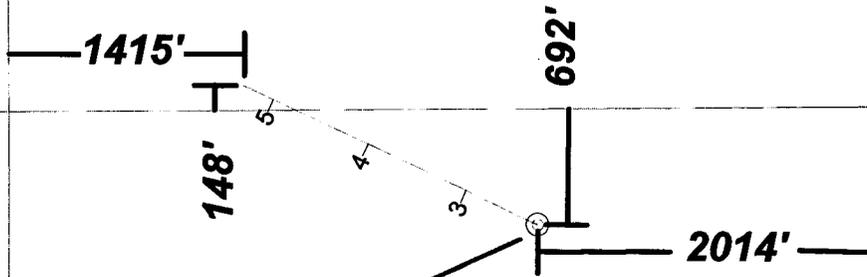
Positional Uncertainty: 0.0
Convergence: -0.10
Local North: Grid



013S007E

8

9



ALPINE SCHOOL DISTRICT 3-17

17

MARION ENERGY, INC.
CLEAR CREEK FEDERAL UNIT
ALPINE SCHOOL DISTRICT 3-17
CARBON COUNTY, UTAH

OIL AND GAS LEASE

Entry No. 143084
 Indexed
 Abstracted
 Rec. Fee 8.00

STATE OF UTAH } SS
 COUNTY OF CARBON }
 FILED AND RECORDED FOR
 Cordillera Corp.
 OCT 31 11 18 AM '77
 BOOK 173 OF RECORDED
 PAGE 445-449
 RICHARD B. BROWN
 COUNTY RECORDER

THIS AGREEMENT, entered into as of the 1st day of April 1977
 between Jack Thomas hereinafter called
 lessor and CORDILLERA CORPORATION hereinafter called lessee,
 does witness:

1. That lessor, for and in consideration of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease and let exclusively unto the lessee a 30.0000 % undivided interest in the hereinafter described land, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Carbon, State of Utah, and described as follows:

E/2SW/4 Sec. 8, Township 13 South,
 Range 7 East, SLM

and containing 80 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of 5 years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is unitized) or the premises are being developed or operated.

14

3. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, one-eighth (1/8) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one-eighth (1/8) of its market value at the well. The lessee shall pay the lessor: (a) one-eighth (1/8), of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or use on the leased premises by the lessee for purposes other than the development and operation thereof.

4. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury its pipelines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings, and other structures it places on said premises, including the right to draw and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within a reasonable time.

5. Notwithstanding anything in this lease to the contrary, it is specifically agreed that lessors' only interest in said property is an undivided mineral interest. Lessors make no warranty with respect to their title to said minerals. Any and all arrangements for the right to the use of the surface of or waters in or upon said lands are to be made with the owners thereof. Without limiting the generality of the foregoing conditions, the provisions of paragraphs 1 and 4 of this lease which in any manner affect surface or water uses are specifically subject to the provisions of paragraph 5.

6. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for reworking or drilling a well within three-hundred sixty (360) days from such cessation and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

7. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether it is signed by any of the other parties herein names lessors. This lease may be signed in counterparts, each to have the same effect as the original.

8. This lease is subject to the provisions of the Unit Agreement for the Development and Operation of the Clear Creek Unit Area Counties of Carbon and Emery, State of Utah, which was executed as of January 1, 1957. Lessee hereby agrees to be substituted for Lessor pursuant to said agreement and to assume all of Lessor's rights, duties and obligations thereunder.

9. This lease is subject to the provisions of the Unit Operating Agreement Clear Creek Unit Area Counties of Carbon and Emery, State of Utah which was executed as of January 1, 1957. Lessee hereby agrees to be substituted for Lessor pursuant to said Agreement and to assume all of Lessor's rights, duties and obligations thereunder.

10. This lease is subject to the provisions of the Gas Purchase Agreement dated April 1, 1965 between Utah Natural Gas Company and Tenneco Oil Company et al. Lessee hereby agrees to be substituted for lessor pursuant to said agreement and to assume all of lessor's rights, duties and obligations thereunder.

11. This lease applies only to zones and formations from the surface down to the base of the Ferron sand.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first above written.

Lessor

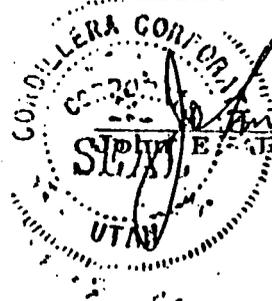
Jack Thomas
Jack Thomas

CORDILLERA CORPORATION (Lessee)

By James N. Blue
James N. Blue, President

ATTEST:

W. E. Jones
W. E. Jones, Asst. Secy.



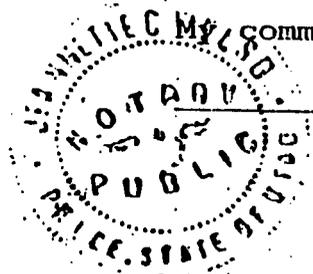
STATE OF Utah)
COUNTY OF Carbon)

SS

On the 1st day of June, 1977, before me personally appeared Jack Thomas, signor of the above instrument, who duly acknowledged to me that he/she executed the same.

Juanette C. Gulch
Notary Public

Residing at Price Utah



My commission expires:

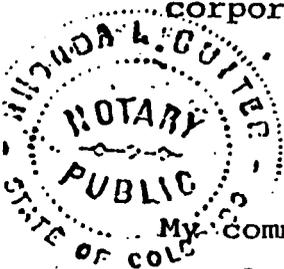
9.17.79

STATE OF COLORADO)
CITY AND COUNTY OF DENVER)

SS

On the 13th day of May, 1977, before me personally appeared James N. Blue, who, being by me duly sworn did say that he is President of CORDILLERA CORPORATION and that said instrument was signed in behalf of said corporation by authority of its by-laws, and said James N. Blue acknowledged to me that said corporation executed the same.

Shonda L. Senter
Notary Public



My commission expires:

March 28, 1981

Residing at: Denver, Colorado

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

FORM 9

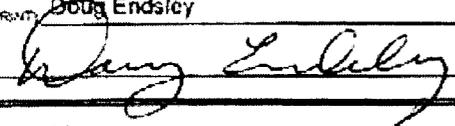
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER State ML-1257	
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, re-enter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME Clear Creek Unit	
		8. WELL NAME AND NUMBER Alpine School District 3-17	
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		9. API NUMBER 4300731182	
2. NAME OF OPERATOR Marion Energy, Inc		10. FIELD AND POOL OR WILDCAT Wildcat	
3. ADDRESS OF OPERATOR 119 So. Tennessee #200 McKinney TX 75069		PHONE NUMBER (972) 540-2967	
4. LOCATION OF WELL FOOTAGES AT SURFACE 2014.49' FEL, 892.77' FNL COUNTY Carbon		STATE UTAH	
QUAD, SECTION, TOWNSHIP, RANGE, MERIDIAN NWNE 17 13S 7E			

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"/> ADJUST	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SCHEDULE TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion 7/13/2007	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMBINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER <u>Drilling Update</u> 7/13/2007
	<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.
As of report time this morning they were at 897'

RECEIVED
JUL 13 2007

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>7/13/2007</u>

(This space for State use only)

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: Alpine School District 3-17
2. NAME OF OPERATOR: Marion Energy, Inc		9. API NUMBER: 4300731182
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL COUNTY: Carbon		
QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 7/13/2007	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Drilling Update 7/13/2007
	<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.
As of report time this morning they were at 897'.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE	DATE <u>7/13/2007</u>

(This space for State use only)

RECEIVED
JUL 17 2007
DIV. OF OIL, GAS & MINING

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creek		DATE July 13, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 14	
TOTAL DEPTH 803'	Rot. Hrs 10	cum Rot. Hrs 38	FOOTAGE DRILLED 232	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 46# STC K-55		SET @ 485' Rkb	Report No. 14
ACTIVITY AT REPORT TIME Drilling 12 1/4" hole @ 864'						REPORTED BY R.L.Tatman / Shiloh Williams	
REMARKS Circulating reserve pit with fresh water annular velocity at 165 ft/min. at drill pipe.						KB TO GL 15	

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	10:00	4.00	Rig up Reserve pit pumps and Tanks to circulate reserve pit / Test pumps shut in air package.
10:00	11:00	1.00	Circulate hole clean wash to bottom / work tight hole.
11:00	19:30	8.50	Time Drilling From 571' to 761' At less than 40 ft/hr. / Directional Surveys every 90 ft.
19:30	20:30	1.00	Pull out of hole to Shoe.
20:30	0:30	4.00	Change out 5 1/2" Liners and Swabs to 6 1/4" / per Co. Man request. / Pressure test Pumps to 1800
0:30	1:30	1.00	Trip in hole. / Stage pumps up to 120 and 120 spm.
1:30	3:00	1.50	Time Drilling From 761' to 803' At less than 60 ft/hr.
3:00	3:30	0.50	Rig Repair/Trip out to shoe to tighten conection between swivel & kelly spinners /leaking.
3:30	4:30	1.00	Rig Repairs/Make up kelly remove turnbuckels from spinners retouque connection replace turnbuckels
4:30	6:00	1.50	Rig Repairs / Set kelly back and trip back in hole.
			Daily cost reflects rigmove cost: \$36,412.00 and Return on rental pipe and hauling BOP in: \$14940
		24.00	Circulating Reserve pit with DAPP water no air on hole / Reserve pit is full.

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	780	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME	3:00		Pac UL	SIZE	12 1/4
WEIGHT	8.5		Pac-R	MFG	STC
VIS	29		Fed Zan	TYPE	S619
WL			Max Gel	JET	3/13 6/18
PV/YP			Fed Seal	SERIAL NO.	JX3406
MBT			Duro Gel	DEPTH OUT	803
CA			Poly Plus	DEPTH IN	530
GELS			Super Sweep	TOTAL FEET	273
ALK			Cotton Seed Hulls	HRS	11
pH			Sawdust	T/B/G	
CAKE				WT. ON BIT	2 K
CL		DAILY COST	\$0.00	RPM	50
LCM		PREVIOUS COST	\$19,256.00	ROP(fph)	24.8
%SOLIDS		CUMULATIVE COST	\$19,256.00	AN VEL	165.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	12 1/4"	1.50	MAKE	Nat	Nat	653	.40 / 276.80
1	Mud Mtr	28.03	MODEL	8P80	8P80	746	.20 / 309.60
1	Shock Sub	10.39	STROKE	8.50	8.50		
1	Pony NMDC	9.90	LINER SIZE	6.25	6.25		
1	Slick NMDC	29.92	SPM	120	120		
1	Gap Sub	4.17	GPM	406.00	406.00		
1	Slick NMDC	30.13	SURF PRESSURE	1760.0	1760.0		
6	6 1/4" DC'S	183.37	ECD				
9	4 1/2" HWDP	246.20	SLOW PUMP- SPM	58	56		
1	6 3/4 HMJ jars	30.75	SLOW PUMP- PRES	145	138		
6	4 1/2" HWDP	214.63	AIR Drilling Operations data			DAILY WELL COST	\$98,585
			SCFM	0		PREVIOUS CUM COST	\$525,929
			INJECTION RATE	0		CUMULATIVE WELL COST	\$624,513

RECEIVED
JUL 17 2007

DIV. OF OIL, GAS & MINING

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creak		DATE July 12, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 13	
TOTAL DEPTH 571'	Rot. Hrs 1	cum Rot. Hrs 28	FOOTAGE DRILLED 41'	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 46# STC K-55		SET @ 485' Rkb	Report No. 13
ACTIVITY AT REPORT TIME Circulating Hole Clean						REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Pumps Airing Up Do To Soap In System						KB TO GL 15	

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	7:00	1.00	Test Choke Lines & Valves
7:00	12:00	5.00	Turn Flow Line So Sensor Is On Top/Get Elevators Broke Off HWDP/LD 8" DC'S & Single HWDP
12:00	14:30	2.50	Pick Up Bit & Make Up To Mud Mtr./Make Up Directional Tools & Scribe
14:30	22:00	7.50	Weld On Flow Line
22:00	1:00	3.00	Drill Cmt & Float Equipment/ 440'-485'
1:00	2:30	1.50	Drill Cmt 485'-530'
2:30	3:30	1.00	Drill Actual/ 530'-571'/ Pumps Airing Up Do To Soap
3:30	5:00	1.50	Hole Stuffing In/ 50% Returns/ Work Tight Hole Till Free
5:00	6:00	1.00	Condition Hole & Circulated
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME			Pac UL	SIZE	12 1/4
WEIGHT			Pac-R	MFG	STC
VIS			Fed Zan	TYPE	S619
WL			Max Gel	JET	3/13 6/18
PV/YP			Fed Seal	SERIAL NO.	JX3406
MBT			Duro Gel	DEPTH OUT	571
CA			Poly Plus	DEPTH IN	530
GELS			Super Sweep	TOTAL FEET	41
ALK			Cotton Seed Hulls	HRS	1
pH			Sawdust	T/B/G	
CAKE				WT. ON BIT	8-10K
CL		DAILY COST	\$0.00	RPM	50
LCM		PREVIOUS COST	\$19,256.00	ROP(fph)	41.0
%SOLIDS		CUMULATIVE COST	\$19,256.00	AN VEL	Ariated

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth	
1	12 1/4"	1.50	MAKE	Nat	Nat			
1	Mud Mtr	28.03	MODEL	8P80	8P80			
1	Shock Sub	10.39	STROKE	8.50	8.50			
1	Pony NMDC	9.90	LINER SIZE	5.50	5.50			
1	Slick NMDC	29.92	SPM	90.00	90			
1	Gap Sub	4.17	GPM	224.00	224.00			
1	Slick NMDC	30.13	SURF PRESSURE	576.0	576.0			
6	6 1/4" DC'S	183.37	ECD					
8	4 1/2" HWDP	246.20	SLOW PUMP- SPM	58	56			
			SLOW PUMP- PRES	95	85			
AIR Drilling Operations data						DAILY WELL COST	\$33,047	
SCFM						250	PREVIOUS CUM COST	\$492,882
INJECTION RATE						0	CUMULATIVE WELL COST	\$525,929

RECEIVED
JUL 17 2007

DIV. OF OIL, GAS & MINING

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

WELL NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creek		DATE July 6, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 7
TOTAL DEPTH 272	Rot. Hrs 14	cum Rot. Hrs 14	FOOTAGE DRILLED 217'	LAST CASING SIZE, WEIGHT, GRADE 20", Conductor pipe.		Report No. 7
INCIDENT AT REPORT TIME Conditioning Mud					REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Unstuck Drill String/ Work Tight Hole/ TOOH/ LD Hammer/ Condition Mud					RB TO GL 15	

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	7:00	1.00	Work stuck pipe/ Pipe Free Work Tight Hole
7:00	8:00	1.00	Pipe Free/ Mouse Hole Drill Collar
8:00	9:00	1.00	Ream Tight Hole
9:00	11:00	2.00	Work Tight Hole/ Lay Down 2-Drill Collars
11:00	13:00	2.00	TOOH/ Break Hammer & Bit Sub/ Rig Down Rotating Head
13:00	13:30	0.50	Rig Service
13:30	15:00	1.50	Wait On Bit
15:00	21:00	6.00	Wait On Bit Sub
21:00	22:00	1.00	Install 7/16 Ring In B- Section On ASD #7-16
22:00	23:00	1.00	Make Up Bit & Bit Sub/ Install Rotating Head
23:00	6:00	7.00	Condition Mud/ Netrulizing Soap In Mud System/ Centrifical & Mud Pumps Airing Up
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD		
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	2	3
TIME				SIZE	17 1/2	17 1/2
WEIGHT				MFG	IR	STC
VIS				TYPE	FB Hammer	XRTVC
WHL				JET	5/16	Open
PV/YP				SERIAL NO.	RR 1001	MR8869
WBT				DEPTH OUT	266	
CA				DEPTH IN	55	266'
CELS				TOTAL FEET	217'	
WALK				HRS	14	0.00
WFI				T/B/G		
CAKE				WT. ON BIT	6-8 K	
CL		DAILY COST		RPM	41	
DAP		PREVIOUS COST		ROP(fph)	15.5	
MSOLIDS		CUMULATIVE COST		AN VEL	445.0	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	17-1/2" Bit	1.50	MAKE	Nat	Nat		
1	Bit Sub	4.82	MODEL	8P80	8P80		
2	8"	60.22	STROKE	8.50	8.50		
1	Cross over sub	2.28	LINER SIZE	5.50	5.50		
6	6 1/4" DC	183.37	SPM				
			GPM				
			SURF PRESSURE				
			ECD				
			SLOW PUMP- SPM				
			SLOW PUMP- PRES				
			AIR Drilling Operations data			DAILY WELL COST	\$46,518
			SCFM			PREVIOUS CUM COST	\$203,380
			INJECTION RATE	0		CUMULATIVE WELL COST	\$249,898

RECEIVED
JUL 17 2007
DIV. OF OIL, GAS & MINING

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

WELL NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creak		DATE July 4, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 5	
TOTAL DEPTH 55'	Rot. Hrs	Cum Rot. Hrs	FOOTAGE DRILLED 40'	LAST CASING SIZE, WEIGHT, GRADE NA.		SET @	Report No. 5
ACTIVITY AT REPORT TIME picking up tools to drill Surface.					REPORTED BY R.L.Tatman / Shiloh Williams		
REMARKS						KB TO GL 15	

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	11:30	5.50	Center conductor Pipe in hole and set up for cement, wait on cement crew.
11:30			held safety meeting with cement crew, cemented conductor pipe, started pumping 20 bbl. Water Pressured up to 80 psi, hydroliced conductor up about 4 feet breaking chains, tied pipe down again and pumped water 3 bpm then increased fate to 5 bpm, then pumped 200 sx type g with 2 cad2 and 1/4 lb/sx flocele at 15.8 ppg. Displaced with 7.5 bbl fresh water kept returns throughout job and got 8 bbl of cement back. Left approxamatly 15 feet of cement in pipe.
14:30	19:00	4.50	Wait on cement to cure.
19:00			Welding blewie line together and welding rotating deverter flange on conductor, Pick up and stab mouse hole and
4:00	6:00	2.00	Pick up Tools and hammer./ install bearing assembly on rotating head.
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD		
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	2	
TIME			DAP	SIZE	17 1/2	
WEIGHT			Fed-Zan	MFG	IR	
VIS			Poly-Plus	TYPE	FB Hammer	
WHL			Pac-UL	JET	5/16	
SPV/YP			Super Sweep	SERIAL NO.	RR 1001	
MBT			Myacide	DEPTH OUT		
CA			MaxGel	DEPTH IN	55	
WELS				TOTAL FEET		
ALK				HRS		
pH				T/B/G		
CAKE				WT. ON BIT		
CL		DAILY COST		RPM		
DAP		PREVIOUS COST		ROP(fph)		
%SOLIDS		CUMULATIVE COST		AN VEL		

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	12" Air hammer	7.00	MAKE	Nat	Nat		
1	Bit Sub	2.95	MODEL	8P80	8P80		
1	8"	4.00	STROKE	8.50	8.50		
1	Cross over sub	3.86	LINER SIZE	5.50	5.50		
			SPM				
			GPM				
			SURF PRESSURE				
			ECD				
			SLOW PUMP- SPM				
			SLOW PUMP- PRES				
			AIR Drilling Operations data			DAILY WELL COST	\$67,784
			SCFM			PREVIOUS CUM COST	\$98,713
			INJECTION RATE	0		CUMULATIVE WELL COST	\$166,497

RECEIVED

JUL 17 2007

DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL		8. WELL NAME and NUMBER: Alpine School District 3-17
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		9. API NUMBER: 4300731182
		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Carbon
		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>7/13/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> 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.
Based on the latest directional plan provided by Nevis Energy we intend to deepen our intermediate string of casing from 2100' to approximately 2800'. Cement volumes will be adjusted accordingly.

COPY SENT TO OPERATOR

Date: 7-26-07

Initials: [Signature]

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE <u>[Signature]</u>	DATE <u>7/13/2007</u>

(This space for State use only)

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

DATE: 7/23/07 (See Instructions on Reverse Side)

BY: [Signature]

RECEIVED
JUL 17 2007
DIV. OF OIL, GAS & MINING

Well name:	2006-10 Marion Alpine School District 3-17modII	
Operator:	Marion Energy Inc	Project ID:
String type:	Intermediate	43-007-31182
Location:	Carbon Co.	

Design parameters:

Collapse
Mud weight: 8.400 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: 103 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 600 ft
Cement top: 790 ft

Burst

Max anticipated surface pressure: 1,435 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,763 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 2,413 ft

Directional well information:

Kick-off point 500 ft
Departure at shoe: 335 ft
Maximum dogleg: 3 °/100ft
Inclination at shoe: 34.47 °

Re subsequent strings:

Next setting depth: 4,391 ft
Next mud weight: 8.600 ppg
Next setting BHP: 1,962 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 3,001 ft
Injection pressure: 3,001 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	2800	9.625	36.00	J-55	ST&C	2732	2800	8.796	1215.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1192	1948	1.634 ✓	1763	3520	2.00 ✓	98	394	4.01 J ✓

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

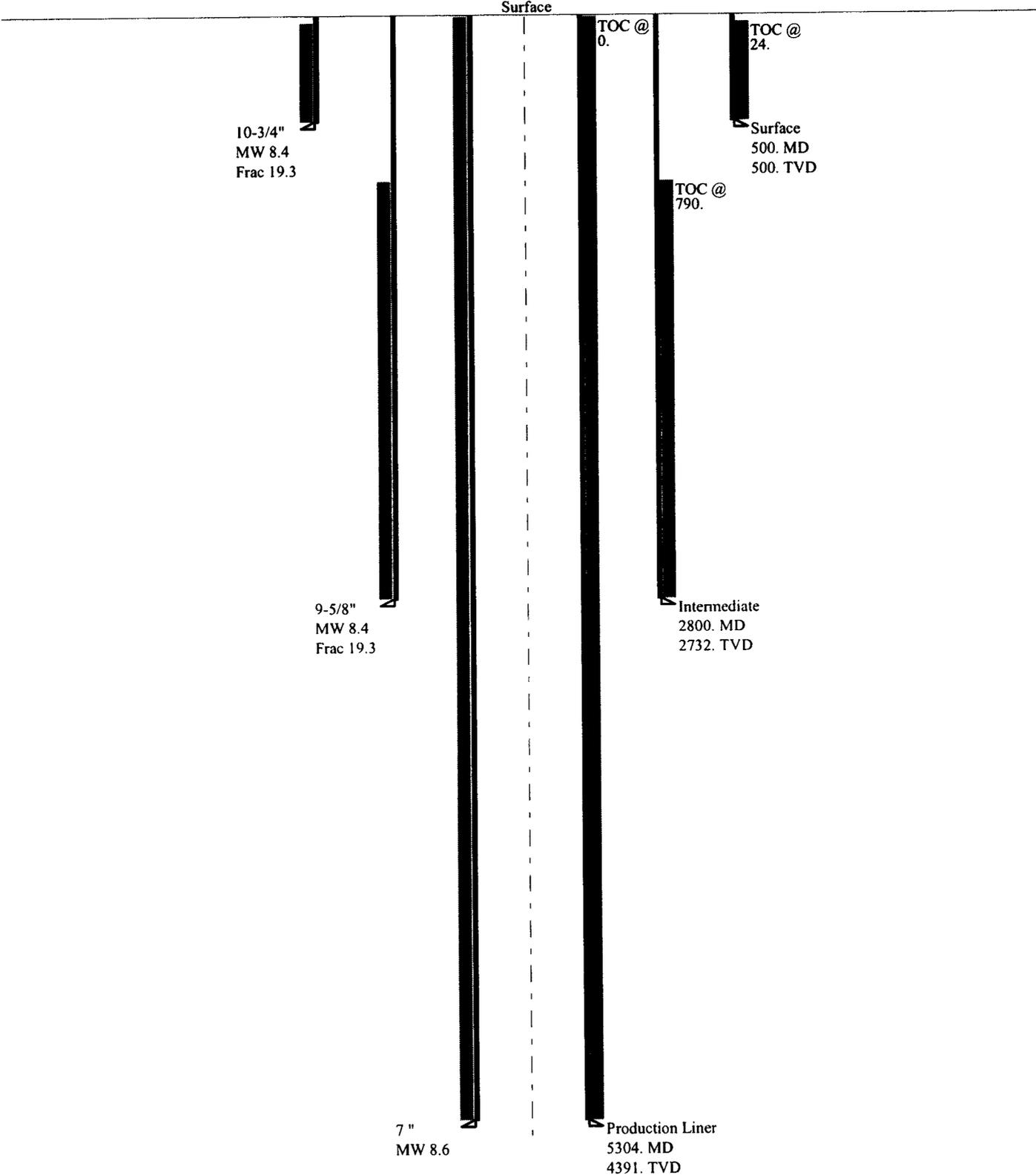
Date: July 23, 2007
Salt Lake City, Utah

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 2732 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.
Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

2006-10 Marion Alpine School District 3-17modII

Casing Schematic



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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
2. NAME OF OPERATOR: Marion Energy, Inc		8. WELL NAME and NUMBER: Alpine School District 3-17
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		9. API NUMBER: 4300731182
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 7/20/2007	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Run Intermediate Casing
	<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.

Marion Energy, Inc. intends to run intermediate pipe to 3150' +/-.

COPY SENT TO OPERATOR

Date: 7-26-07

Initials: CPD

NAME (PLEASE PRINT) <u>Charlotte Parker</u>	TITLE <u>Secretary</u>
SIGNATURE <u>Charlotte Parker</u>	DATE <u>7/20/2007</u>

(This space for State use only)

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

DATE: 7/25/07
BY: [Signature] (See Instructions on Reverse Side)

* Verbal Approval given 7/20/07

RECEIVED
JUL 25 2007
DIV. OF OIL, GAS & MINING

Well name:	2006-10 Marion Alpine School District 3-17modIII		
Operator:	Marion Energy Inc		
String type:	Intermediate	Project ID:	43-007-31182
Location:	Carbon Co.		

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,435 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 1,795 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: 2,677 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 107 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 600 ft

Cement top: 1,140 ft

Directional well information:

Kick-off point: 500 ft
 Departure at shoe: 559 ft
 Maximum dogleg: 3 °/100ft
 Inclination at shoe: 44.97 °

Re subsequent strings:

Next setting depth: 4,391 ft
 Next mud weight: 8.600 ppg
 Next setting BHP: 1,962 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 3,001 ft
 Injection pressure: 3,001 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	3150	9.625	36.00	J-55	ST&C	3001	3150	8.796	1367.3
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	1309	1948	1.487	1795	3520	1.96	108	394	3.65 J

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

Date: July 23, 2007
 Salt Lake City, Utah

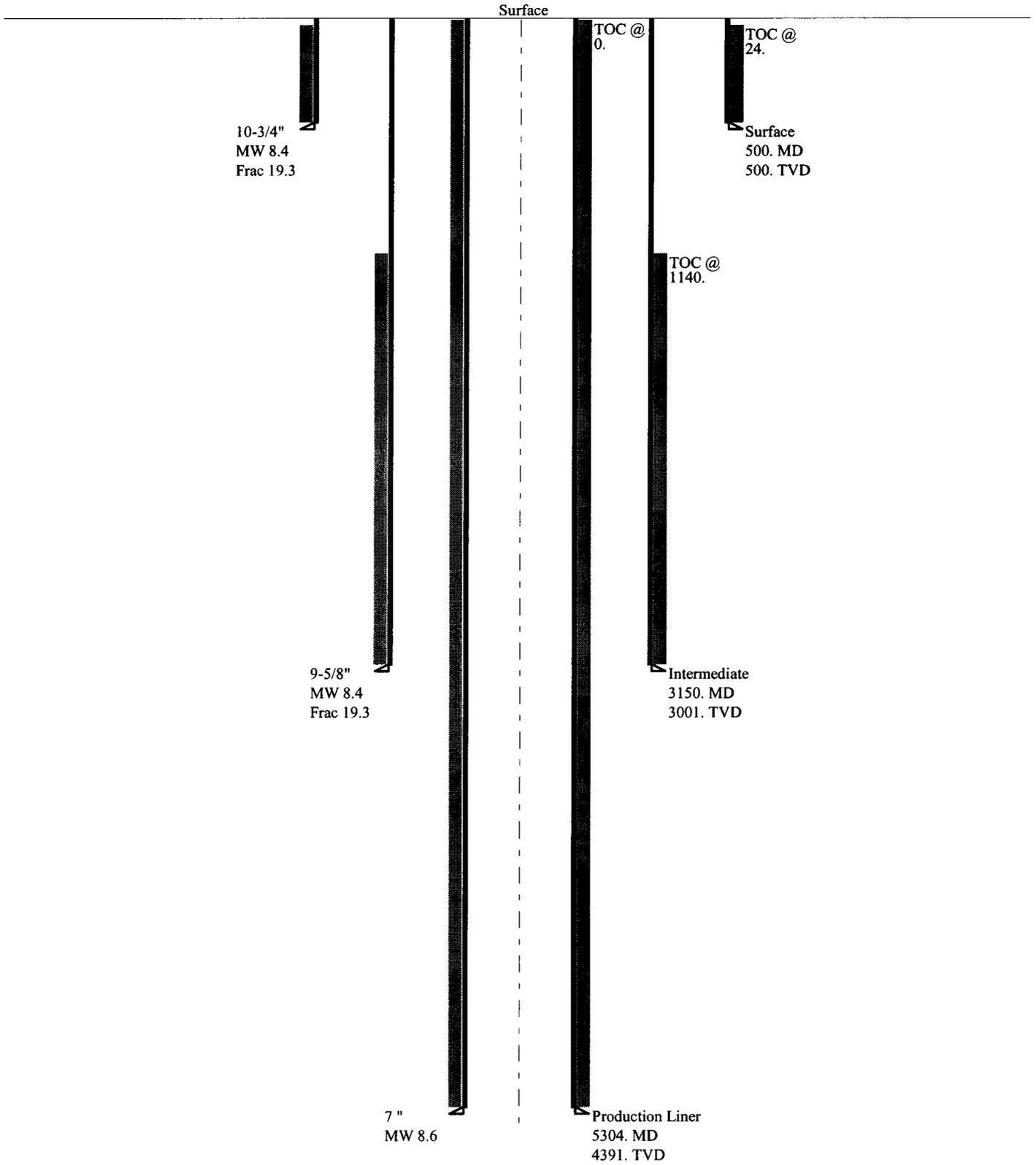
ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 3001 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.
 Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

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

2006-10 Marion Alpine School District 3-17modIII

Casing Schematic



Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creek		DATE July 14, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 15	
TOTAL DEPTH 1201'	Rot. Hrs 13	cum Rot. Hrs 51	FOOTAGE DRILLED 398'	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 46# STC K-55		SET @ 485' Rkb	Report No. 15
ACTIVITY AT REPORT TIME Drilling 12 1/4" hole @ 1201'						REPORTED BY R.L.Tatman / Shiloh Williams	
REMARKS mud up and clean Hole while Drilling, from 1109' to 1201'							KB TO GL 15

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	8:30	2.50	Drilling 12 1/4" Hole from 803' to 926'
8:30	9:00	0.50	Lubricate Rig
9:00	10:00	1.00	Drilling 12 1/4" Hole from 926' to 987'
10:00	10:30	0.50	Rig Repairs Fix #2 Mud pump
10:30	14:30	4.00	Drilling 12 1/4" Hole from 987' to 1099'
14:30	16:00	1.50	circulate and condition Hole, flow line Plugging off.
16:00	17:00	1.00	Drilling 12 1/4" Hole from 1099' to 1109'
17:00	19:00	2.00	pull out of Hole to change Nozzles in Bit.
19:00	20:00	1.00	change Jets in Bit to 6x22 and 3x18.
20:00	22:00	2.00	Trip in Hole, Lay Down 6 Joints
22:00	1:00	3.00	Wash Down 6. Joints
1:00	6:00	5.00	Drilling 12 1/4" Hole from 1109' To 1201, mud up and circulate Hole clean while Drilling
		24.00	

RECEIVED
JUL 25 2007

DIV. OF OIL, GAS & MINING

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	1100	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME	10:00	52	Dapp	SIZE	12 1/4
WEIGHT	8.35	4	Fed-Zan	MFG	STC
VIS	27	3	Super Sweep	TYPE	S619
WL		2	Myacide	JET	3/13 6/18
PV/YP		1	Fed744	SERIAL NO.	JX3406
MBT		5	Baracat	DEPTH OUT	1201
CA		30	Maxgel	DEPTH IN	530
GELS		70	Duragel	TOTAL FEET	671
ALK	.0/.3		Cotton Seed Hulls	HRS	24
pH	7		Sawdust	T/B/G	
CAKE				WT. ON BIT	2 K
CL	200	DAILY COST	\$4,501.00	RPM	28
DAPP	9.500	PREVIOUS COST	\$19,256.00	ROP(fph)	24.8
%SOLIDS		CUMULATIVE COST	\$23,757.00	AN VEL	165.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	12 1/4"	1.50	MAKE	Nat	Nat	653	.40 / 276.80
1	Mud Mtr	28.03	MODEL	8P80	8P80	746	.20 / 309.60
1	Shock Sub	10.39	STROKE	8.50	8.50	839'	0 / 334.9
1	Pony NMDC	9.90	LINER SIZE	6.25	6.25	959'	.1 / 33.10
1	Slick NMDC	29.92	SPM	120	120	1051'	.4 / 49.7
1	Gap Sub	4.17	GPM	406.00	406.00	1143'	.7 / 65.10
1	Slick NMDC	30.13	SURF PRESSURE	1760.0	1760.0		
6	6 1/4" DC'S	183.37	ECD				
9	4 1/2" HWDP	246.20	SLOW PUMP- SPM	58	56		
1	6 3/4 HMJ jars	30.75	SLOW PUMP- PRES	145	138		
15	4 1/2" HWDP	459.81	AIR Drilling Operations data			DAILY WELL COST	\$43,681
			SCFM	0		PREVIOUS CUM COST	\$624,513
			INJECTION RATE	0		CUMULATIVE WELL COST	\$668,195

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

RECEIVED

AUG 07 2007

43-007-31182

DAILY DRILLING REPORT

DIV. OF OIL, GAS & MINING

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creek		DATE July 20, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 21	
TOTAL DEPTH 2833	Rot. Hrs 10	Cum Rot. Hrs 121.5	FOOTAGE DRILLED 287	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 46# STC K-55		SET @ 485' Rkb	Report No. 21
ACTIVITY AT REPORT TIME Washing & Reaming						REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Bit # 4/ 2-4-CT-S/ Washing & Reaming Bridges						KB TO GL 15	

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	8:30	2.50	Drill Actual & Directional Drilling/ 2546'-2611'
8:30	9:00	0.50	Rig Service
9:00	16:30	7.50	Drill Actual & Directional Drilling/ 2611'-2831'/ Minimal Build on Slides
16:30	17:30	1.00	Condition Hole & Circulate/ Pump Back To Back Sweeps & Prepare To TOOH/ Slides Are Only Gaining
			Minimal Build Rates/ TOOH To Inspect Directional Tools, Mud Mtr, & Bit
17:30	19:30	2.00	Set Kelly Back & TOOH
19:30	23:30	4.00	Lay Down 8" NMDC/ Break Bit & Lay Down Mud Mtr/ Make Up Bit & Mud Mtr
23:30	0:00	0.50	Scribe Directional Tools
0:00	2:00	2.00	TIH W/ Bit #5
2:00	3:00	1.00	Install Rotating Head Rubber/ Set Back One Stand DP/ P/U Kelly & Break Circulation
3:00	4:30	1.50	Washing & Reaming/ 1201'-1338'
4:30	5:00	0.50	Set Kelly Back & TIH W/ Bit #5
5:00	6:00	1.00	Washing & Reaming/1914'-1955'
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD		
DEPTH	2833	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4	5
TIME	20:00	40	Dapp	SIZE	12 1/4	12 1/4
WEIGHT	9.3	5	pac-UL	MFG	STC	Security
VIS	45	6	Pac-R	TYPE	S619	X5185
WL	13.6	0	Poly+	JET	3/18 6/22	Open
PV/YP	10/12	2	Fed-Zan	SERIAL NO.	JX3406	10845970
MBT		1	aluminum Sterate	DEPTH OUT	2833	
CA		2	Myackde	DEPTH IN	530	2833
GELS	4/10	0	Duragel	TOTAL FEET	2303	
ALK	0.0/0.5	12	Asphasol	HRS	93.5	0.00
pH	7	0	Sawdust	T/B/G		
CAKE	2	0	C325	WT. ON BIT	2 K	5-8K
CL	400		DAILY COST	RPM	115 / 50	115/50
DAPP	9.500		PREVIOUS COST	ROP(fph)	24.0	
%SOLIDS	6		CUMULATIVE COST	AN VEL	115.0	115

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	12 1/4"	1.50	MAKE	Nat	Nat	2553	19.5/293.4
1	Mud Mtr	28.17	MODEL	8P80	8P80	2647	22.7/291
1	Shock Sub	10.39	STROKE	8.50	8.50	2741	23.10/289.90
1	Pony NMDC	9.90	LINER SIZE	6.25	6.25		
1	Slick NMDC	29.92	SPM	170			
1	Gap Sub	4.17	GPM	550.00			
1	Slick NMDC	30.13	SURF PRESSURE	1410.0			
6	6 1/4" DC'S	183.37	ECD				
9	4 1/2" HWDP	246.20	SLOW PUMP- SPM	58	56		
1	6 3/4 HMJ jars	30.75	SLOW PUMP- PRES	145	138		
20	4 1/2" HWDP	644.09	AIR Drilling Operations data			DAILY WELL COST	\$53,807
			SCFM	0		PREVIOUS CUM COST	\$918,520
			INJECTION RATE	0		CUMULATIVE WELL COST	\$972,327

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

RECEIVED

AUG 07 2007

DAILY DRILLING REPORT

DIV. OF OIL, GAS & MINING

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creak		DATE July 21, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 22	
TOTAL DEPTH 3105	Rot. hrs 20.5	cum Rot. Hrs 142	FOOTAGE DRILLED 272'	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 46# STC K-55		SET @ 485' Rkb	Report No. 22
ACTIVITY AT REPORT TIME Drill Actual						REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Drill Actual & Directional Drilling						KB TO GL 15	

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	6:30	0.50	Washing & Reaming 1955'-1986'
6:30	7:00	0.50	TIH/ 1986'-2600'
7:00	9:00	2.00	Washing & Reaming/ 2600'-2833'
9:00	16:00	7.00	Drill Actual & Directional Drilling/ Rot 2833'-2838'/Sliding 2838'-2856'/Rot 2856'-2876'/Sliding 2876'-2882' Rot 2882'-2892'/Sliding 2892'-2912'/Rot 2912'-2926'
16:00	16:30	0.50	Rig Service
16:30	6:00	13.50	Drill Actual & Directional Drilling/ Sliding 2926'-2941'/ Rot 2941'-2958'/Sliding 2958'-2975'/ Rot 2975'-2990'/ Sliding 2990'-3005'/ Rot 3005'-3022'/ Sliding 3022'-3037'/ Rot 3037'-3054' Sliding 3054'-3072'/ Rot 3072' 3085'/ Sliding 3085'-3105'
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	2851	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	5
TIME	10:00	12	Dapp	SIZE	12 1/4
WEIGHT	9.1	4	pac-UL	MFG	Security
VIS	42	4	Pac-R	TYPE	X5185
WL	12.8	0	Poly+	JET	Open
PV/YP	8/12	2	Fed-Zan	SERIAL NO.	10845970
MBT		1	aluminum Sterate	DEPTH OUT	3105
CA	10	2	Myacide	DEPTH IN	2833
GELS	4/11	30	Duragel	TOTAL FEET	272
ALK	0.0/0.4	12	Asphasol	HRS	20.5
pH	7	0	Sawdust	T/B/G	
CAKE	2	0	C325	WT. ON BIT	40-45K
CL	300	DAILY COST	\$5,182.00	RPM	115/50
DAPP	11.000	PREVIOUS COST	\$85,716.00	ROP(fph)	13.6
%SOLIDS	5	CUMULATIVE COST	\$90,898.00	AN VEL	120.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	12 1/4"	1.50	MAKE	Nat	Nat	2836	24.1/289.1
1	Mud Mtr	28.17	MODEL	8P80	8P80	2932	27.5/292.1
1	Shock Sub	10.39	STROKE	8.50	8.50	3027	28.8/294.31
1	Pony NMDC	9.90	LINER SIZE	6.25	6.25		
1	Slick NMDC	29.92	SPM	170			
1	Gap Sub	4.17	GPM	550.00			
1	Slick NMDC	30.13	SURF PRESSURE	1410.0			
6	6 1/4" DC'S	183.37	ECD				
9	4 1/2" HWDP	246.20	SLOW PUMP- SPM	58	56		
1	6 3/4 HMJ jars	30.75	SLOW PUMP- PRES	145	138		
20	4 1/2" HWDP	644.09	AIR Drilling Operations data			DAILY WELL COST	\$43,369
			SCFM	0		PREVIOUS CUM COST	\$972,327
			INJECTION RATE	0		CUMULATIVE WELL COST	\$1,015,696

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

RECEIVED

AUG 07 2007

DAILY DRILLING REPORT

DIV. OF OIL, GAS & MINING

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creek		DATE July 22, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 23	
TOTAL DEPTH 3179	Rot. Hrs 3	Conn Rot. Hrs 145	FOOTAGE DRILLED 75'	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 46# STC K-55		SET @ 485' Rkb	Report No. 23
ACTIVITY AT REPORT TIME Running 9-5/8" Casing						REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Hit Bridge @ 659' Gallded 2-Pins & 1 Box Running Casing							KB TO GL 15

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	9:00	3.00	Drill Actual & Directional Drilling/ Rot 3105'-3117'/ Sliding 3117'-3147'/ Rot 3147'-3150'
9:00	10:00	1.00	Condition Mud & Circulate Well Bore Clean
10:00	10:30	0.50	Rig Sevice
10:30	12:00	1.50	TOOH For Wiper Trip/ Hole 30' Off Hole Depth Corrected To 3179'
12:00	13:00	1.00	TIH FOR Wiper Trip
13:00	13:30	0.50	Wash & Ream 90' To Btm/ 3089'-3179'
13:30	14:30	1.00	Condition Hole & Circulate
14:30	18:00	3.50	TOOH To Run Intermediate Casing
18:00	19:30	1.50	Lay Down 8" Directional Tools, Bit & Mud Mtr
19:30	21:00	1.50	Rig Up Casing Crew & Hole Safety Meeting With Rig Personnel & Casing Crew
21:00	22:00	1.00	Run 9-5/8" LTC 36# J-55 Casing
22:00	22:30	0.50	Fill Casing
22:30	23:00	0.50	Run 9-5/8" LTC 36# J-55 Casing/ Hit Bridge @ 659'
23:00	0:00	1.00	Break Circulation/ Lay Down 1-Jt Casing/ Threads Gallded/ MU Another Jt Gallded Box & Pin
0:00	3:00	3.00	Circulate Casing & Wait On Welder & Rig Up Welder
3:00	6:00	3.00	Weld Bad Connection On Casing/ TIH With 9-5/8" LTC 36# Casing
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	3150	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	5
TIME	16:00	26	Dapp	SIZE	12 1/4
WEIGHT	9.4	4	pac-UL	MFG	Security
VIS	42	4	Pac-R	TYPE	X5185
WL	10.6	0	Poly+	JET	Open
PV/YP	8/12	1	Fed-Zan	SERIAL NO.	10845970
MBT		1	aluminum Sterate	DEPTH OUT	3179
CA	Trace	1	Myacide	DEPTH IN	2833
GELS	4/12	9	Duragel	TOTAL FEET	346
ALK	0.0/0.35	12	Asphasol	HRS	20.5
pH	7	3	Max Gel	T/B/G	
CAKE	2	0	C325	WT. ON BIT	40-45K
CL	400	DAILY COST	\$4,389.00	RPM	115/50
DAPP	12.000	PREVIOUS COST	\$90,898.00	ROP(fph)	13.6
%SOLIDS	6	CUMULATIVE COST	\$95,287.00	AN VEL	120.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	12 1/4"	1.50	MAKE	Nat	Nat	3090	31.10/296.4
1	Mud Mtr	28.17	MODEL	8P80	8P80	Project Bit/3179	34.5/297
1	Shock Sub	10.39	STROKE	8.50	8.50		
1	Pony NMDC	9.90	LINER SIZE	6.25	6.25		
1	Slick NMDC	29.92	SPM	170			
1	Gap Sub	4.17	GPM	550.00			
1	Slick NMDC	30.13	SURF PRESSURE	1410.0			
6	6 1/4" DC'S	183.37	ECD				
9	4 1/2" HWDP	246.20	SLOW PUMP- SPM	57	56		
1	6 3/4 HMJ jars	30.75	SLOW PUMP- PRES	260	255		
20	4 1/2" HWDP	644.09	AIR Drilling Operations data			DAILY WELL COST	\$42,171
			SCFM	0		PREVIOUS CUM COST	\$1,015,696
			INJECTION RATE	0		CUMULATIVE WELL COST	\$1,057,867

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

RECEIVED

AUG 07 2007

DIV. OF OIL, GAS & MINING

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Alpine School District 3-17				FIELD Clear Creek		DATE July 26, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	DAY NO. 27
TOTAL DEPTH 4425'	Rot. Hrs 15	cum Rot. Hrs 200.5	FOOTAGE DRILLED 198'	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# LTC J-55		SET @ 3142' Rkb
ACTIVITY AT REPORT TIME Drill Actual					REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Fun. Test BOP'S/ Inspect Well Head						KB TO GL 15

TIME LOG			Activity Detail
FROM	TO	HOURS	
6:00	7:00	1.00	Trip Out W/ Bit #6
7:00	7:30	0.50	Func Test B.O.P.
7:30	8:00	0.50	Make Bit Up To Mud Motor
8:00	8:30	0.50	Insp. Well Head
8:30	8:30	0.50	Change Out Dir. Tools
8:30	9:30	0.50	Rig Service
9:30	13:00	3.50	Trip In Hole W/ Bit #7
13:00	14:00	1.00	Envromental/ Wait On Lighting Storm To Pass
14:00	14:30	0.50	Trip In Hole
14:30	15:00	0.50	Reaming 60 Feet To Bottom
15:00	18:00	3.00	Drill Actual 4226 To 4269
18:00		12.00	Drill Actual SL. 4269 To 4286 Rot. 4286 -43;31 / SL.4331 To 4351 / Rot. 4351 To 4361
	6:00		Drill Actual 4361 To 4393/ SL. 4393 To 4403/ Rot 4403 To 4424
		24.00	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	4300	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	7
TIME	8:00 PM	24	Dapp	SIZE	8 3/4
WEIGHT	9.3	6	pac-UL	MFG	Security
VIS	40/41	6	Pac-R	TYPE	XS20S
WL	8.6	2	Poly+	JET	Open
PV/YP	9/11	2	Fed-Zan	SERIAL NO.	10714761
MBT		1	C-325	DEPTH OUT	4424
CA	Trace	2	Myacide	DEPTH IN	4226
GELS	2/3	24	Duragel	TOTAL FEET	198
ALK	0.0/0.6	16	Asphasol	HRS	15
pH	7	8	Max Gel	T/B/G	
CAKE	2/32	1	C325	WT. ON BIT	25/42 k
CL	600		DAILY COST	RPM	50/5
DAPP	12,0/lbs/bbl		PREVIOUS COST	ROP(fph)	13.2
%SOLIDS	5		CUMULATIVE COST	AN VEL	230.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	INCLINATION / Azimuth
1	8-3/4 Bit	1.00	MAKE	Nat	Nat	3754	46.5/299.3
1	Mud Mtr	23.23	MODEL	8P80	8P80	3848	49.80/299.80
1	Pony NMDC	9.60	STROKE	8.50	8.50	3942	50.10/299.80
1	Slick NMDC	30.50	LINER SIZE	6.25	6.25	4036	51.80/299
1	Gap Sub	5.24	SPM	120		4130	53.10/298.70
1	Flex NMDC	29.95	GPM	406.00		4225	53.9/298.4
9	4-1/2" HWDP	276.93	SURF PRESSURE	1000.0			
1	Jars	28.34	ECD				
20	4 1/2" HWDP	644.09	SLOW PUMP- SPM	57	51		
			SLOW PUMP- PRES	329	258		
			AIR Drilling Operations data			DAILY WELL COST	\$64,008
			SCFM	0		PREVIOUS CUM COST	\$1,292,493
			INJECTION RATE	0		CUMULATIVE WELL COST	\$1,356,501

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Marion Energy, INC

Today's Date: 09/18/2007

Well:	API Number:	Drilling Commenced:
Cordingly Cyn 10-1 drlg/wcr	4300731173	05/19/2006
Ballpark Cyn 11-2 drlg/wcr	4300731169	05/30/2006
Ballpark Cyn 16-2X drlg/wcr	4300731207	06/05/2006
Alpine School Dist 6-17 drlg/wcr	4300731181	06/26/2006
Alpine School Dist 3-17 drlg/wcr	4300731182	06/26/2006
Kenilworth Rail Road 15-4 drlg/wcr	4300731170	07/05/2006
Kenilworth Rail Road 9-1 drlg/wcr	4300731172	07/06/2006
Ridge Runner 2-18 drlg/wcr	4301530683	08/12/2006

To avoid compliance action, required reports should be mailed within 7 business days to:

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

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

		5. LEASE DESIGNATION AND SERIAL NUMBER: State ML-1257
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: Alpine School District 3-17
2. NAME OF OPERATOR: Marion Energy, Inc		9. API NUMBER: 4300731182
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069	PHONE NUMBER: (972) 540-2967	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014.49' FEL, 692.77' FNL		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/21/2007	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Casing Sundry
	<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.

Surface Casing: Ran 11 jts, 13 3/8", 46#, J-55, ST & C set @ 490'. Cemented w/ 610 sks Class "G". Lost returns during displacement. Let set for 12 hrs and topped off w/290 sks class "G". circulated cement.

Intermediate: Ran 72 jts, 9 5/8", 36#, J-55, LT & C, set @ 3142' cemented w/ 425sx, 11 ppg, 3.82 yeild as lead followed by 270 sx, 15.8 ppg, 1.15 yeild as tail. Circulate 32 bbls to surface.

Production: Ran 139 jts, 7", 26 #, K-55, LT & C set @ 5311' KB. Cemented w/ 400 sx, 12.4 ppg, 65/35 Poz as lead followed by 350 sx, 14.5 ppg, 50/50 Poz as tail. Bumped plug w/ 1950 psi. Circulated 29 bbls cement to surface.

NAME (PLEASE PRINT) Doug Endsley	TITLE VP Operations
SIGNATURE	DATE 11/21/2007

(This space for State use only)

RECEIVED
NOV 30 2007
DIV. OF OIL, GAS & MINING

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Marion Energy, Inc

Today's Date: 02/14/2008

Well:

API Number:

Drilling Commenced:

See Attachment

43 007 31182
ALPINE SCHOOL DIST 3-17
13S 7E 17

To avoid compliance action, required reports should be mailed within 7 business days to:

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

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

Well:		API Number:	Commenced:
Cordingly Cyn 10-1	drlg rpts/wcr	4300731173	05/19/2006
Ballpark Cyn 17-2	drlg rpts/wcr	4300731169	05/30/2006
Alpine School Dist 6-17	drlg rpts/wcr	4300731181	06/26/2006
Alpine School Dist 3-17	drlg rpts/wcr	4300731182	06/26/2006
Kenilworth RR 15-4	drlg rpts/wcr	4300731170	07/05/2006
Kenilworth RR 9-1	drlg rpts/wcr	4300731172	07/06/2006
Ridge Runner 2-19	wcr	4301530684	08/10/2006
Ridge Runner 2-18	drlg rpts/wcr	4301530683	08/12/2006
Ridge Runner 8-19	drlg rpts/wcr	4301530682	08/13/2007
Ridge Runner 1-30	drlg rpts/wcr	4301530680	09/11/2007

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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL GAS WELL DRY OTHER _____
 b. TYPE OF WORK: NEW WELL HORIZ. LATS. DEEP-EN RE-ENTRY DIFF. RESVR. OTHER _____

5. LEASE DESIGNATION AND SERIAL NUMBER:
State ML-1257

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME
Clear Creek Unit

8. WELL NAME and NUMBER:
Alpine School District 3-17

2. NAME OF OPERATOR:
Marion Energy, Inc.

9. API NUMBER:
4300731182

3. ADDRESS OF OPERATOR:
119 S. Tennessee #200 CITY **McKinney** STATE **TX** ZIP **75069**

10. FIELD AND POOL, OR WILDCAT
Wildcat

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **2014.49 ft FEL, 692.77 ft FNL**
AT TOP PRODUCING INTERVAL REPORTED BELOW:
AT TOTAL DEPTH: **148 fel 1480 fwl** *per DKD review*

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
NWNE 17 13S 7E

12. COUNTY
Carbon

13. STATE
UTAH

14. DATE SPURRED: **7/3/2007** 15. DATE T.D. REACHED: **7/31/2007** 16. DATE COMPLETED: **11/30/2007**
ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):
7921 GR

18. TOTAL DEPTH: MD **5,340** TVD **4628** 19. PLUG BACK T.D.: MD **5,300** TVD **4588**

20. IF MULTIPLE COMPLETIONS, HOW MANY? *
21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
**CBL
Dual Spaced Neutron**

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

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2	13 3/8 K-55	46#	0	485		"G" 900		Surface	
12 1/4"	6 5/8 J-55	36#	0	3,142		50/50 695		Surface	
8 3/4"	7 N-80	26#	0	5,311		50/50 750		Surface	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8	4,700							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Bluegate	2,300	4,207		
(B) Ferron	4,207	5,223		
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
3,800 3,906	.43	172	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
4,300 4,588	.43	224	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input checked="" type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
3800-3906	1000 gals 7 1/2 % HCL, 50,000 lbs 20/40 Brady sand, 38,000 gals 20# X-Link Gel
4300-4588	2500 gals 7 1/2 % HCL, 120,000 lbs 20/40 Brady sand, 85,000 gals 20# X-Link Gel

29. ENCLOSED ATTACHMENTS:
 ELECTRICAL/MECHANICAL LOGS
 SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION
 GEOLOGIC REPORT
 CORE ANALYSIS
 DST REPORT
 OTHER: _____
 DIRECTIONAL SURVEY

30. WELL STATUS:
TSTG S1

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE: 3/1/2008		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 16	WATER - BBL: 300	PROD. METHOD: Pumping
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: TSTG

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE: 3/1/2008		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 150	WATER - BBL: 250	PROD. METHOD: Pumping
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: TSTG

INTERVAL C (As shown in item #26)

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

INTERVAL D (As shown in item #26)

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

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

Vented

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Emery	1,500	2,300	Sand, Coal, Water	Stan Point	
Ferron	4,207	5,223	Sand, Coal, Gas, & Water	Emery	1,500
				Bluegate	2,300
				Ferron	4,207
				Tunuck	5,223

35. ADDITIONAL REMARKS (Include plugging procedure)

We plan to squeeze perforations from 3800'-3906'

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

NAME (PLEASE PRINT) Doug Endsley

TITLE VP Operations

SIGNATURE *Doug Endsley*

DATE 11/30/2007

This report must be submitted within 30 days of

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

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

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

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

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

MARION ENERGY, INC.

Carbon County, Utah

Clear Creek Unit

ASD #3-17

Original Hole

Survey: As Drilled

Standard Survey Report

01 August, 2007

Nevis

Survey Report

Company: MARION ENERGY, INC.	Local Co-ordinate Reference: Site Clear Creek Unit
Project: Carbon County, Utah	TVD Reference: WELL @ 0.0ft (Original Well Elev)
Site: Clear Creek Unit	MD Reference: WELL @ 0.0ft (Original Well Elev)
Well: ASD #3-17	North Reference: Grid
Wellbore: Original Hole	Survey Calculation Method: Minimum Curvature
Design: Original Hole	Database: EDM 2003.14 Single User Db

Project Carbon County, Utah, Sec. 17, T13S, R7E	
Map System: Universal Transverse Mercator	System Datum: Mean Sea Level
Geo Datum: NAD 1927 - Alaska	
Map Zone: Zone 12N (114 W to 108 W)	

Site Clear Creek Unit, Sec.17, T13S, R7E			
Site Position:	Northing: 14,415,023.68 ft	Latitude: 39° 41' 41.969 N	
From: Lat/Long	Easting: 1,595,298.66 ft	Longitude: 111° 9' 37.407 W	
Position Uncertainty: 0.0 ft	Slot Radius: "	Grid Convergence: -0.10 °	

Well ASD #3-17			
Well Position	+N/-S 0.0 ft	Northing: 14,415,023.68 ft	Latitude: 39° 41' 41.969 N
	+E/-W 0.0 ft	Easting: 1,595,298.66 ft	Longitude: 111° 9' 37.407 W
Position Uncertainty 0.0 ft		Wellhead Elevation: ft	Ground Level: 7,918.0 ft

Wellbore Original Hole					
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	6/27/2007	12.18	65.38	52,371

Design Original Hole				
Audit Notes:				
Version: 1.0	Phase: ACTUAL	Tie On Depth:		
Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.0	0.0	0.0	295.00

Survey Program Date 8/1/2007					
From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description	
653.0	5,336.0	As Drilled (Original Hole)			

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
653.0	0.40	276.80	653.0	0.3	-2.3	2.2	0.06	0.06	0.00
746.0	0.20	309.60	746.0	0.4	-2.7	2.6	0.28	-0.22	35.27
839.0	0.00	334.90	839.0	0.5	-2.8	2.8	0.22	-0.22	0.00
959.0	0.10	33.10	959.0	0.6	-2.8	2.8	0.08	0.08	0.00
1,051.0	0.40	49.70	1,051.0	0.9	-2.5	2.6	0.33	0.33	18.04
1,143.0	0.80	78.10	1,143.0	1.2	-1.6	2.0	0.53	0.43	30.87
1,236.0	1.20	79.50	1,236.0	1.5	0.0	0.7	0.43	0.43	1.51
1,330.0	0.90	94.60	1,330.0	1.6	1.7	-0.8	0.43	-0.32	16.06
1,424.0	0.50	113.20	1,424.0	1.4	2.8	-1.9	0.48	-0.43	19.79
1,519.0	0.20	244.60	1,518.9	1.2	3.0	-2.2	0.68	-0.32	138.32
1,613.0	0.40	331.60	1,612.9	1.4	2.7	-1.9	0.47	0.21	92.55

Nevis

Survey Report

Company: MARION ENERGY, INC.	Local Co-ordinate Reference: Site Clear Creek Unit
Project: Carbon County, Utah	TVD Reference: WELL @ 0.0ft (Original Well Elev)
Site: Clear Creek Unit	MD Reference: WELL @ 0.0ft (Original Well Elev)
Well: ASD #3-17	North Reference: Grid
Wellbore: Original Hole	Survey Calculation Method: Minimum Curvature
Design: Original Hole	Database: EDM 2003.14 Single User Db

Survey										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	
1,650.1	1.00	307.20	1,650.0	1.7	2.4	-1.4	1.78	1.63	-65.86	
KOP										
1,707.0	2.00	299.90	1,706.9	2.5	1.1	0.0	1.78	1.75	-12.81	
1,801.0	3.80	296.50	1,800.8	4.7	-3.1	4.8	1.92	1.91	-3.62	
1,896.0	4.70	289.40	1,895.5	7.4	-9.6	11.8	1.10	0.95	-7.47	
1,990.0	7.00	291.10	1,989.0	10.8	-18.5	21.3	2.45	2.45	1.81	
2,083.0	9.30	290.50	2,081.1	15.4	-30.9	34.5	2.47	2.47	-0.65	
2,177.0	11.30	289.10	2,173.6	21.1	-46.7	51.2	2.14	2.13	-1.49	
2,270.0	14.40	290.70	2,264.2	28.2	-66.1	71.8	3.35	3.33	1.72	
2,364.0	15.60	293.50	2,355.0	37.4	-88.6	96.1	1.49	1.28	2.98	
2,459.0	17.00	292.80	2,446.2	47.8	-113.2	122.8	1.49	1.47	-0.74	
2,553.0	19.50	293.40	2,535.5	59.4	-140.2	152.2	2.67	2.66	0.64	
2,647.0	22.70	291.00	2,623.2	72.1	-171.6	186.0	3.53	3.40	-2.55	
2,741.0	23.10	289.90	2,709.8	84.9	-205.8	222.4	0.62	0.43	-1.17	
2,836.0	24.10	289.10	2,796.8	97.6	-241.7	260.3	1.11	1.05	-0.84	
2,932.0	27.50	292.10	2,883.2	112.3	-280.8	301.9	3.79	3.54	3.12	
3,027.0	28.80	294.31	2,967.0	130.0	-321.9	346.7	1.75	1.37	2.33	
3,090.0	31.10	296.40	3,021.6	143.5	-350.3	378.2	4.01	3.65	3.32	
3,184.0	32.80	298.40	3,101.3	166.4	-394.5	427.9	2.13	1.81	2.13	
3,279.0	34.20	297.30	3,180.6	190.9	-440.9	480.2	1.61	1.47	-1.16	
3,374.0	36.50	297.20	3,258.0	216.1	-489.7	535.1	2.42	2.42	-0.11	
3,469.0	39.80	296.90	3,332.7	242.7	-542.0	593.8	3.48	3.47	-0.32	
3,563.0	41.40	298.20	3,404.1	271.0	-596.2	654.9	1.93	1.70	1.38	
3,658.0	44.40	299.20	3,473.7	302.1	-652.9	719.4	3.24	3.16	1.05	
3,754.0	46.50	299.30	3,541.0	335.5	-712.6	787.6	2.19	2.19	0.10	
3,848.0	49.80	299.80	3,603.7	370.1	-773.5	857.4	3.53	3.51	0.53	
3,943.0	50.60	299.50	3,664.6	406.2	-836.9	930.2	0.88	0.84	-0.32	
4,036.0	51.80	299.00	3,722.8	441.6	-900.2	1,002.4	1.36	1.29	-0.54	
4,130.0	53.10	298.70	3,780.1	477.5	-965.4	1,076.8	1.41	1.38	-0.32	
4,225.0	53.90	298.40	3,836.6	514.0	-1,032.5	1,153.0	0.88	0.84	-0.32	
4,317.0	52.80	297.80	3,891.5	548.8	-1,097.6	1,226.7	1.31	-1.20	-0.65	
4,412.0	51.40	297.00	3,949.9	583.3	-1,164.2	1,301.6	1.62	-1.47	-0.84	
4,448.8	50.81	296.81	3,973.0	596.3	-1,189.7	1,330.2	1.65	-1.60	-0.52	
Ferron										
4,470.0	50.47	296.69	3,986.4	603.6	-1,204.4	1,346.6	1.65	-1.60	-0.53	
Ferron (as per geology)										
4,506.0	49.90	296.50	4,009.5	616.0	-1,229.1	1,374.3	1.65	-1.60	-0.54	
4,599.0	48.90	296.10	4,070.0	647.3	-1,292.4	1,444.9	1.12	-1.08	-0.43	
4,693.0	46.80	296.10	4,133.1	678.0	-1,355.0	1,514.5	2.23	-2.23	0.00	
4,788.0	45.00	297.80	4,199.2	708.9	-1,415.8	1,582.7	2.29	-1.89	1.79	
4,884.0	44.80	297.00	4,267.2	740.1	-1,475.9	1,650.4	0.62	-0.21	-0.83	
4,980.0	42.60	294.60	4,336.6	768.9	-1,535.6	1,716.7	2.87	-2.29	-2.50	
5,075.0	39.80	291.60	4,408.1	793.5	-1,593.1	1,779.2	3.61	-2.95	-3.16	
5,168.0	34.70	289.10	4,482.1	813.2	-1,645.9	1,835.3	5.72	-5.48	-2.69	
5,261.0	31.90	287.00	4,559.8	829.0	-1,694.4	1,886.0	3.26	-3.01	-2.26	
5,282.0	31.80	287.10	4,577.7	832.3	-1,705.0	1,897.0	0.54	-0.48	0.48	
5,336.0	31.80	287.10	4,623.6	840.6	-1,732.2	1,925.2	0.00	0.00	0.00	
TD - Projection @ 5336'										

Nevis

Survey Report

Company: MARION ENERGY, INC.	Local Co-ordinate Reference: Site Clear Creek Unit
Project: Carbon County, Utah	TVD Reference: WELL @ 0.0ft (Original Well Elev)
Site: Clear Creek Unit	MD Reference: WELL @ 0.0ft (Original Well Elev)
Well: ASD #3-17	North Reference: Grid
Wellbore: Original Hole	Survey Calculation Method: Minimum Curvature
Design: Original Hole	Database: EDM 2003.14 Single User Db

Targets									
Target Name	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
- hit/miss target	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)		
- Shape									
PBHL	0.00	360.00	4,673.0	830.6	-1,780.8	14,415,854.28	1,593,517.86	39° 41' 50.149 N	111° 10' 0.217 W
- survey misses by 70.1ft at 5336.0ft MD (4623.6 TVD, 840.6 N, -1732.2 E)									
- Circle (radius 0.1)									
KOP	0.00	0.00	1,650.0	0.0	0.0	14,415,023.68	1,595,298.66	39° 41' 41.969 N	111° 9' 37.407 W
- survey misses by 3.0ft at 1650.1ft MD (1650.0 TVD, 1.7 N, 2.4 E)									
- Point									
Ferron	0.00	360.00	3,973.0	612.9	-1,314.1	14,415,636.58	1,593,984.56	39° 41' 48.005 N	111° 9' 54.239 W
- survey misses by 86.3ft at 4539.1ft MD (4030.9 TVD, 627.3 N, -1251.7 E)									
- Circle (radius 100.0)									

Survey Annotations				
Measured Depth	Vertical Depth	Local Coordinates		Comment
(ft)	(ft)	+N/-S (ft)	+E/-W (ft)	
4,470.0	3,986.4	603.6	-1,204.4	Ferron (as per geology)
5,336.0	4,623.6	840.6	-1,732.2	TD - Projection @ 5336'

Checked By: _____ Approved By: _____ Date: _____



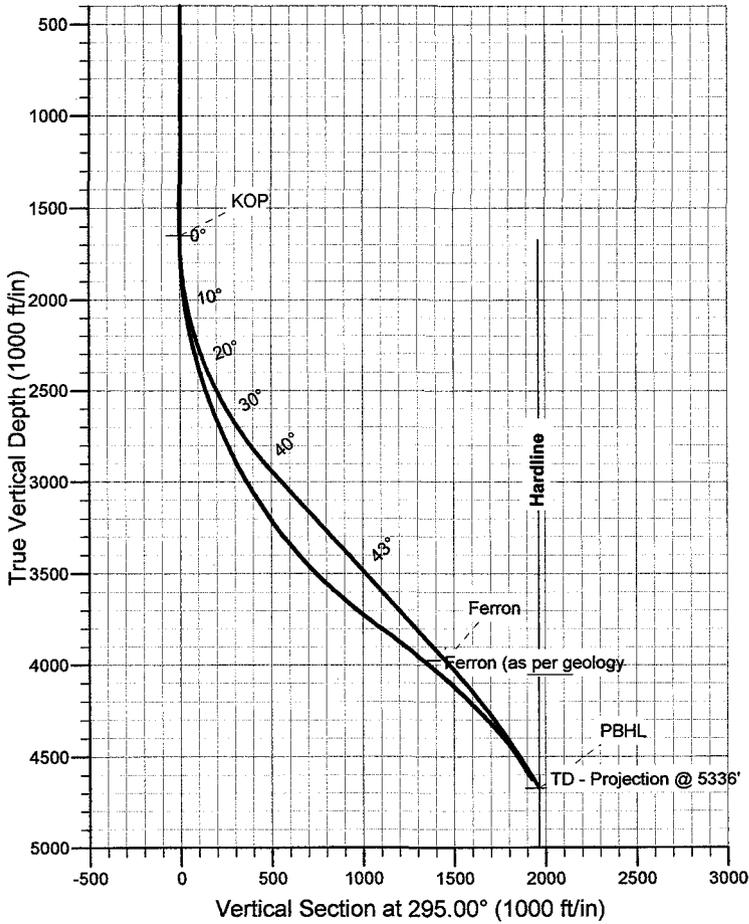
MARION ENERGY, INC.

Plan #2

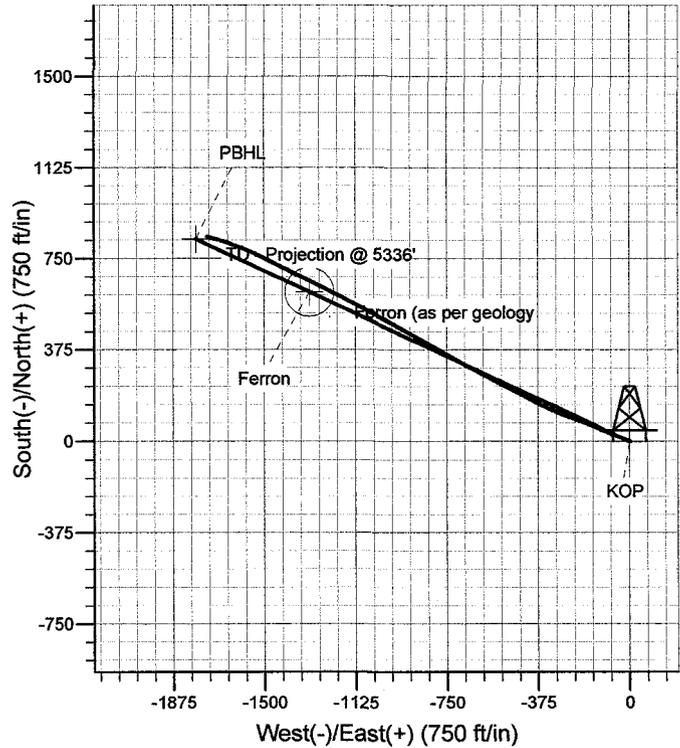
ASD #3-17
Clear Creek Unit
Carbon County, Utah

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	1650.0	0.00	0.00	1650.0	0.0	0.0	0.00	0.00	0.0	
3	3068.6	42.56	295.00	2941.7	212.6	-455.9	3.00	295.00	503.0	
4	4468.7	42.56	295.00	3973.0	612.9	-1314.1	0.00	0.00	1450.0	
5	5339.4	30.13	295.00	4673.0	830.6	-1780.8	1.43	-179.99	1965.0	



As Drilled - Final 7/31/07 - Projection to TD



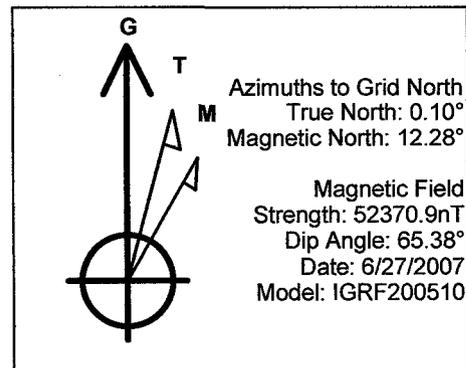
WELLBORE TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
KOP	1650.0	0.0	0.0	Point
Ferron	3973.0	612.9	-1314.1	Circle (Radius: 100.0)
PBHL	4673.0	830.6	-1780.8	Circle (Radius: 0.1)

SITE DETAILS: Clear Creek Unit

Sec. 17, T13S, R7E
 Site Centre Latitude: 39° 41' 41.969 N
 Longitude: 111° 9' 37.407 W

Positional Uncertainty: 0.0
 Convergence: -0.10
 Local North: Grid



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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER:
State ML-1257

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME
Clear Creek Unit

8. WELL NAME and NUMBER:
Alpine School District 3-17

9. API NUMBER:
4300731182

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
NWNE 17 13S 7E

12. COUNTY
Carbon

13. STATE
UTAH

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

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

2. NAME OF OPERATOR:
Marion Energy, Inc.

3. ADDRESS OF OPERATOR:
119 S. Tennessee #200 CITY McKinney STATE TX ZIP 75069

PHONE NUMBER:
(972) 540-2967

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 2014.49 ft FEL, 692.77 ft FNL
AT TOP PRODUCING INTERVAL REPORTED BELOW:
AT TOTAL DEPTH:

14. DATE SPUNDED: 7/3/2007

15. DATE T.D. REACHED: 7/31/2007

16. DATE COMPLETED: 11/30/2007

ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):
7921 GR

18. TOTAL DEPTH: MD 5,340 TVD

19. PLUG BACK T.D.: MD 5,300 TVD

20. IF MULTIPLE COMPLETIONS, HOW MANY? *

21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
CBL
Dual Spaced Neutron

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

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2	13 3/4 K-55	46#	0	485		"G" 900		Surface	
12 1/4"	6 5/8 J-55	36#	0	3,142		50/50 695		Surface	
8 3/4"	7 N-80	26#	0	5,311		50/50 750		Surface	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8	4,700							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Bluegate	2,300	4,207		
(B) Ferron	4,207	5,223		
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
3,800 3,906	.43	172	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
4,300 4,588	.43	224	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
3800-3906	1000 gals 7 1/2 % HCL, 50,000 lbs 20/40 Brady sand, 38,000 gals 20# X-Link Gel
4300-4588	2500 gals 7 1/2 % HCL, 120,000 lbs 20/40 Brady sand, 85,000 gals 20# X-Link Gel

29. ENCLOSED ATTACHMENTS:

ELECTRICAL/MECHANICAL LOGS GEOLOGIC REPORT DST REPORT DIRECTIONAL SURVEY

SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION CORE ANALYSIS OTHER: _____

30. WELL STATUS:
Prod

#1. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE: 3/1/2008	HOURS TESTED: 8	TEST PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 75	WATER - BBL: 80	PROD. METHOD: Pumping
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS: Producing

INTERVAL B (As shown in item #26)

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

INTERVAL C (As shown in item #26)

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

INTERVAL D (As shown in item #26)

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

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

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Emery	1,500	2,300	Sand, Coal, Water	Stan Point	1,500
Ferron	4,207	5,223	Sand, Coal, Gas, & Water	Emery	2,300
				Bluegate	4,207
				Ferron	5,223
				Tununck	

35. ADDITIONAL REMARKS (include plugging procedure)

We plan to squeeze perforations from 3800'-3906'

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

NAME (PLEASE PRINT) Doug Endsley TITLE VP Operations
 SIGNATURE *Doug Endsley* DATE 5/4/09

This report must be submitted within 30 days of

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

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

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

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

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 type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE:		8. WELL NAME and NUMBER: Mult-Locations
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: 5-17 T 13S R 04E		9. API NUMBER: 4300731182
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Clear Creek
STATE: UTAH		

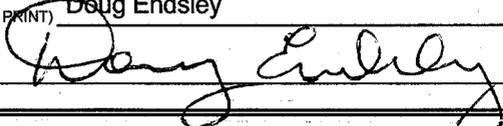
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

Recently Marion Energy conducted a series of short pump-in tests on the wells listed below to determine if the wells were in need of remedial flushing of the Ferron formation. Those tests indicated that the wells were partially plugged with fines. It is now our intention to start a larger series of remedial flush jobs in a cyclical manner consisting of periods of flushing followed by a period of production. The length of each cycle will be determined by individual well response. Marion Energy will be utilizing the necessary pumping equipment to achieve 3-5bbls/min and pressure up to 1800 psi. We anticipate starting these tests as soon as we have removed snow from the access roads.

Ridge Runner 13-17 API # 4301530269, Ridge Runner 11-17 API # 4301530685, Ridge Runner 2-19 API # 4301530684, Ridge Runner 1-30 API # 4301530680, Ridge Runner 11-20 API # 43015302710, ASD 3-17 API # 4300731182, ASD 6-17 API # 4300731181, Oman 2-20 API # 4300730289

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>3/15/2010</u>

(This space for State use only)

REQUEST DENIED

Utah Division of
Oil, Gas and Mining

Date: 3/30/10

By: D. Endsley (See Instructions on Reverse Side)

(5/2000)

RECEIVED

MAR 17 2010

DIV. OF OIL, GAS & MINING

* insufficient information & justification
* short pump in tests were not authorized, please provide details of these tests (i.e. type of fluid and quantity of fluid injected, dates performed, jobs, etc)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. **RECEIVED**
MOAB FIELD OFFICE

6. If Indian, Allottee or Tribe Name
2010 MAR 18 AM 9:40

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

UTU-63018

8. Well Name and No.
Multi-Locations

9. API Well No.
4300731182

10. Field and Pool, or Exploratory Area
Clear Creek

11. County or Parish, State

Carbon

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Marion Energy, Inc.

3a. Address
119 S. Tennessee Ste. 200 McKinney, TX 75069

3b. Phone No. (include area code)
972-540-2967

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
0692 F-UL 2014 FEL
S-17 T13S R07E NW1/4E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Remedial Flush Jobs
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Recently Marion Energy conducted a series of short pump-in tests on the wells listed below to determine if the wells were in need of remedial flushing of the Ferron formation. Those tests indicated that the wells were partially plugged with fines. It is now our intention to start a larger series of remedial flush jobs in a cyclical manner consisting of periods of flushing followed by a period of production. The length of each cycle will be determined by individual well response. Marion Energy will be utilizing the necessary pumping equipment to achieve 3-5bbls/min and pressure up to 1800 psi. We anticipate starting these tests as soon as we have removed snow from the access roads.

Ridge Runner 13-17 API # 4301530269, Ridge Runner 11-17 API # 4301530685, Ridge Runner 2-19 API # 4301530684, Ridge Runner 1-30 API # 4301530680, Ridge Runner 11-20 API # 43015302710, ASD 3-17 API # 4300731182, ASD 6-17 API # 4300731181, Oman 2-20 API # 4300730289

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Doug Endsley

Title **VP Operations**

Signature

Doug Endsley

Date

03/15/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

DENIED

Title

Date

AUG 10 2010

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject area which would entitle the applicant to conduct operations thereon.

PRICE FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

AUG 16 2010

UDOGM

COPY

DIV. OF OIL, GAS & MINING



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

December 9, 2010

Certified Mail No.: 7004 1160 0003 0190 4789

DIVISION ORDER

Marion Energy, Inc.
119 South Tennessee, Suite 200
McKinney, Texas 75069
Attn: Mr. Keri Clark

43 007 31182
Alpine School Dist 3-17
13S 7E 17

Subject: Bonding for Individual Wells

Dear Mr. Clark:

As of the date of this Order Marion Energy Inc. (Marion) has not satisfactorily demonstrated Marion's financial ability to meet Utah Code §40-6-5(f) and Oil and Gas Conservation General Rule (R649-3-6) requirements for state-wide bonding as requested in the Division of Oil, Gas and Mining (Division) certified letter dated October 25, 2010.

The Division is hereby ordering individual well bonds (R649-3-1.5) for all wells (see Attachment A) currently covered under Marion's \$120,000 blanket bond. The total individual well bond obligation will be \$421,500.

Therefore, Marion has 30 days from the date of this Order to post the additional bonding or enter into an agreement with the Division to satisfy this Order.

Marion has the right to appeal the Division Order by filing to the Board of Oil, Gas and Mining a request for review, according to procedures set forth in Utah Administrative Code R649-10-6. A request for review of a Division Order must be filed with the secretary to the Board, Julie Ann Carter (801) 538-5277, within 30 days of issuance of the Order.

In the event Marion does not comply with this Division Order for Individual Well Bonding the Division will file for a formal hearing before the Board of Oil, Gas and Mining pursuant to Utah §40-6-11(3) & (4).



Page 2

Subject: Division Order – Bonding for Individual Wells.
December 9, 2010

For bonding assistance please contact Randy Thackeray, Lead Auditor at (801) 538-5316. General questions regarding this Order may be directed to Clinton Dworshak, Compliance Manager at (801) 538-5280, or John Rogers, Oil and Gas Associate Director at (801) 538-5349.

Sincerely,



Clinton Dworshak
Compliance Manager

CLD/js

Exhibits

cc: John Rogers, Associate Director
Steve Alder, Assistant Attorney General
Dustin Doucet, Petroleum Engineer
Randy Thackeray, Lead Auditor
Compliance File
Well Files

N:\O&G Reviewed Docs\ChronFile\Enforcement

Attachment A

<u>Well Name</u>	<u>Well API</u>	<u>Well Depth</u>	<u>Bond</u>
Cordingly Cyn 15-2	43-007-30102	4890	\$30,000
Cordingly Cyn 15-1	43-007-31065	4735	\$30,000
Cordingly Cyn 15-5	43-007-31167	4500	\$30,000
Alpine School District 6-17	43-007-31181	5825	\$30,000
Alpine School District 3-17	43-007-31182	5300	\$30,000
Oman 10-29	43-007-31210	5500	\$30,000
Utah Fuel 8	43-007-16015	4390	\$30,000
Kenilworth RR 1	43-007-31006	4445	\$30,000
Kenilworth RR 2	43-007-31007	5007	\$30,000
Ballpark Cyn 1	43-007-31015	4468	\$30,000
Cordingly Cyn 11-1	43-007-31070	5520	\$30,000
Ballpark Cyn 17-2	43-007-31169	not reported	\$30,000
Cordingly Cyn 10-1	43-007-31173	6435	\$30,000
Ballpark Cyn 16-2X	43-007-31207	489	\$1,500
Kenilworth RR 1-A	43-007-31229	8045	\$30,000
		TOTAL	\$421,500

7004 1160 0003 0190 4789

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	12/9/2010  Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		

Total Post: _____

Sent To: **MR KERI CLARKE**

Street, Apt. or PO Box: **MARION ENERGY INC**

City, State: **119 SOUTH TENNESSEE SUITE 200**
MCKINNEY TX 75069

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MR KERI CLARKE
MARION ENERGY INC
119 SOUTH TENNESSEE SUITE 200
MCKINNEY TX 75069

2. Article Number
(Transfer from service label) _____

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 BCDati Agent
 Addressee

B. Received by (Printed Name): *Betu Danti*

C. Date of Delivery: *12/13/10*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

7004 1160 0003 0190 4789

MARION ENERGY

March 1, 2010

Mr. Brad Hill
State of Utah
Division of Oil Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114

Re: Application for Injection Well — Marion Energy's Alpine School District 3-17.
654.99'fni, 3189.35'fwi Section 17 Township 13 South Range 7 East, SLB&M

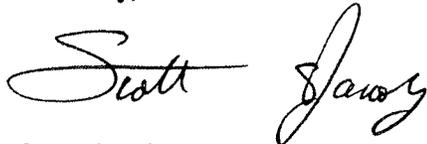
Dear Mr. Hill,

Marion Energy respectfully submits the enclosed original of the *Application for Injection Well (UIC Form 1)* for the above referenced well.

Marion Energy desires to submit this application now to begin the noticing process and comment period. Supplemental information will be submitted in the future by Marion Energy as is required.

Thank you for your timely processing and review of this application. Please feel free to contact myself or Mr. Keri Clarke at 972-540-2967 ext 3003 if you any questions or need additional information.

Sincerely,



Scott Jacoby
Associate Landman
Marion Energy
Phone: 972-540-2967 ext 3008
Mobile: 817-937-6931
E-mail: sjacoby@marionenergy.com

Marion Energy Inc.
119 S. Tennessee, Ste. 200
McKinney, Texas 75069

Tel (972) 540-2967
Fax (972) 547-0442

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

UIC FORM 1

APPLICATION FOR INJECTION WELL

Name of Operator Marion Energy	Utah Account Number N	Well Name and Number Alpine School District 3-17
Address of Operator 119 S. Tennessee CITY McKinney STATE TX ZIP 75070	Phone Number (972) 540-2967	API Number 4300731182
Location of Well Footage : 654.69' FNL 3189.35' FWL County : Carbon QQ, Section, Township, Range: NWNE 17 13S 7E State : UTAH		Field or Unit Name Clear Creek Unit Lease Designation and Number FEE

Is this application for expansion of an existing project? Yes No

Will the proposed well be used for:

Enhanced Recovery?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Disposal?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Storage?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Is this application for a new well to be drilled? Yes No

If this application is for an existing well, has a casing test been performed? Yes No
Date of test: _____

Proposed injection interval: from 4,268 to 5,119

Proposed maximum injection: rate 15,000 bpd pressure 400 psig

Proposed injection zone contains oil , gas , and / or fresh water within 1/2 mile of the well.

List of attachments: _____

**ATTACH ADDITIONAL INFORMATION AS REQUIRED BY CURRENT
UTAH OIL AND GAS CONSERVATION GENERAL RULES**

I hereby certify that this report is true and complete to the best of my knowledge.

Name (Please Print) SCOTT JACOBY
Signature Scott Jacoby

Title Associate LANDMAN
Date MARCH 1, 2010

4526-479A

Chris Kierst - Affidavit Address List and Geological Pages ASD 3-17

From: "Scott Jacoby" <sjacoby@marionenergy.com>
To: "Chris Kierst" <chriskierst@utah.gov>
Date: 3/4/2010 6:31 AM
Subject: Affidavit Address List and Geological Pages ASD 3-17
CC: "Keri Clarke" <kclarke@marionenergy.com>, "Ben Evans" <bevans@marionener...>
Attachments: Affidavit_Geological_Address ASD 3-17.pdf

Good Morning Chris,

Please find attached:

The affidavit of mailing
Address List and Maps of all operators, surface owners and Mineral owners
Geological Information.

Please do not hesitate to contact us if you have any questions. I will be out of the office today but I will be responding to e-mail. For immediate attention please contact Ben Evans at bevans@marionenergy.com cell phone 214-534-0358

Have a wonderful day!

Scott Jacoby

Scott Jacoby

Associate Landman
Marion Energy
119 S. Tennessee
McKinney, TX 75069
Phone: (972)540-2967 ext 3008
Mobile: (817)937-6931
Fax: (972)547-0442
E-mail: sjacoby@marionenergy.com

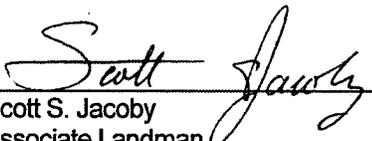
MARION ENERGY

AFFIDAVIT OF MAILING

I, Scott Jacoby, Associate Landman, Marion Energy, Inc. being first duly sworn, depose and state as follows:

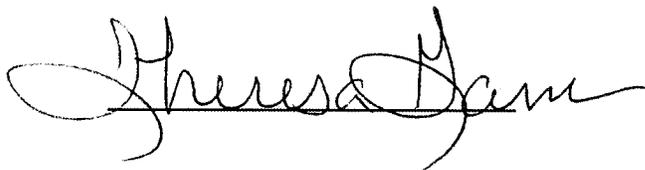
On March 3, 2010, I caused to be mailed by certified, postage prepaid, return receipt requested, letters informing all operators, surface and mineral owners within a half mile radius of our Alpine School District 3 -17 well of Marion Energy's intent to convert the aforementioned well into a produced water injection well. A map depicting the area in question was also attached to each letter as required by the Department of Oil, Gas and Mining, as set forth in rule R649-5 pertaining to the requirements for injecting fluids into reservoirs and the permitting of Class II injection wells.

Dated the 3rd day of March, 2010

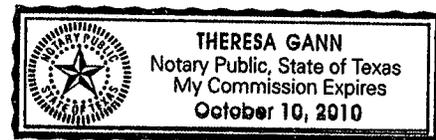


Scott S. Jacoby
Associate Landman
Marion Energy Inc.

The forgoing affidavit was subscribed and sworn to me by Scott S. Jacoby
This 3rd day of March, 2010.



Notary Public.



My Commission expires: _____ day of _____, 20_____.

Marion Energy Inc.
119 S. Tennessee, Ste. 200
McKinney, Texas 75069

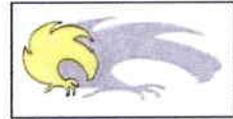
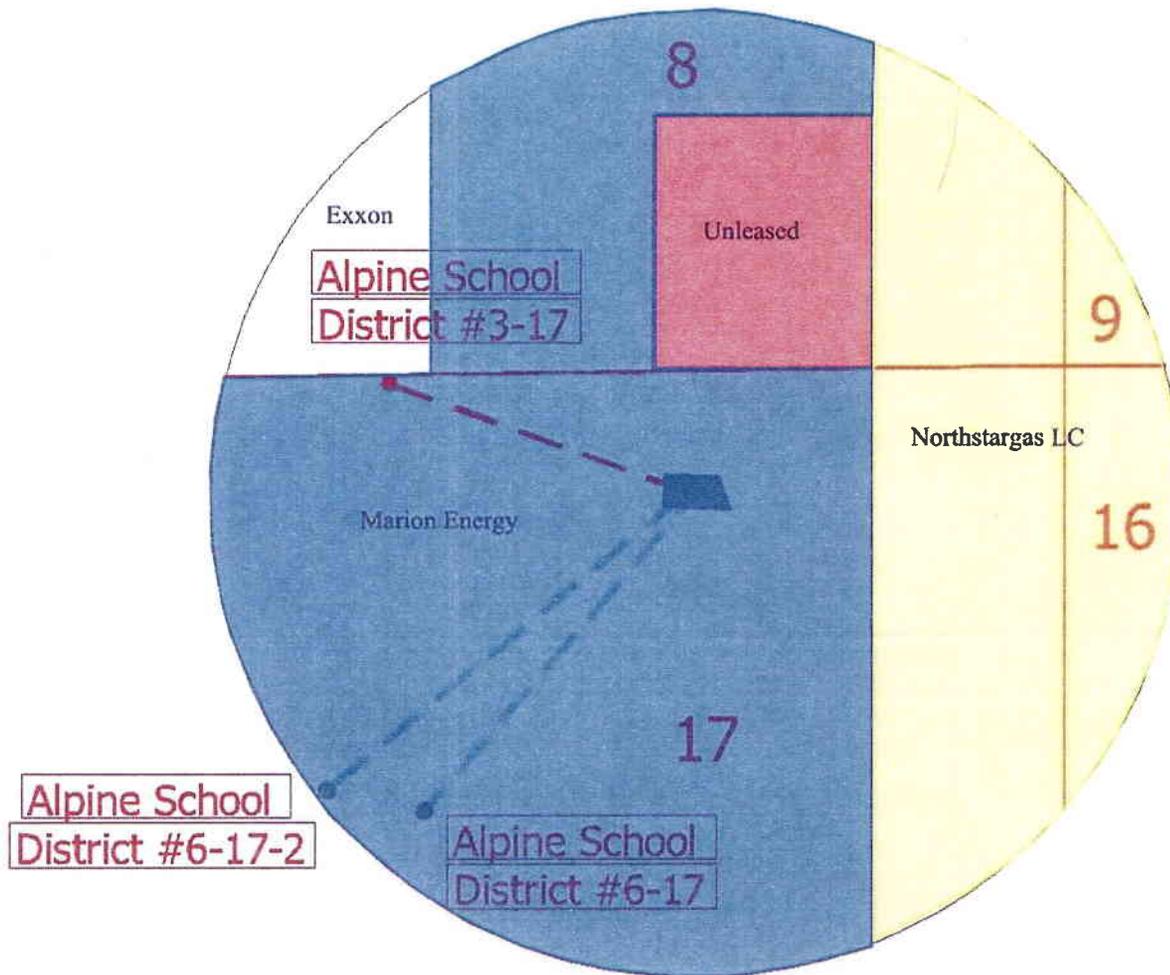
Tel (972) 540-2967
Fax (972) 547-0442

Alpine School District 3 -17 (SWD)

Address of Operators within a 1/2 mile radius of the well site

1. Northstargas, LC
C/O Steve Ault
P.O. Box 536
Ferron, UT 84523
2. Mobil Expl & Producing No America Inc
P.O. Box 5444
Denver, CO 80217
3. Marion Energy
119 S. Tennessee
McKinney, TX 75069

OPERATORS PLAT



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



Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. <i>Exhibit A</i>	Date 2/18/10
	Scale 1" = 1000'
Sheet 1 of 1	Job No. 4462

Alpine School District 3 - 17 (SWD)

Address of Mineral Owners within a 1/2 mile radius of the well site

1. Merrion Oil and Gas Corporation
610 Reilly Ave
Farmington, NM 87401

2. Northstargas, LC
C/O Steve Ault
P.O. Box 536
Ferron, UT 84523

3. Summit Energy Partners Clear Creek, LLC
1441 Ute Blvd
Suite 280
Park City, UT 84098

4. Bureau of Land Management
Price Field Office
Attn: Don Stephens
125 S. 600 W.
Price, UT 84501

5. State of Utah
Trust Lands Administration
675 East 500 South
Suite 500
Salt Lake City, UT 84102

6. Reverse Exchange LLC
As title holder for
AOK Family Holding Trust,
Jana Gunderson, Trustee
341 North 1100 East
American Fork, UT 84003

7. Ms. Anastasia Daraban
1833 S. West Temple #1
Salt Lake City, UT 84115

8. Harvey Stone
155 Franklin Street
P.O. Box 536
Ferron, UT 84523

9. Mr. J Richard Bell
4632 Idlewild Road
Salt Lake City, UT 84124

10. Ms. Joni Buehner
350 Claude Drive
Santa Clara, CA 84765

11. Ms. Connie Condie
433 E. Vine Street
Murray UT, 84765

12. Ms. Connie Stauffer
8851 Edinburgh Circle
Highlands Ranch, CO 80129

13. Mr. John Nicolaides
5040 N. Second Street
Phoenix, AZ 85012

14. Mr. Paul Daraban
10104 Dunsinane
South Jordan, UT 84095

15. Mr. Michael Stathis
1579 S. East Canyon Drive
Cedar City, UT 84720

16. Mr. Tommy John Nicolaides
989 Military Drive
Salt Lake City, UT 84108

17. Mrs. Hilda Hammond
2912 Redwood
Costa Mesa, CA 92626

18. Mary Louise Seamons
1774 South 340 East
Orem, UT 84058

19. Evelyn Jacobsen
** No Address Available

20. Leoan Gunderson
3990 Raymond
Ogden, UT 84403

21. Anthon Madsen
1821 Howell
Richland, WA 99354

22. Annie Andersen
1646 Snow Rd
Fort Sill, OK 73503

23. Dix Jensen
525 Woodhill Dr.
Price, UT 84501

24. Alice Pannier
1138 Michigan Ave.
Salt Lake City, UT 84105

25. Carbon County
120 East Main Street
Price, UT 84501

26. James T. Jensen
2961 N. Caitland Ct.
Salt Lake City, UT 84121

27. Jerry L. Jesen
1155 N. Carbonville Rd.
Price, UT 84501

28. Bonnie Lynne Jensen Stradling
18316 Highway 56
Sherman, TX 75902

29. Louise M. Watts

****No Address Available**

30. Johannah Hafen

****No Address Available**

31. Louise F. Seeley

****No Address Available**

32. Estate of Lee Thomas

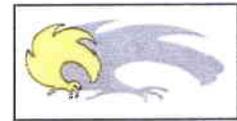
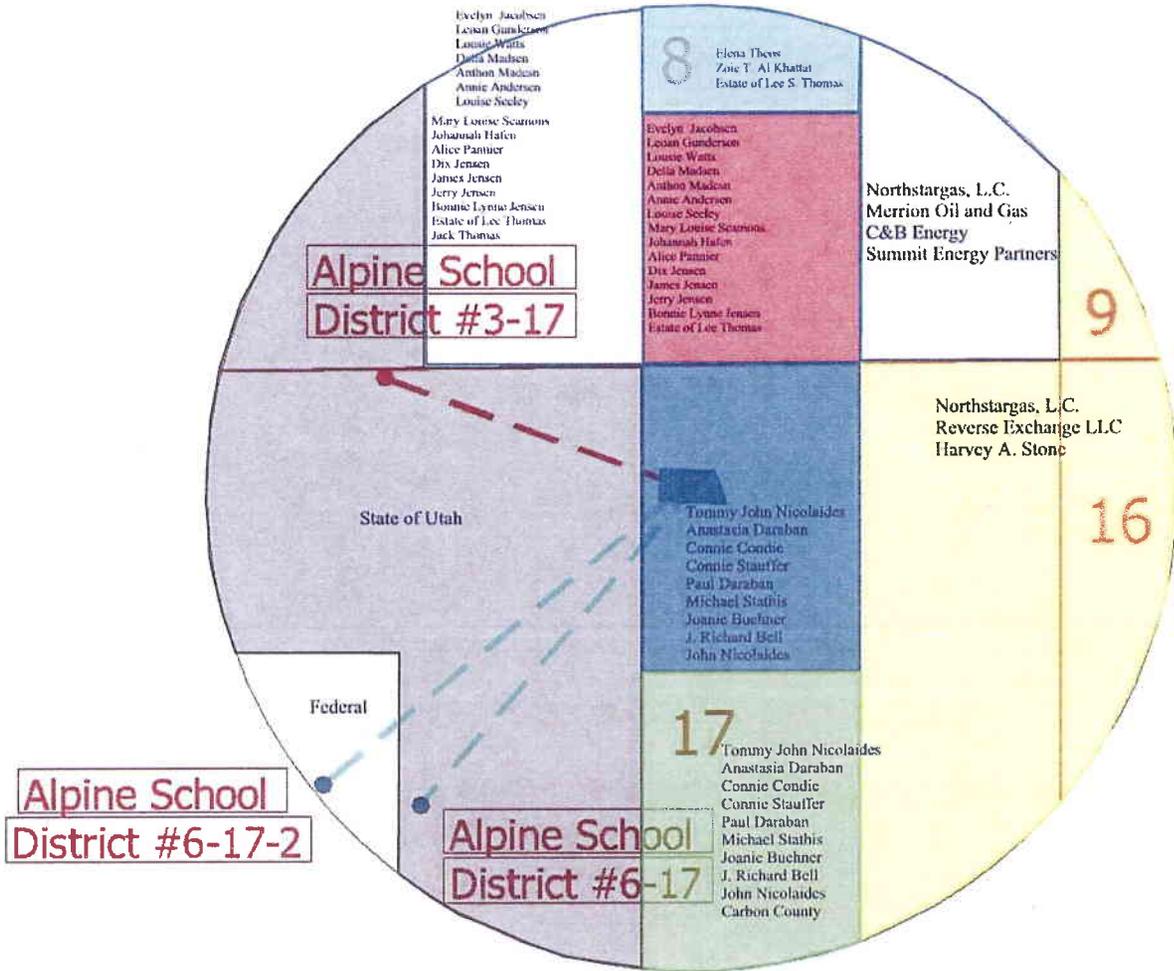
****No Address Available**

33. Jack Thomas

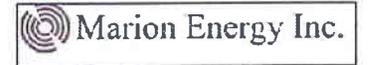
Route 2

Preston, ID 83263

MINERAL OWNERSHIP PLAT



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



Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. Exhibit A	Date: 2/18/10
	Scale: 1" = 1000'
Sheet 1 of 1	Job No. 4462

Alpine School District 3 -17 (SWD)

Address of Surface Owners within a 1/2 mile radius of the well site

1. Liodakis Ranch LLC
George E. Liodakis
2655 E. Chalet Circle
Sandy, UT 84093

2. Annie S. Kosec Trust
C/O Richard Kosec
1776 Kenilworth Rd.
Helper, UT 84526

3. Blue Ridge Services LLC
Attn: Denise A Dragoo
Snell & Wilmer LLP
15 W. South Temple
Suite 1200
Salt Lake City, UT 84101

4. Church of Jesus Christ of LDS
LDS Church, Tax Division
50 E. North Temple
22nd Floor, RE: 2A-0736
Salt Lake City, UT 84150

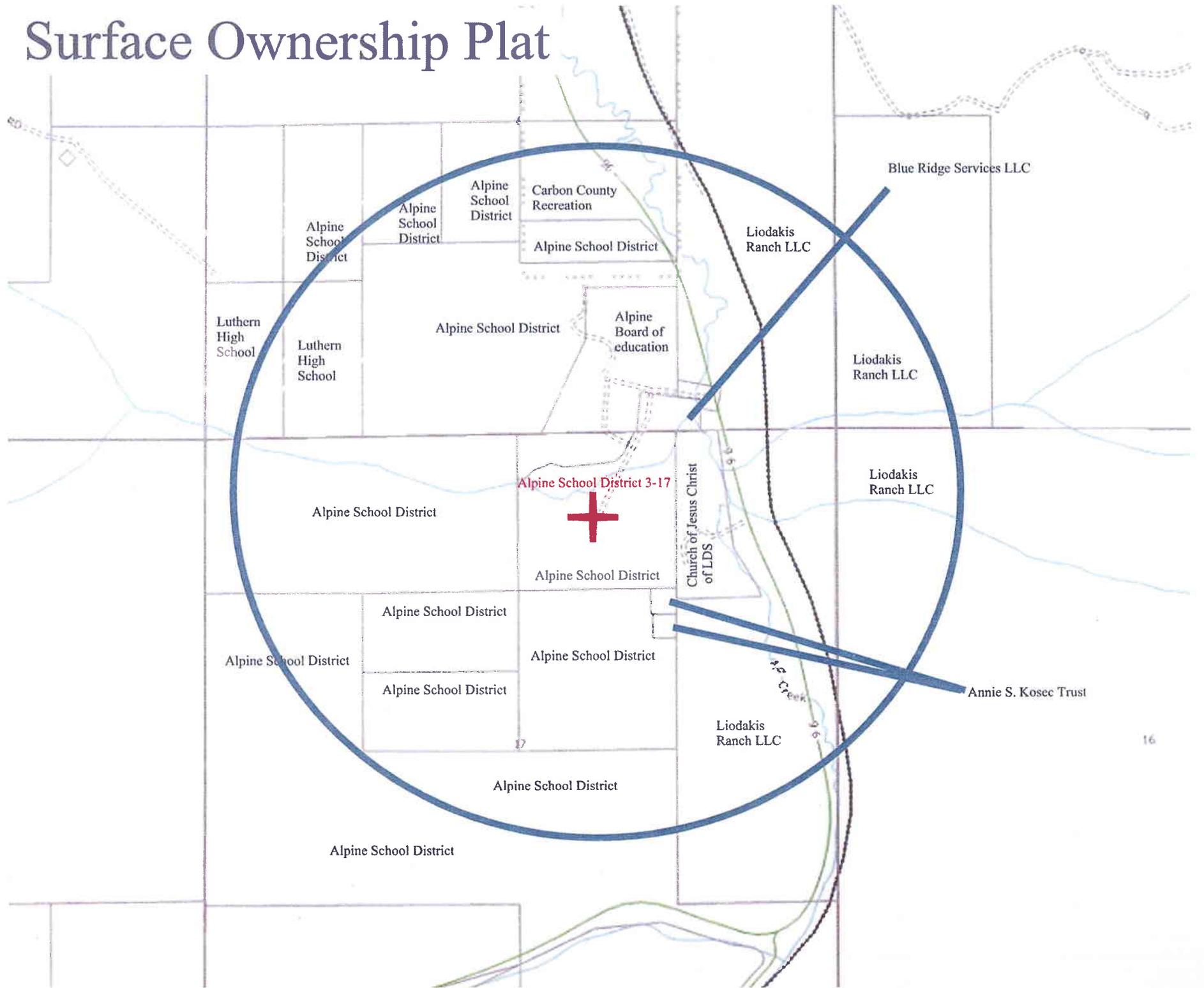
5. Alpine Board of Education
Alpine District
50 No. Center
American Fork, UT 84003

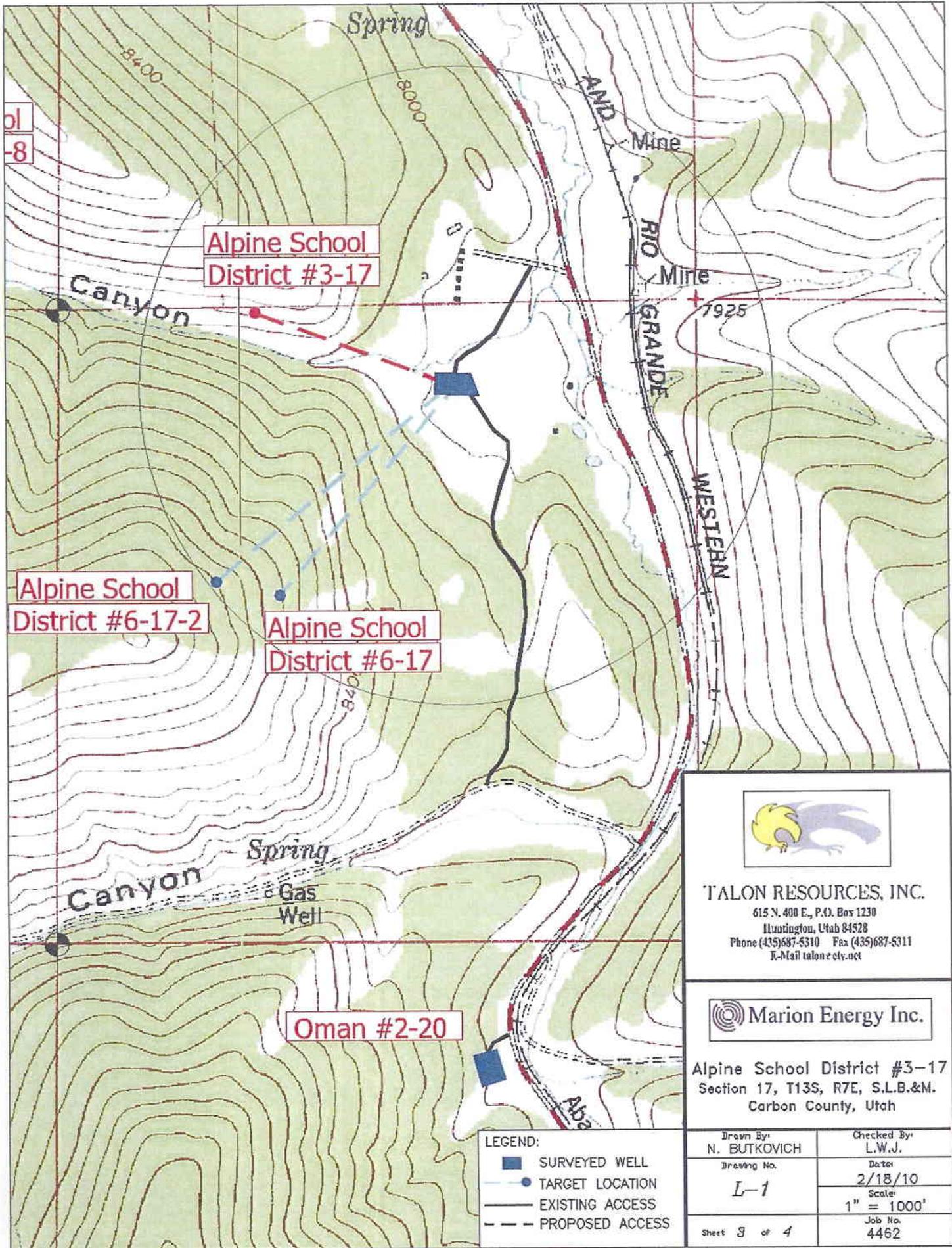
6. Alpine School District
Attn: Mr. Rob Smith
575 North 100 East
American Fork, UT 84003

7. Carbon County Recreation &
Transportation Special Service District
125 East Main
Price, UT 84501

8. Lutheran High School
2222 North Santiago Blvd
Orange, CA 92867

Surface Ownership Plat





Alpine School
District #3-17

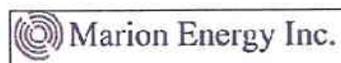
Alpine School
District #6-17-2

Alpine School
District #6-17

Oman #2-20



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



Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

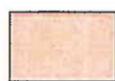
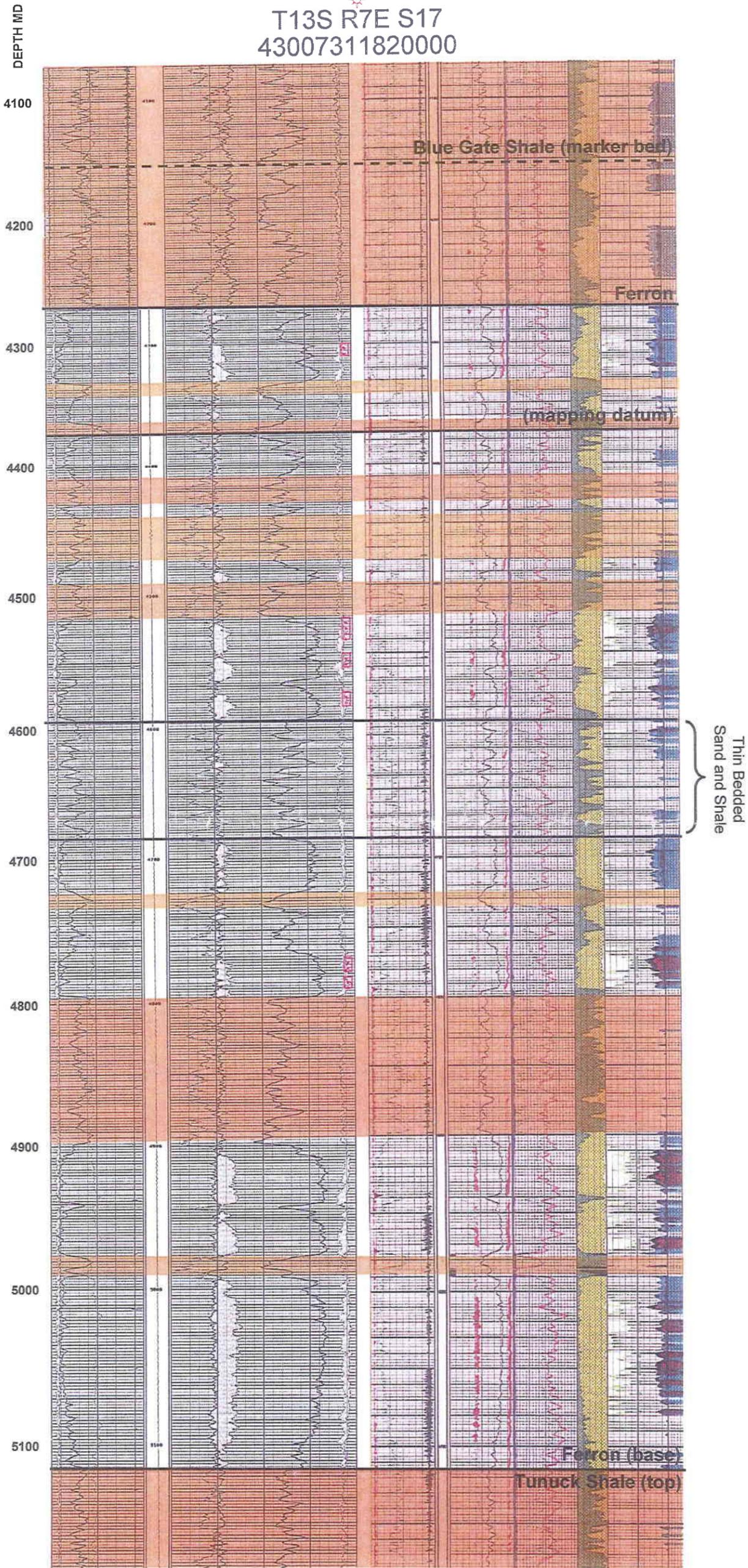
LEGEND:

- SURVEYED WELL
- TARGET LOCATION
- EXISTING ACCESS
- PROPOSED ACCESS

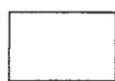
Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. <i>L-1</i>	Date: 2/18/10
	Scale: 1" = 1000'
Sheet 3 of 4	Job No. 4462

ALPINE SCHOOL DISTRICT 3-17

T13S R7E S17
4300731182000

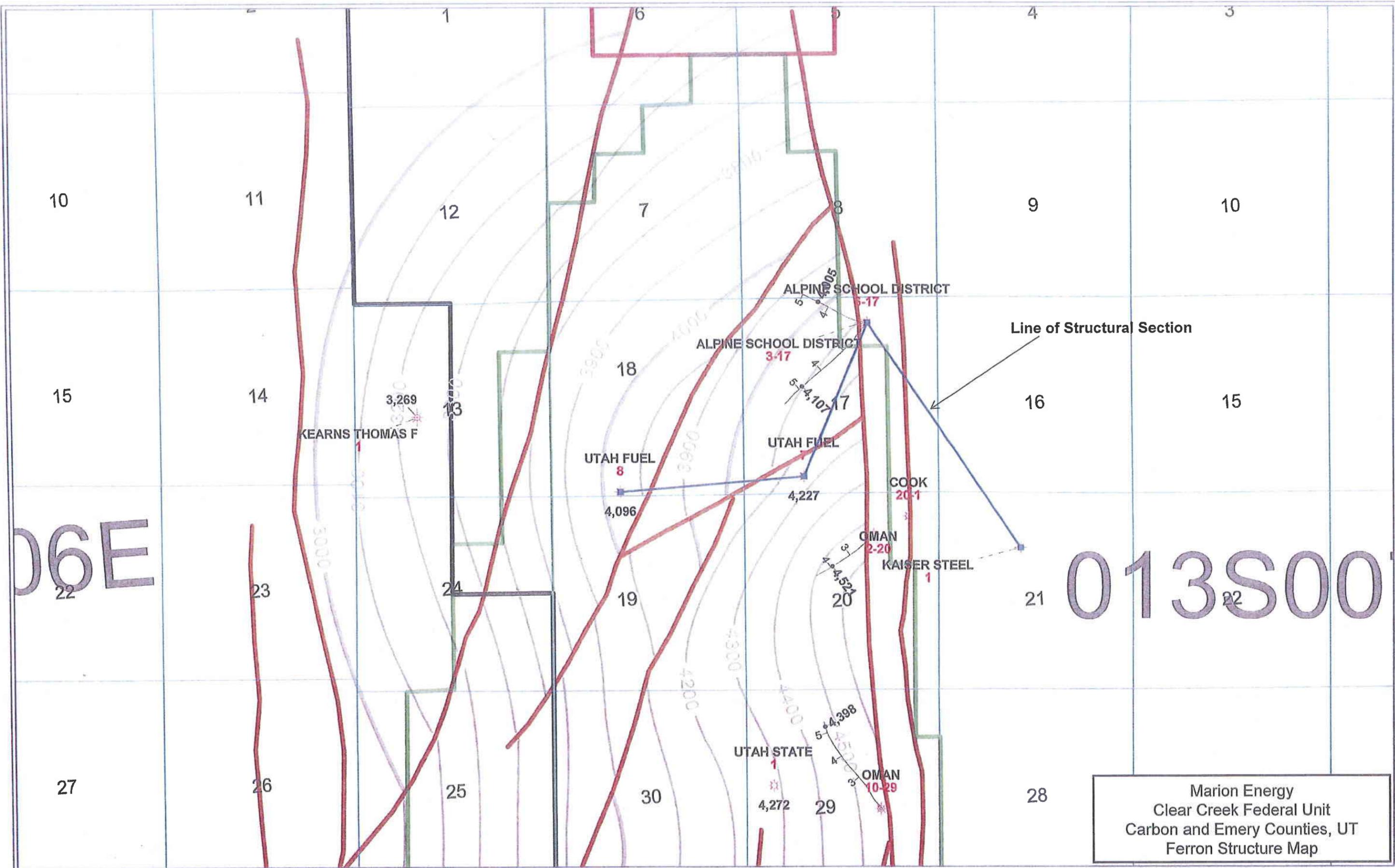


Confining Interval



Reservoir Sand

Marion Energy
Clear Creek Federal Unit
Carbon and Emery Counties, UT
Log Strip of the ASD 3-17



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 Ferron Structure Map

West

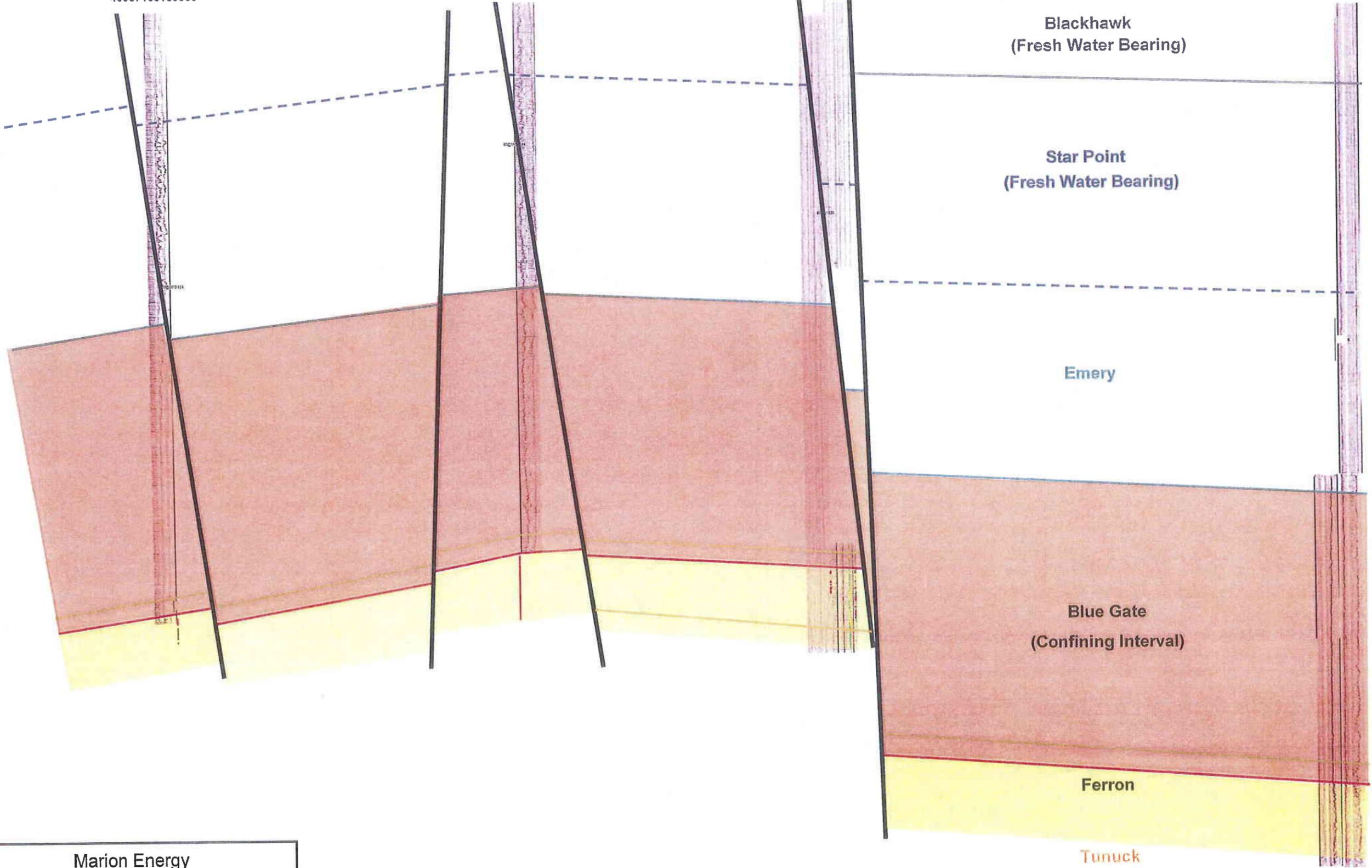
East

Utah Fuel
8
T13S R7E S19
43007160150000

Utah Fuel
7
T13S R7E S17
43007160140000

RM_REGIONAL
Alpine School District
6-17
T13S R7E S17
43007311810000

Kaiser Steel
1
T13S R7E S21
43007300210000



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 West-to-East Structural Cross Section

All wells projected vertically

West

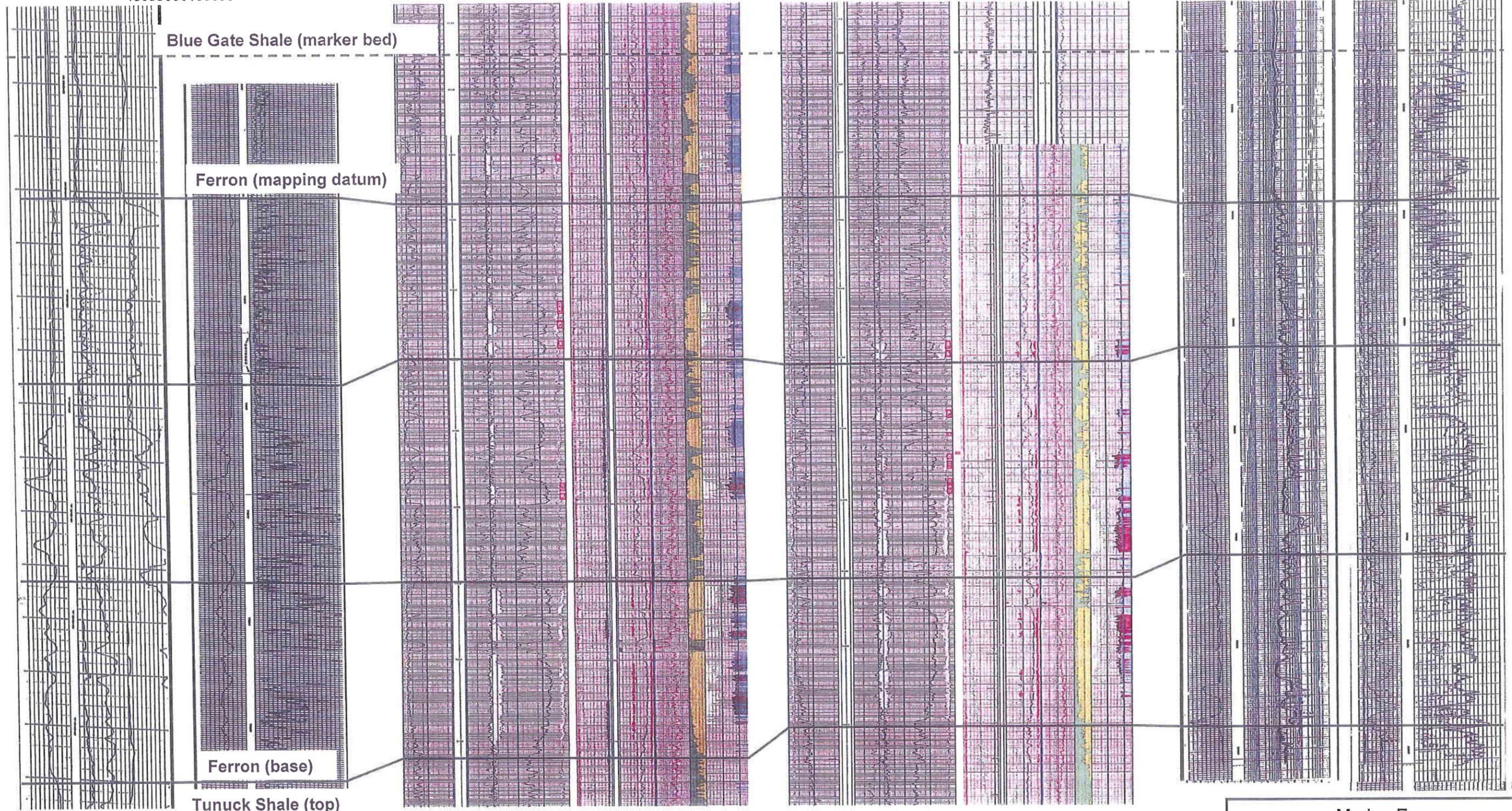
East

UNIT
T13S R6E S16
43039050160000

ALPINE SCHOOL DISTRICT
3-17
T13S R7E S17
43007311820000

ALPINE SCHOOL DISTRICT
6-17 ST
T13S R7E S17
43007311810000

KAISER STEEL
1
T13S R7E S21
43007300210000



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 West-to-East Stratigraphic Cross
 Section through ASD 3-17 and 6-17

North

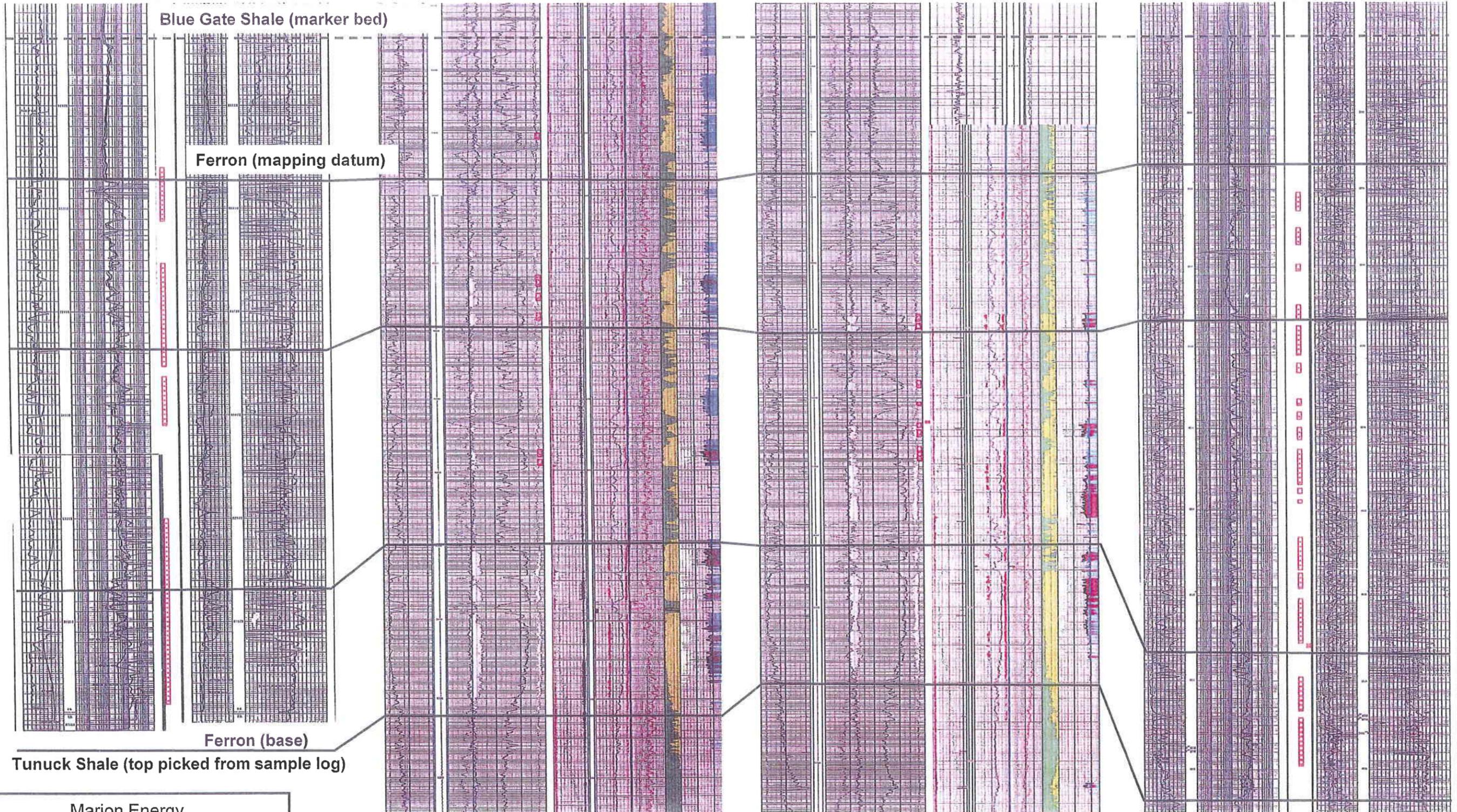
South

BROOKS-FEDERAL
11-26
T12S R6E S26
43007300860000

ALPINE SCHOOL DISTRICT
3-17
T13S R7E S17
43007311820000

ALPINE SCHOOL DISTRICT
6-17
T13S R7E S17
43007311810000

OMAN
2-20
T13S R7E S20
43007302890000



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 North-to-South Stratigraphic Cross
 Section through ASD 3-17 and 6-17

DATE: 3/1/2010
WELL NAME: Alpine School District #6-17
FIELD: Clear Creek

DATA

Permanent Zero Point:..... KB -7,934'' GL - 7,919'
PBTD:..... 5,237' +/- MD
Casing Size, Weight, Depth:..... 5-1/2'', 17#, N-80 liner @ 2,009' - 5,825'
ID: 4.892'' Drift: 4.653'' Burst: 7,740 psi
7-5/8'', 26.4#, J-55 @ 2,261'
ID: 6.969'' Drift: 6.844'' Burst: 4,140 psi
Tubing Size, Weight, Type: 5,030' +/- x 2-7/8'', 6.5#, J-55, 8rd
ID: 2.441'' Drift: 2.347'' Burst: 7,260 psi
TOC:..... 3,670' +/- >90% bond (CBL dated 8/31/07)
Log:..... CBL dated 8/31/07, PND dated 8/31/07
Perfs:..... Ferron: 5,080' - 5,260' overall

SCOPE OF WORK

POH w/ existing equipment. Drill out 5-1/2'' CIBP. RIH with 5-1/2'' injection packer on 2-7/8'' tbg. Convert well to SWD.

RECOMMENDED CONVERSION PROCEDURE

1. Notify proper agencies prior to commencing work to convert to SWD well.
2. MIRU well service company. NU well control equipment.
3. POH w/ existing production equipment.
4. RU pump, swivel, and tank. PU 4-3/4'' bit and RIH on 2-7/8'' tubing.
5. Drill out plug and wash down to 5,300' +/- . POH.
6. PU 5-1/2'' x 2-7/8'' tension set injection packer and RIH on 2-7/8'', 6.5#, J-55 8rd EUE tubing.
7. Load annulus with 165 bbls 2% KCl + 130 gals Champion Cortron 2383 inhibitor. Set Packer @ 5,030'.
8. Perform MIT on annulus. Pressure test to 400 psig for 30 minutes. Record casing pressure on 0-1,000 psig chart with 1 hr clock. Record tubing pressure manually every 5 minutes. Note ambient temperature at start of test. Have proper agency witness test.
9. NU injection lines, meter. Install pressure gauge on annulus.

10. Secure well until final permit approval. Injection parameters are 15,000 bwpd max rate, 400 psig max surface injection pressure.
11. RDMO.

MARION ENERGY

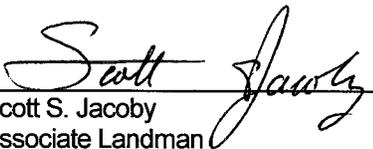
old

AFFIDAVIT OF MAILING

I, Scott Jacoby, Associate Landman, Marion Energy, Inc. being first duly sworn, depose and state as follows:

On March 3, 2010, I caused to be mailed by certified, postage prepaid, return receipt requested, letters informing all operators, surface and mineral owners within a half mile radius of our Alpine School District 3 -17 well of Marion Energy's intent to convert the aforementioned well into a produced water injection well. A map depicting the area in question was also attached to each letter as required by the Department of Oil, Gas and Mining, as set forth in rule R649-5 pertaining to the requirements for injecting fluids into reservoirs and the permitting of Class II injection wells.

Dated the 3rd day of March, 2010

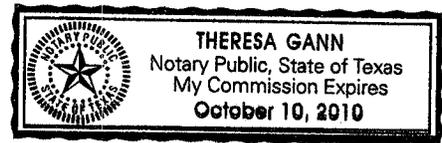


Scott S. Jacoby
Associate Landman
Marion Energy Inc.

The forgoing affidavit was subscribed and sworn to me by Scott S. Jacoby
This 3rd day of March, 2010.



Notary Public.



My Commission expires: _____ day of _____, 20_____.

RECEIVED

MAR 08 2010

DIV. OF OIL, GAS & MINING

Marion Energy Inc.
119 S. Tennessee, Ste. 200
McKinney, Texas 75069

Tel (972) 540-2967
Fax (972) 547-0442

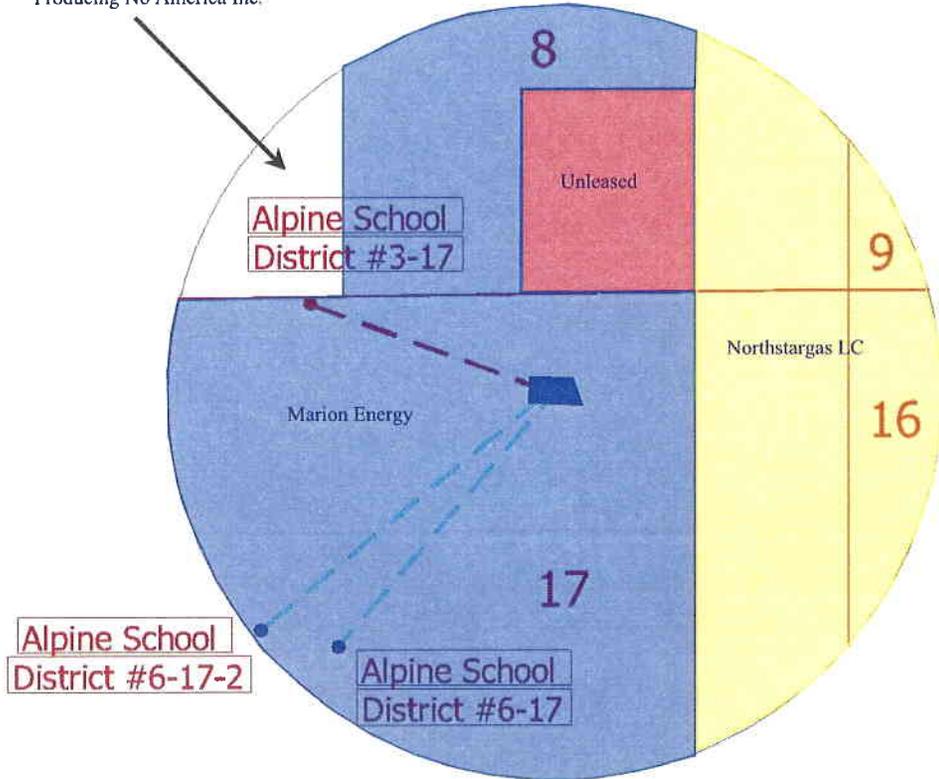
Alpine School District 3 -17 (SWD)

Address of Operators within a 1/2 mile radius of the well site

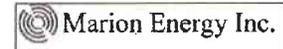
1. Northstargas, LC
C/O Steve Ault
P.O. Box 536
Ferron, UT 84523
2. Mobil Expl & Producing No America Inc
P.O. Box 5444
Denver, CO 80217
3. Marion Energy
119 S. Tennessee
McKinney, TX 75069

OPERATORS PLAT

Mobil Exploration & Producing No America Inc.



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@trv.net



Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. <i>Exhibit A</i>	Date: 2/18/10
	Scale: 1" = 1000'
Sheet 1 of 1	Job No. 4462

Alpine School District 3 - 17 (SWD)

Address of Mineral Owners within a 1/2 mile radius of the well site

1. Merrion Oil and Gas Corporation
610 Reilly Ave
Farmington, NM 87401

2. Northstargas, LC
C/O Steve Ault
P.O. Box 536
Ferron, UT 84523

3. Summit Energy Partners Clear Creek, LLC
1441 Ute Blvd
Suite 280
Park City, UT 84098

4. Bureau of Land Management
Price Field Office
Attn: Don Stephens
125 S. 600 W.
Price, UT 84501

5. State of Utah
Trust Lands Administration
675 East 500 South
Suite 500
Salt Lake City, UT 84102

6. Reverse Exchange LLC
As title holder for
AOK Family Holding Trust,
Jana Gunderson, Trustee
341 North 1100 East
American Fork, UT 84003

7. Ms. Anastasia Daraban
1833 S. West Temple #1
Salt Lake City, UT 84115

8. Harvey Stone
155 Franklin Street
P.O. Box 536
Ferron, UT 84523

9. Mr. J Richard Bell
4632 Idlewild Road
Salt Lake City, UT 84124

10. Ms. Joni Buehner
350 Claude Drive
Santa Clara, CA 84765

11. Ms. Connie Condie
433 E. Vine Street
Murray UT, 84765

12. Ms. Connie Stauffer
8851 Edinburgh Circle
Highlands Ranch, CO 80129

13. Mr. John Nicolaides
5040 N. Second Street
Phoenix, AZ 85012

14. Mr. Paul Daraban
10104 Dunsinane
South Jordan, UT 84095

15. Mr. Michael Stathis
1579 S. East Canyon Drive
Cedar City, UT 84720

16. Mr. Tommy John Nicolaides
989 Military Drive
Salt Lake City, UT 84108

17. Mrs. Hilda Hammond
2912 Redwood
Costa Mesa, CA 92626

18. Mary Louise Seamons
1774 South 340 East
Orem, UT 84058

19. Evelyn Jacobsen
** No Address Available

20. Leoan Gunderson
3990 Raymond
Ogden, UT 84403

21. Anthon Madsen
1821 Howell
Richland, WA 99354

22. Annie Andersen
1646 Snow Rd
Fort Sill, OK 73503

23. Dix Jensen
525 Woodhill Dr.
Price, UT 84501

24. Alice Pannier
1138 Michigan Ave.
Salt Lake City, UT 84105

25. Carbon County
120 East Main Street
Price, UT 84501

26. James T. Jensen
2961 N. Caitland Ct.
Salt Lake City, UT 84121

27. Jerry L. Jesen
1155 N. Carbonville Rd.
Price, UT 84501

28. Bonnie Lynne Jensen Stradling
18316 Highway 56
Sherman, TX 75902

29. Louise M. Watts

****No Address Available**

30. Johannah Hafen

****No Address Available**

31. Louise F. Seeley

****No Address Available**

32. Estate of Lee Thomas

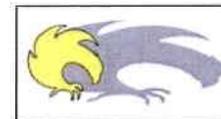
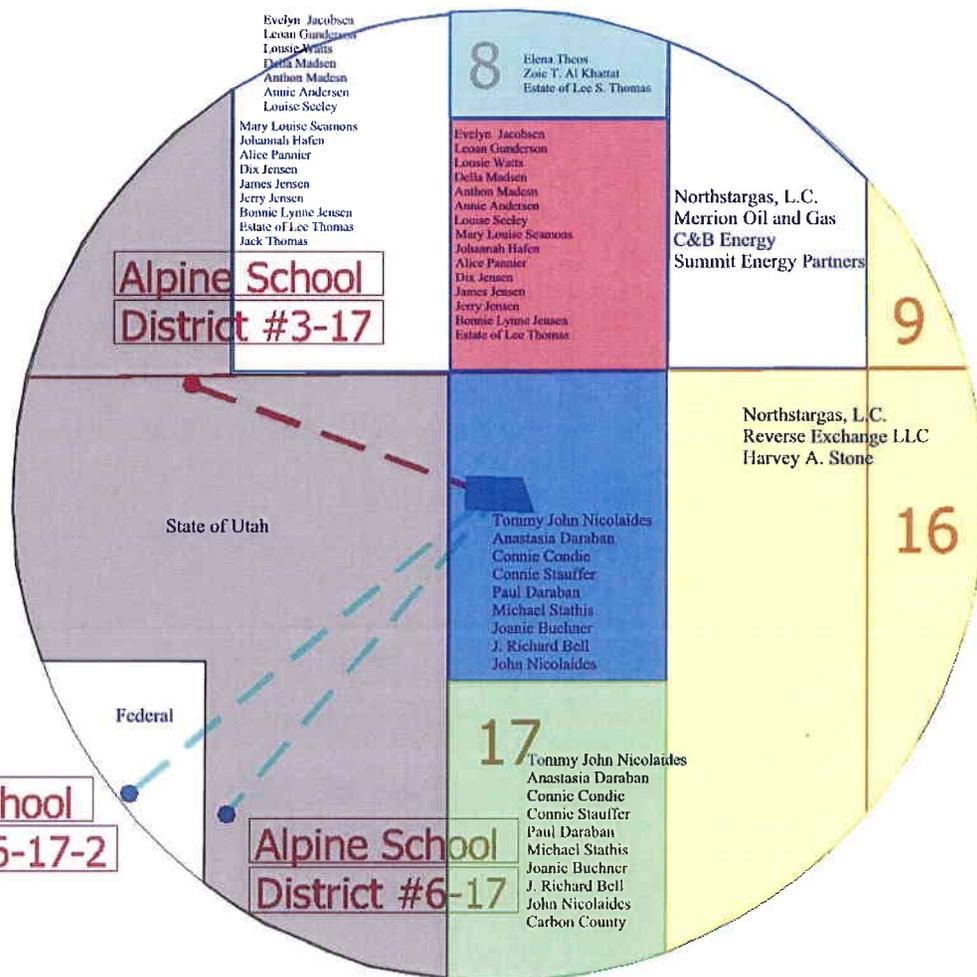
****No Address Available**

33. Jack Thomas

Route 2

Preston, ID 83263

MINERAL OWNERSHIP PLAT



TALON RESOURCES, INC.
 615 N. 400 E., P.O. Box 1238
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@ctr.net



Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. <i>Exhibit A</i>	Date 2/18/10
	Scale 1" = 1000'
Sheet 1 of 1	Job No. 4462

Alpine School District 3 -17 (SWD)

Address of Surface Owners within a 1/2 mile radius of the well site

1. Liodakis Ranch LLC
George E. Liodakis
2655 E. Chalet Circle
Sandy, UT 84093

2. Annie S. Kosec Trust
C/O Richard Kosec
1776 Kenilworth Rd.
Helper, UT 84526

3. Blue Ridge Services LLC
Attn: Denise A Dragoo
Snell & Wilmer LLP
15 W. South Temple
Suite 1200
Salt Lake City, UT 84101

4. Church of Jesus Christ of LDS
LDS Church, Tax Division
50 E. North Temple
22nd Floor, RE: 2A-0736
Salt Lake City, UT 84150

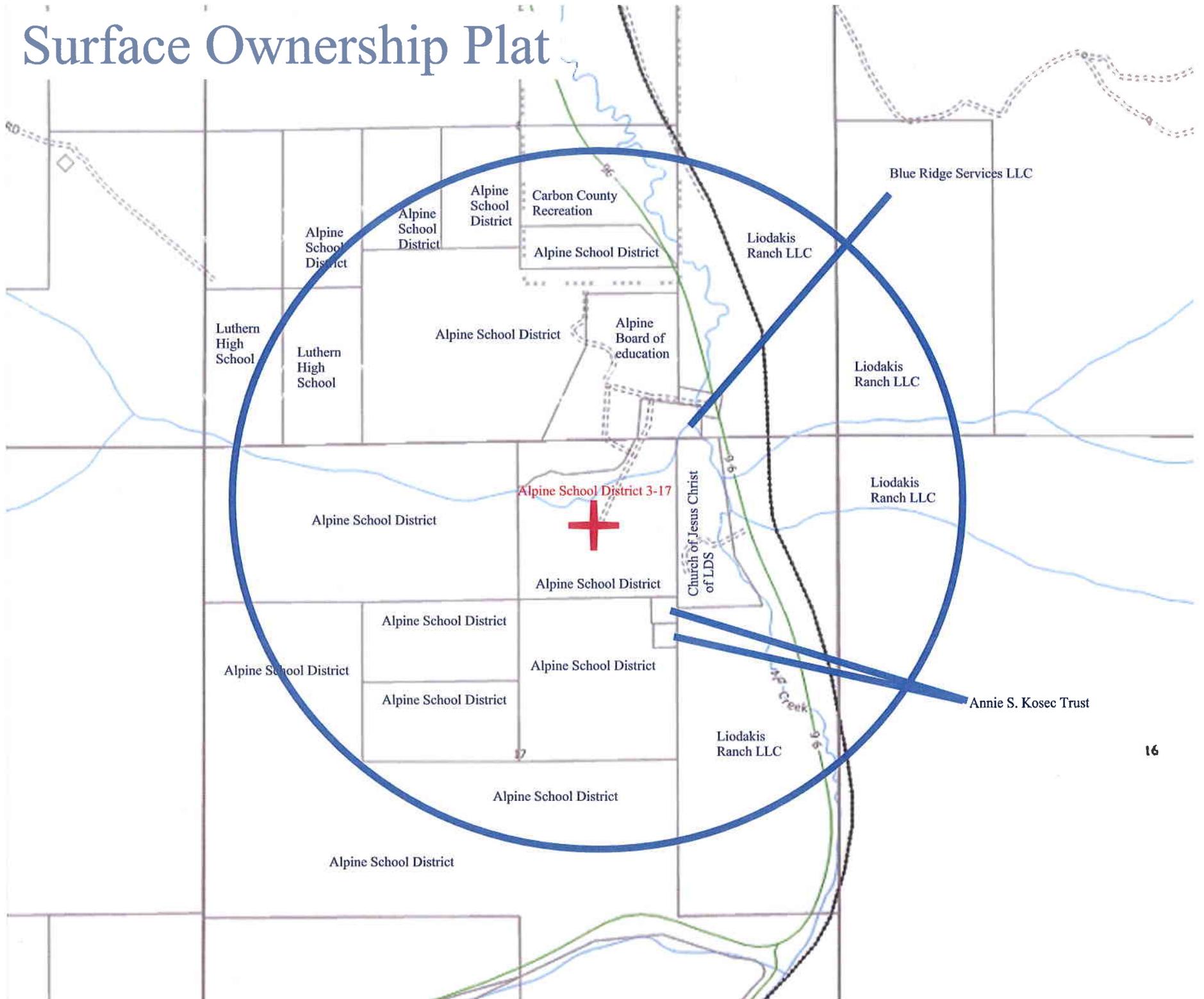
5. Alpine Board of Education
Alpine District
50 No. Center
American Fork, UT 84003

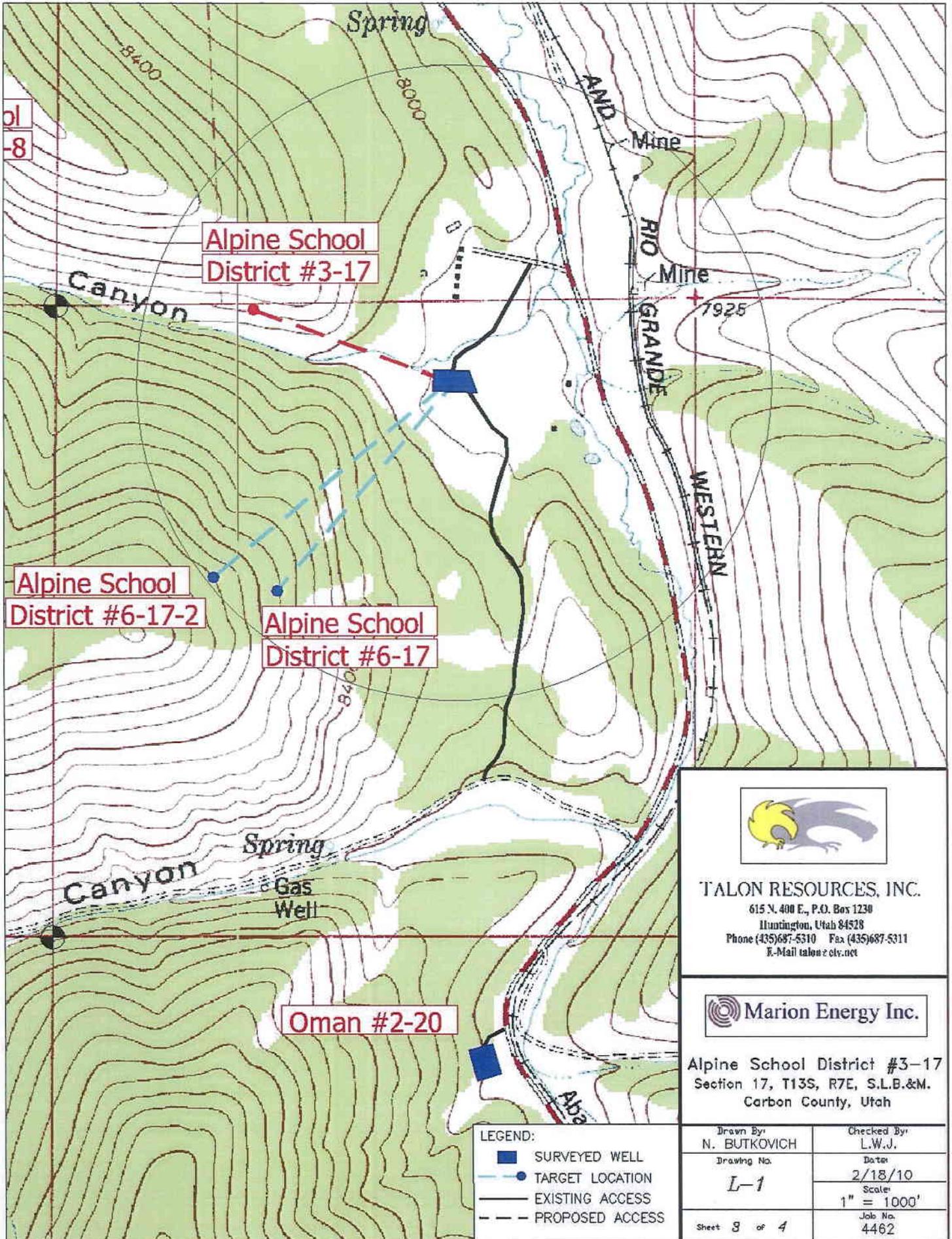
6. Alpine School District
Attn: Mr. Rob Smith
575 North 100 East
American Fork, UT 84003

7. Carbon County Recreation &
Transportation Special Service District
125 East Main
Price, UT 84501

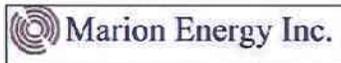
8. Lutheran High School
2222 North Santiago Blvd
Orange, CA 92867

Surface Ownership Plat





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@clv.net

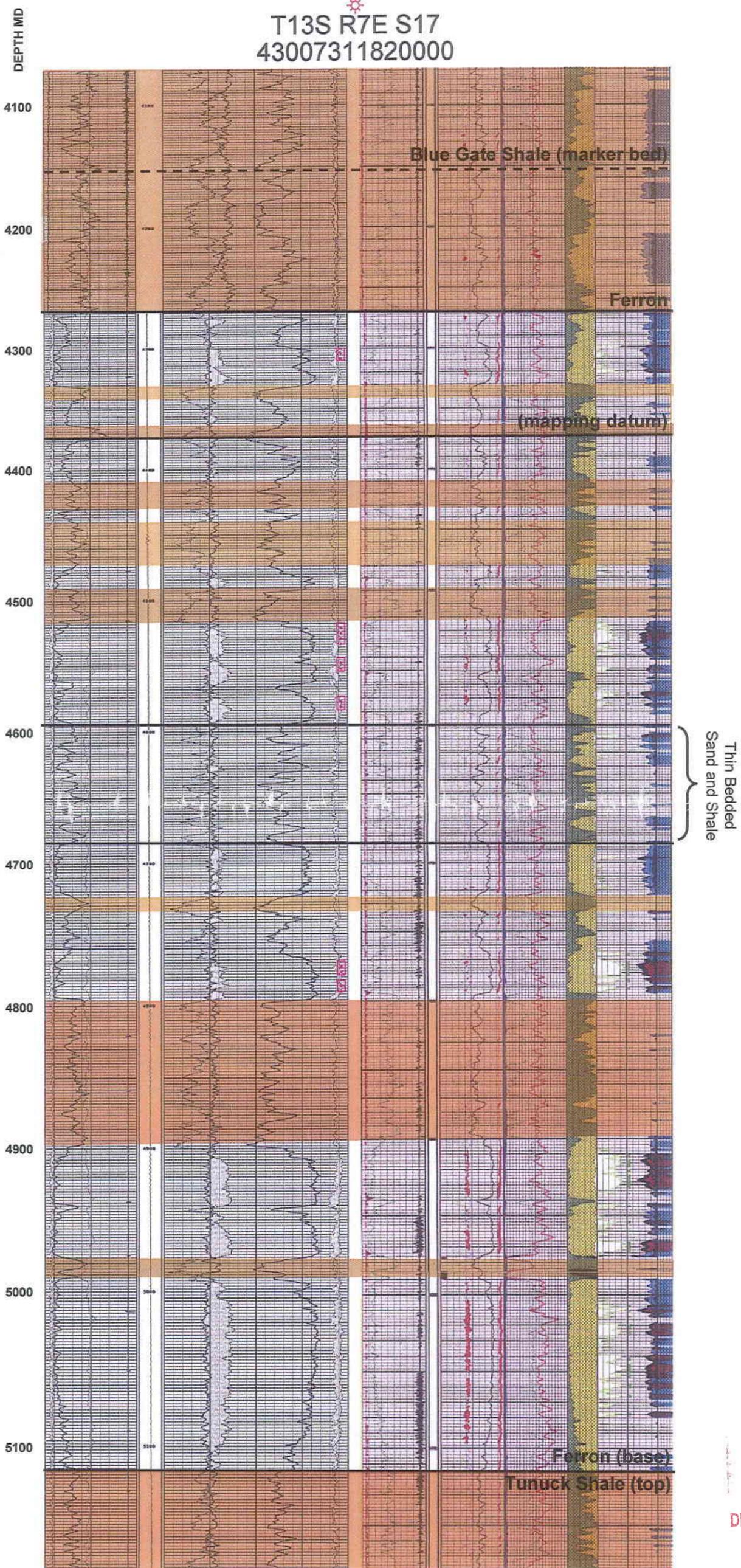


Alpine School District #3-17
 Section 17, T13S, R7E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 2/18/10
	Scale: 1" = 1000'
Sheet 3 of 4	Job No. 4462

ALPINE SCHOOL DISTRICT 3-17

T13S R7E S17
43007311820000



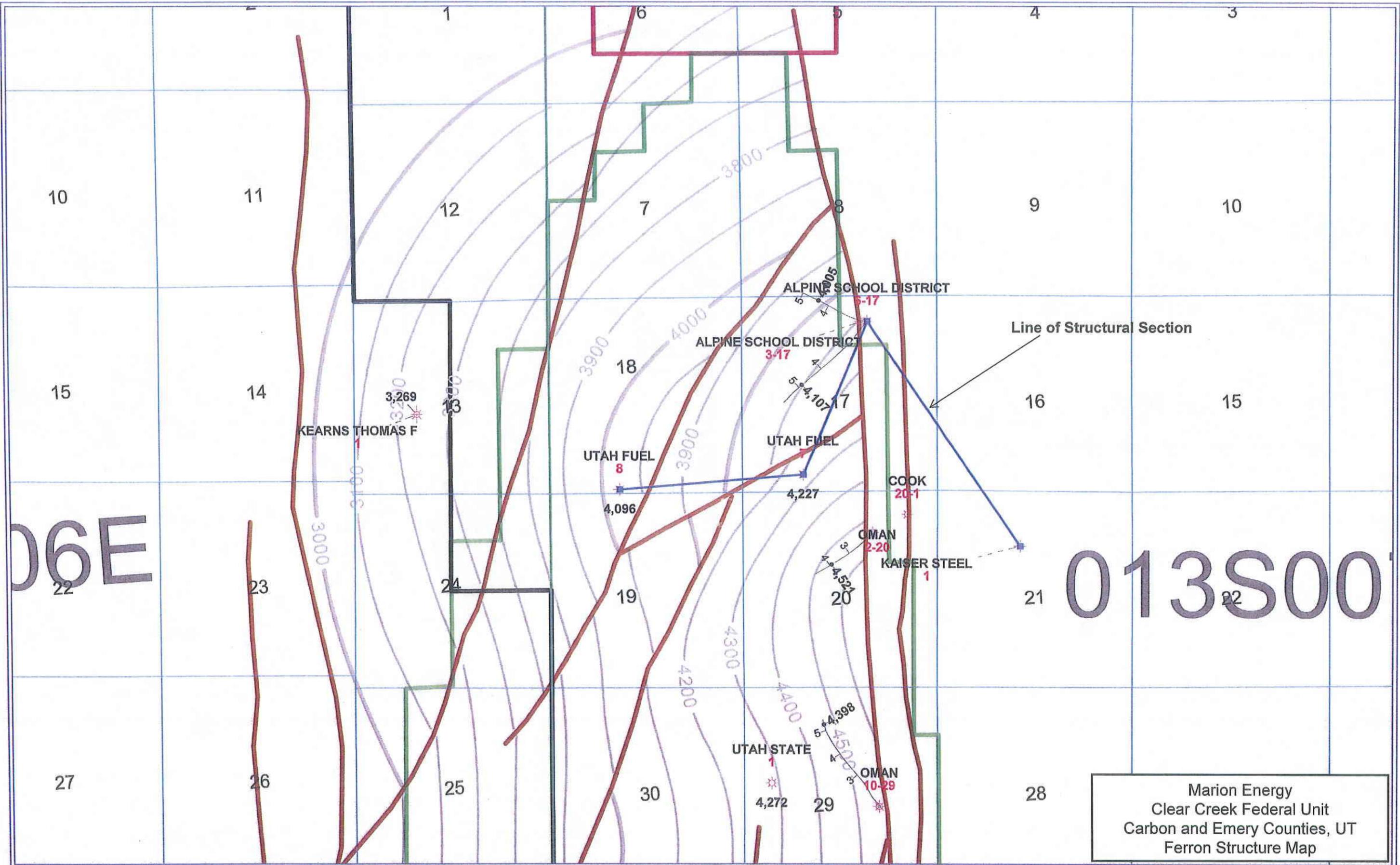
Thin Bedded
Sand and Shale

RECEIVED
MAR 08 2009

DIV. OF OIL, GAS & MINING

Confining Interval
 Reservoir Sand

Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 Log Strip of the ASD 3-17



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 Ferron Structure Map

RM REGIONAL

West

East

Utah Fuel
8
T13S R7E S19
43007160150000

Utah Fuel
7
T13S R7E S17
43007160140000

Alpine School District
6-17
T13S R7E S17
43007311810000

Kaiser Steel
1
T13S R7E S21
43007300210000

Blackhawk
(Fresh Water Bearing)

Star Point
(Fresh Water Bearing)

Emery

Blue Gate
(Confining Interval)

Ferron

Tunuck

Marion Energy
Clear Creek Federal Unit
Carbon and Emery Counties, UT
West-to-East Structural Cross Section

All wells projected vertically

West

UNIT

T13S R6E S16
43039050160000

ALPINE SCHOOL DISTRICT
3-17

T13S R7E S17
43007311820000

ALPINE SCHOOL DISTRICT
6-17 ST

T13S R7E S17
43007311810000

KAISER STEEL

T13S R7E S21
43007300210000

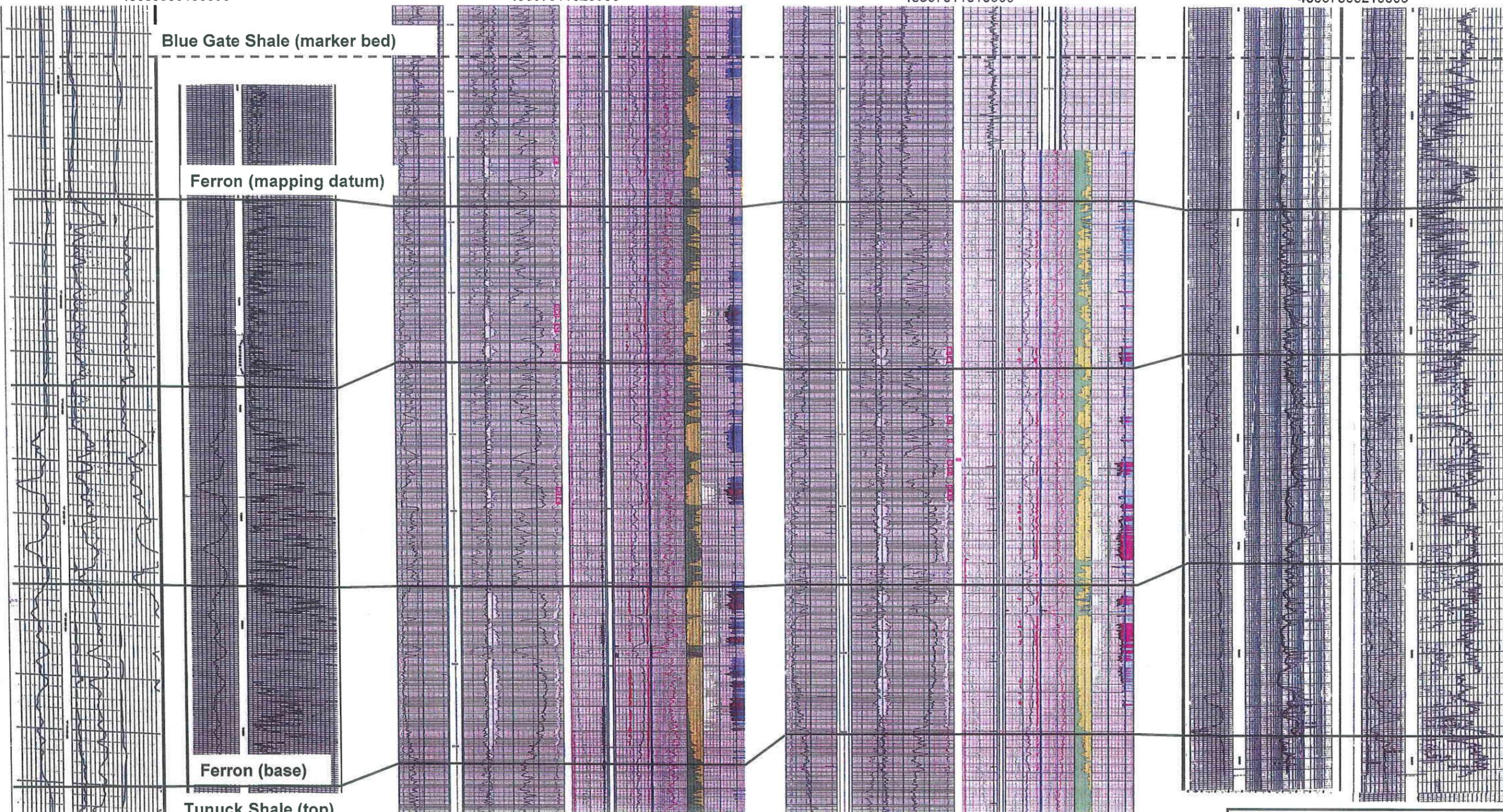
East

Blue Gate Shale (marker bed)

Ferron (mapping datum)

Ferron (base)

Tunuck Shale (top)



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 West-to-East Stratigraphic Cross
 Section through ASD 3-17 and 6-17

North

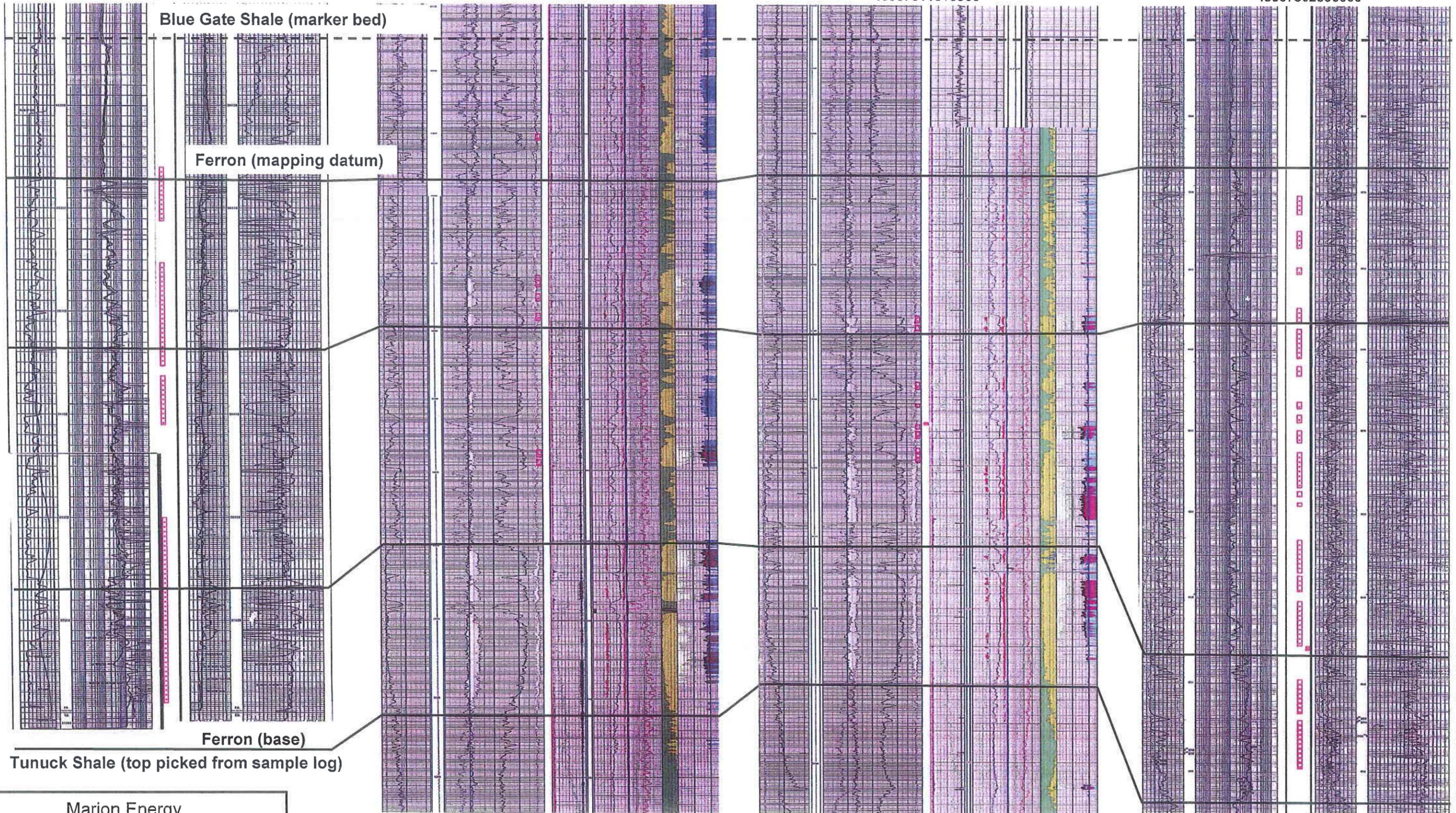
BROOKS-FEDERAL
11-26
T12S R6E S26
43007300860000

ALPINE SCHOOL DISTRICT
3-17
T13S R7E S17
43007311820000

ALPINE SCHOOL DISTRICT
6-17
T13S R7E S17
43007311810000

OMAN
2-20
T13S R7E S20
43007302890000

South



Marion Energy
 Clear Creek Federal Unit
 Carbon and Emery Counties, UT
 North-to-South Stratigraphic Cross
 Section through ASD 3-17 and 6-17

MARION ENERGY

March 10, 2010

Utah Division of Oil Gas and Mining
ATTN: Chris Kierst
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84116

RE: Additional Logs Pertaining to the Alipne School District 3-17
and the Alipne School District 6-17
Clear Creek Unit 13S-7E and 14S-7E, Carbon and Emery Counties, Utah

Dear Chris

Please find enclosed copies of additional logs that pertain to the Alpine School District 3-17 and the Alpine School District 6-17 wells. These logs had not been previously uploaded to the DOGM website. Also included is a CD that contains the aforementioned logs in digital format.

Additionally, the Cement Bond Log for the ASD #3-17 should be available on the DOGM web site.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,



Benjamin Evans
Landman
Marion Energy Inc.

RECEIVED
MAR 11 2010
DIV. OF OIL, GAS & MINING

8290 West Sahara Avenue, Suite 186, Las Vegas, Nevada, 89117
Telephone: (702) 838-0716, Fax: (702) 838-5087

UIC INJECTION PERMIT ANALYSIS FORM
WELL NAME: Alpine School District 3-17 (4300731182)

R649-5-2. Requirements For Class II Injection Wells Including Water Disposal, Storage And Enhanced Recovery Wells.	Completed Items, Needed Items, & Comments
1. Injection wells shall be completed, equipped, operated, and maintained in a manner that will prevent pollution and damage to any USDW, or other resources and will confine injected fluids to the interval approved.	1. OK
2. The application for an injection well shall include a properly completed UIC Form 1 and the following:	2. OK
2.1. A plat showing the location of the injection well, all abandoned or active wells within a one-half mile radius of the proposed well, and the surface owner and the operator of any lands or producing leases, respectively, within a one-half mile radius of the proposed injection well.	2.1 OK (Rec'd on 3/8/10)
2.2. Copies of electrical or radioactive logs, including gamma ray logs, for the proposed well run prior to the installation of casing and indicating resistivity, spontaneous potential, caliper, and porosity.	2.2 OK
2.3. A copy of a cement bond or comparable log run for the proposed injection well after casing was set and cemented.	2.3 OK
2.4. Copies of logs already on file with the division should be referenced, but need not be refiled.	2.4 OK
2.5. A description of the casing or proposed casing program of the injection well and of the proposed method for testing the casing before use of the well.	2.5 Needed.
2.6. A statement as to the type of fluid to be used for injection, its source and estimated amounts to be injected daily.	2.6 Needed.
2.7. Standard laboratory analyses of (1) the fluid to be injected, (2) the fluid in the formation into which the fluid is being injected, and (3) the compatibility of the fluids.	2.7 Needed.
2.8. The proposed average and maximum injection pressures.	2.8 Otherwise OK, but an average injection pressure must be tendered.
2.9. Evidence and data to support a finding that the proposed injection well will not initiate fractures through the overlying strata or a confining interval that could enable the injected fluid or formation fluid to enter the fresh water strata.	2.9 Needed.
2.10. Appropriate geological data on the injection interval and confining beds, and nearby Underground Sources of Drinking Water, including the geologic name, lithologic description, thickness, depth, water quality, and lateral extent; also information relative to geologic structure near the proposed well which may effect the conveyance and/or storage of the injected fluids.	2.10 The geologic submission needs to be augmented with additional information to be detailed separately in an email.
2.11. A review of the mechanical condition of each well within a one-half mile radius of the proposed injection well to assure that no conduit exists that could enable fluids to migrate up or down the wellbore and enter improper intervals.	2.11 The sidetrack wellbore called the 6-17-2 needs to be considered as a vector for escape of injectate in any analysis of this sort as well as both of the proposed SWD wellbores.
2.12. An affidavit certifying that a copy of the application has been provided to all operators, owners and surface owners within a one-half mile radius of the proposed injection well.	2.12 OK
2.13. Any other additional information that the board or division may determine is necessary to adequately review the application.	2.13 OK

OTHER COMMENTS AND OBSERVATIONS: The items listed in red will need to be tendered and acceptable before a UIC Class II Injection Permit can be issued. It is suggested that the geologist and engineer responsible for assembling the required submissions contact me [(801)538-5337] if they have any doubt regarding the needed content.

Reviewed by: Christopher J. Kierst Date: 3/15/2010

Chris Kierst - ASD 3-17 and 6-17 Permit Analysis Documents and additional definition of needed documentation

From: Chris Kierst
To: kclarke@marionenergy.com
Subject: ASD 3-17 and 6-17 Permit Analysis Documents and additional definition of needed documentation

The deficiencies cited in each of the Permit analysis docs are item #s 2.5 through 2.11, inclusive.

Taking them seriatim, Item # 2.5 specifies submission of what is essentially a standard annotated engineering casing schematic. In addition, any well modifications toward conversion to a Salt Water Disposal well and subsequent mechanical integrity testing should be elucidated in a proposed engineering procedure.

Item #2.6 is satisfied by a statement identifying that the well will be injecting Ferron Sandstone (Member of the Mancos Shale) produced water from Clear Creek Field and the estimated normal daily injected volume.

Item #2.7 is satisfied by standard oilfield lab analyses (to include TDS) of the proposed injectate (a composite Field water sample is acceptable in lieu of several individual well analyses), the connate water from the injection zone in each of the respective proposed SWD wellbores and a scaling tendency (compatibility) analysis of the respective connate/injectate mixtures.

Item #2.8 requires a statement estimating the normal daily operational injection pressure in addition to the maximum injection pressure that you have already suggested on your UIC Form - 1. Incidentally, the max injection pressure isn't necessarily exactly what you'll wind up with, but it's a good starting request.

Item #2.9 is generally satisfied by the results from a Step Rate Test. The test must be rigorously carried out. Standards of acceptability exist (from USEPA) and I have a copy that I can send you if you wish.

The geologic documentation specific to Item 2.10 was already discussed today. To recapitulate, we want to augment and extend the E-W cross section and N-S cross section, expand the area of the structure map on the Ferron to include all cross section wells and post the lines of section on it. The cross sections will be modified for better viewability. One thing I neglected to touch on during our conversation with John Pinkerton is the need for higher resolution so I can blow the exhibits up by plotting them on our 42" width plotter, for wall copies if need arises, without losing detail. On the 11 X 17 size emailed cross sections with multiple logs, some of the logs have a pink or gray cast, probably an artifact of log reduction and reproduction. I would prefer that the log traces be black on white for contrast with the influence of the log scaling grid (when reduced) minimized for viewability. These things are hard on the eyes. I really don't need computer processed logs or color banding over the log correlations. The correlations will suffice with simple annotated line depictions and the log computer processing only clutters things up at this scale. Please be sure to include scale blocks on the logs that I can read when I blow the cross sections up.

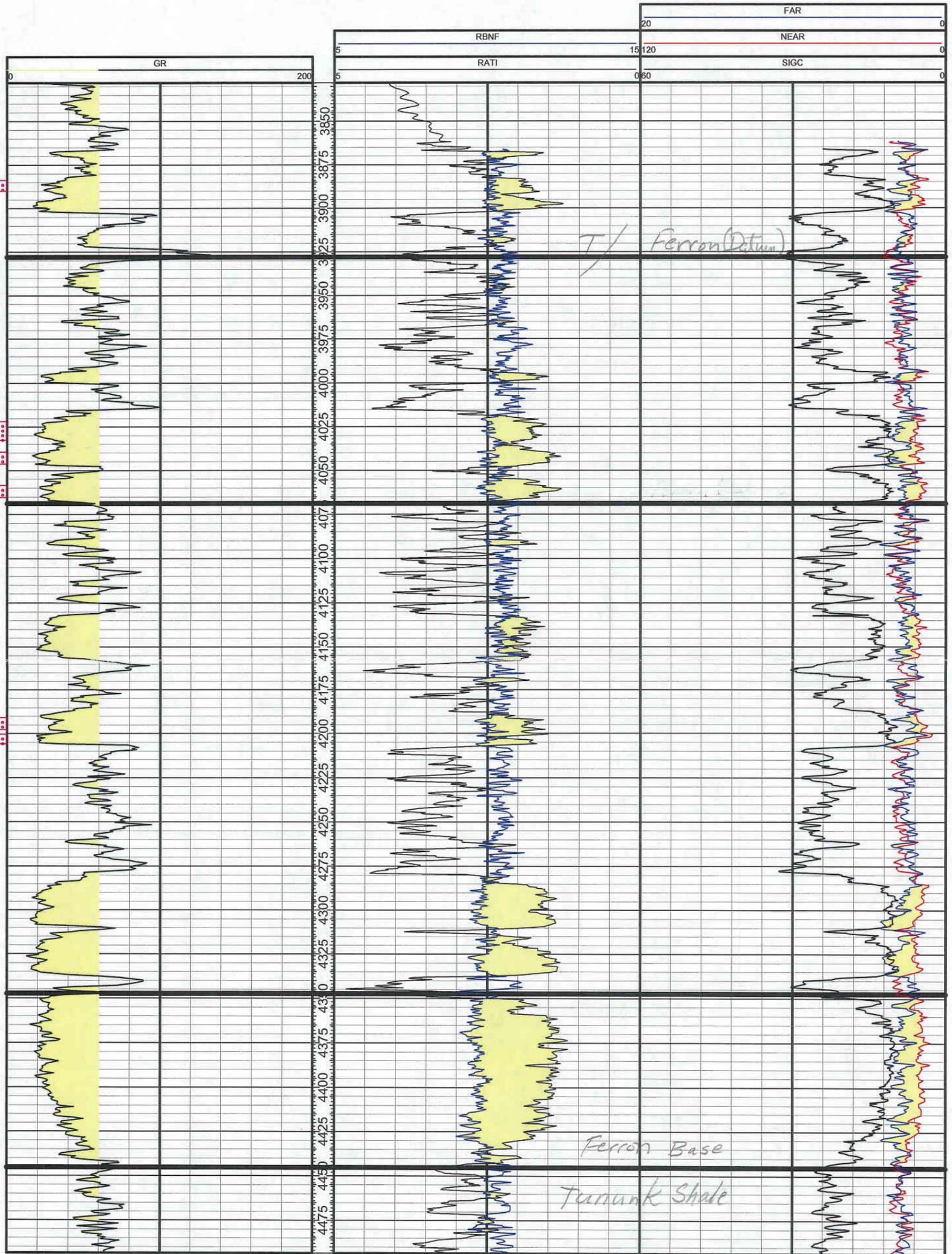
Item #2.11 requires a professional engineer's analysis of any wellbore within the half mile Area of Review as a potential vector for the escape of injected produced water into suprajacent fresh water bearing aquifers. This would include the sidetracked hole (junked?) designated as ASD 6-17-2 as well as the other candidate SWD wellbores.

ALPINE SCHOOL DISTRICT

3-17

T13S R7E S17
43007311820000

RECEIVED
MAR 29 2010
DIV. OF OIL, GAS & MINING

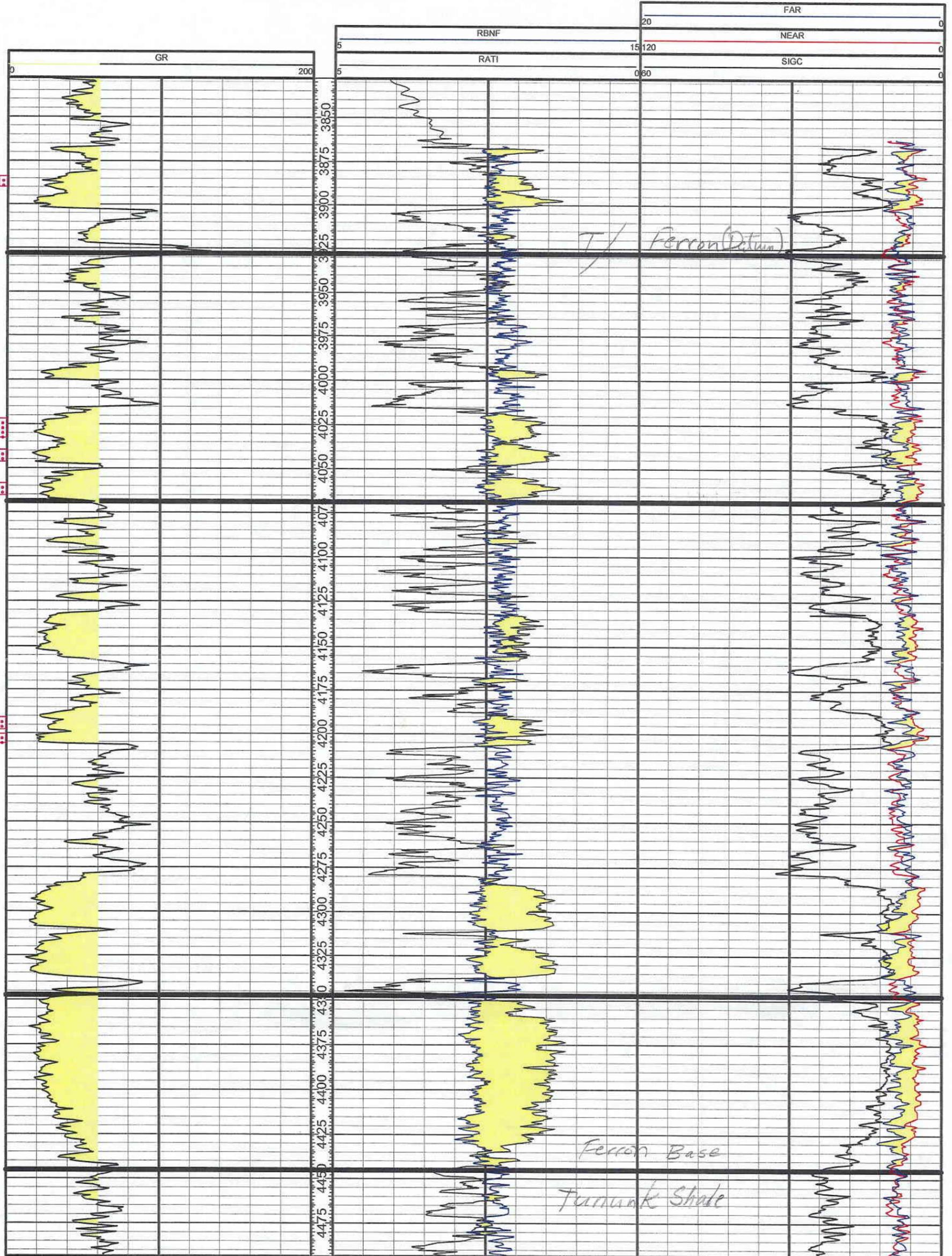


ALPINE SCHOOL DISTRICT

3-17

T13S R7E S17
43007311820000

RECEIVED
MAR 29 2010
DIV. OF OIL, GAS & MINING



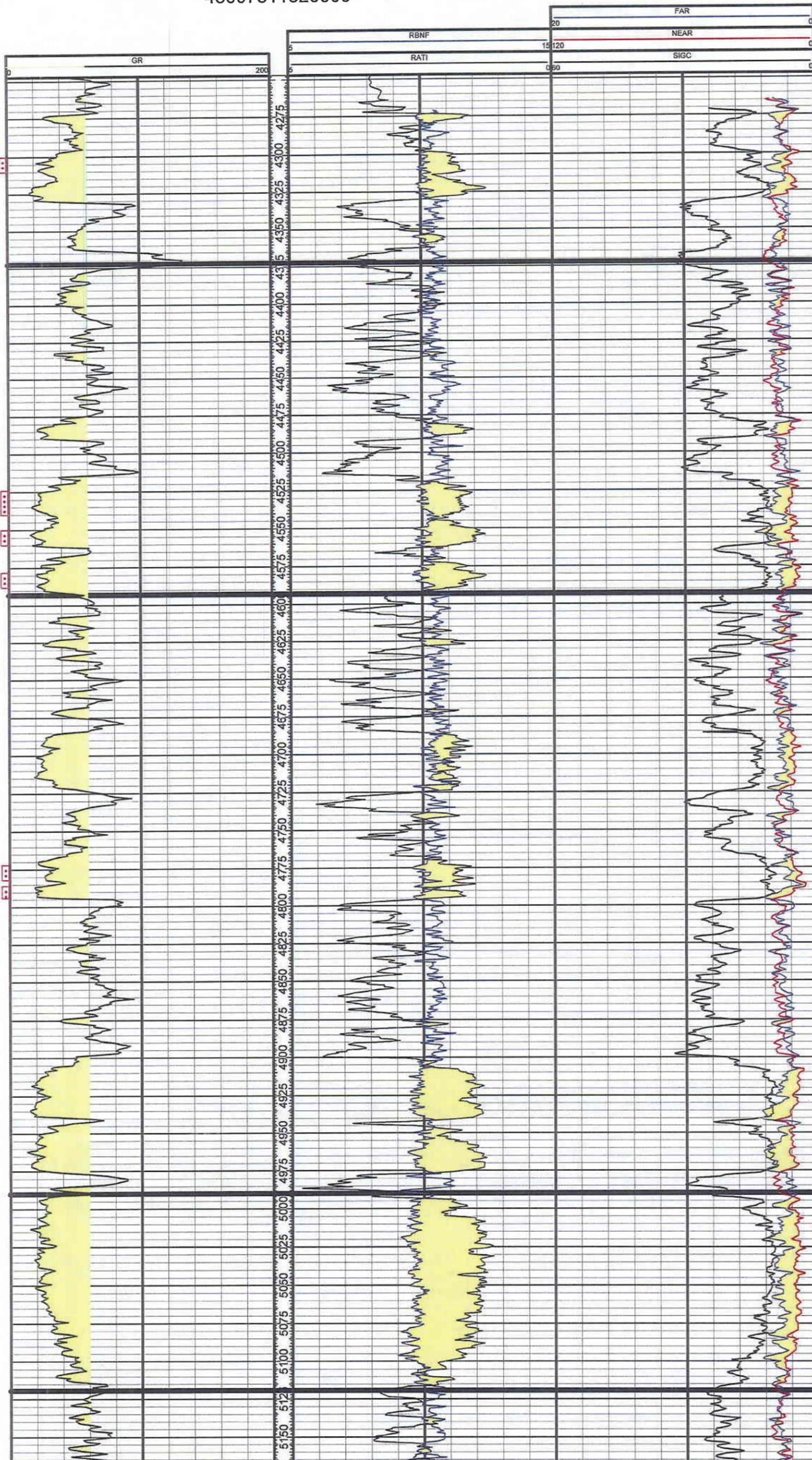
ALPINE SCHOOL DISTRICT

3-17

T13S R7E S17
4300731182000

4,372'
(+4,005')
T/Ferron

5,119'
(+3,488)
T/Tununk



Present Completion

API: 43-007-31182
GL: 7,919'
KB: 7,934'

Alpine School District #3-17

Updated : 11/17/2009

LOCATION:

Clear Creek
SW SE SW Sec 8 (BHL)
SW NW NE (surface)
Sec. 17 T13S R7E
Carbon County, UT

Casing Strings:

13-3/8", 46# , K-55 @ 490'

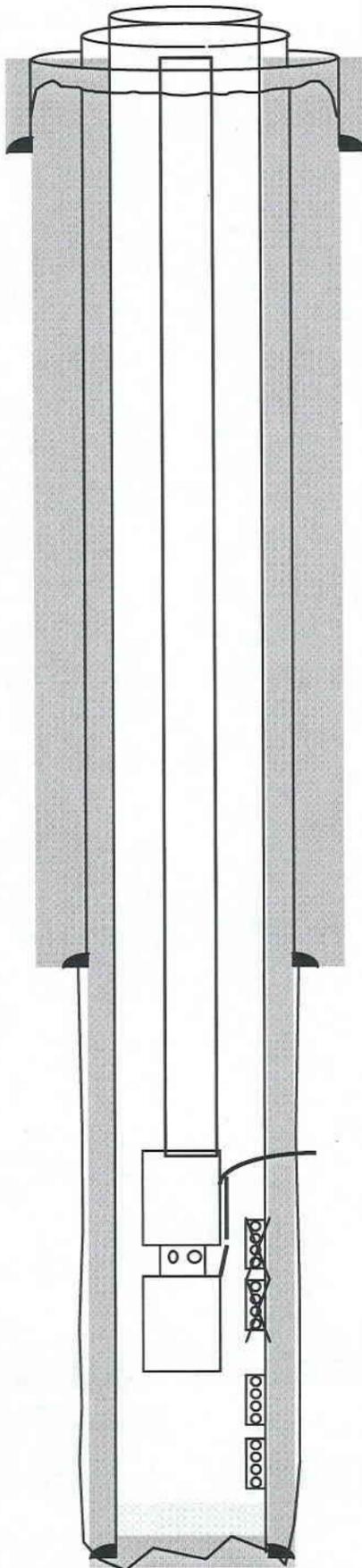
Cmtd w/ 1200 sx
TOC @ surface

9-5/8", 36# , J-55 @ 3,142'

Cmtd w/ 695 sx
TOC @ surface

7" Production, 26# , K-55 @ 5,311'

Cmtd w/ 750 sx
TOC @ 2,500' +/- (>90% bond)



Tubing String:

144jts. 2-7/8 j-55 =4586.54'

1 Sub Pump= 56.67'

K.B. =14'

E.O.T. @4657.21'

11/19/07: PBSD @ 5,270'

Spud Date: 7/3/07

TD Date: 7/30/07

Comp Date: 11/30/07

TD = 5,340' MD, 4,628' TVD

Bluegate

3,800'-3,906' (4 spf)

11/07: 630g 7-1/2% HCl w/ balls

11/07: 840g 7-1/2% HCl and 83,220#

20/40 sand in x-link gel

Test: 16 mcf, 300 bwpd

3/08: SQZ 3,800'-3,906', Drill out.

Ferron

4,300'-4,310', 4,524'-4,540', 4,550'-4,560',

4,578'-4,588", 4,772'-4,782', 4,786'-4,794'

10/07: 2,750g 7-1/2% HCL and 122,467 #'s

16/30 sand in x-link gel

Test: 150 mcf, 250 bwpd



Saturation Index Calculations

Champion Technologies, Inc.
(Based on the Tomson-Oddo Model)

Marion Energy & Gordon Creek
Compatibility Test

	<u>Sample Date</u>	<u>Comments</u>
Brine 1 : Gordon Creek / Thunderbird 19-14-8/19-14-8B	13-Jan-2009	
Brine 2 : Marion / Alpine School District 03-17	12-Jan-2009	
Brine 3 : Marion / Alpine School District 06-17	12-Jan-2009	

Component	Brines			Mixing Ratio as %									
	Brine 1	Brine 2	Brine 3	10	20	70	70	40	30	30	50	25	25
				20	10	20	10	30	40	30	25	50	25
Calcium, Ca ⁺² mg/l	43	35	28	31	32	40	39	36	35	35	37	35	34
Magnesium, Mg ⁺² mg/l	11	1	2	3	4	8	8	5	4	4	6	4	4
Barium, Ba ⁺² mg/l	0	0	0	0	0	0	0	0	0	0	0	0	0
Strontium, Sr ⁺² mg/l	0	0	0	0	0	0	0	0	0	0	0	0	0
Iron, Fe ⁺³ mg/l	1	40	1	9	5	9	5	13	17	13	11	21	11
Carbonate, CO ₃ ⁻² mg/l	0	132	264	211	198	53	66	119	132	145	99	132	165
Bicarbonate, HCO ₃ ⁻¹ mg/l	4,050	2,440	2,928	2,943	3,104	3,616	3,665	3,230	3,069	3,118	3,367	2,965	3,087
Sulfate, SO ₄ ⁻² mg/l	4	8	48	36	35	9	13	18	19	23	16	17	27
Chloride, Cl ₂ mg/l	10,380	3,040	4,040	4,474	5,208	8,278	8,378	6,276	5,542	5,642	6,960	5,125	5,375
CO ₂ in Brine mg/l	460	1	1	47	93	322	322	185	139	139	231	116	116
Ionic Strength	0.36	0.13	0.16	0.18	0.20	0.29	0.30	0.23	0.21	0.21	0.25	0.19	0.20
Temperature °F	85	85	85	85	85	85	85	85	85	85	85	85	85
Pressure psia	100	100	100	100	100	100	100	100	100	100	100	100	100

Tomson-Oddo Saturation Index

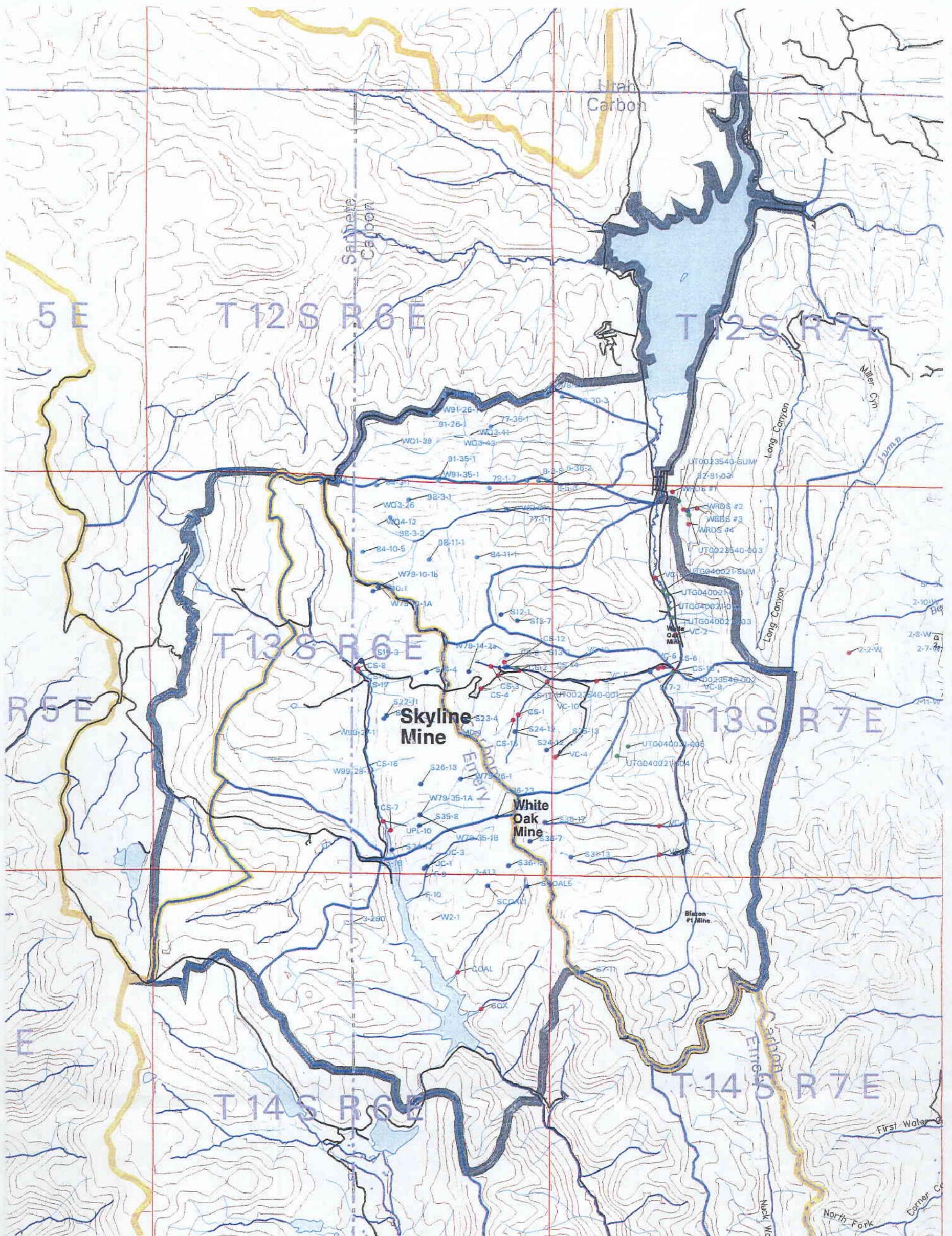
Calcite; CaCO ₃	-0.48	2.16	2.13	0.45	0.16	-0.34	-0.35	-0.12	0.00	0.00	-0.21	0.09	0.08
Gypsum; CaSO ₄ -2H ₂ O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hemihydrate; CaSO ₄ -1/2H ₂ O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anhydrite; CaSO ₄	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barite; BaSO ₄	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Celestite; SrSO ₄	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

P(Pounds Per)T(Thousand)B(Barrels)

Calcite; CaCO ₃	N/A	30.4	24.3	17.3	8.2	N/A	N/A	N/A	N/A	N/A	N/A	5.8	4.6
Gypsum; CaSO ₄ -2H ₂ O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hemihydrate; CaSO ₄ -1/2H ₂ O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anhydrite; CaSO ₄	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barite; BaSO ₄	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Celestite; SrSO ₄	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Confidential
Champion Technologies, Inc.
Vernal District Technical Services

Compatibility.xls
Three Brines (CO₂ in Brine)
1/27/2009



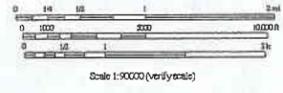
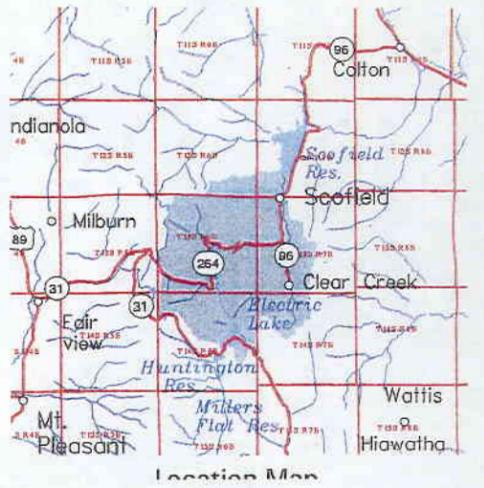
- CIA Area
- Intermittent Stream
- Perennial Stream
- Contours 200ft Interval
- Main Road
- Major River Basin
- Hydro Sub-Basin
- Ground Monit.
- Surface Water Monit. Site
- UPDES Monit. Site

4503-17 File
 Cumulative Hydrologic Impact Assessment
 Mud Creek - Upper Huntington Creek Basin

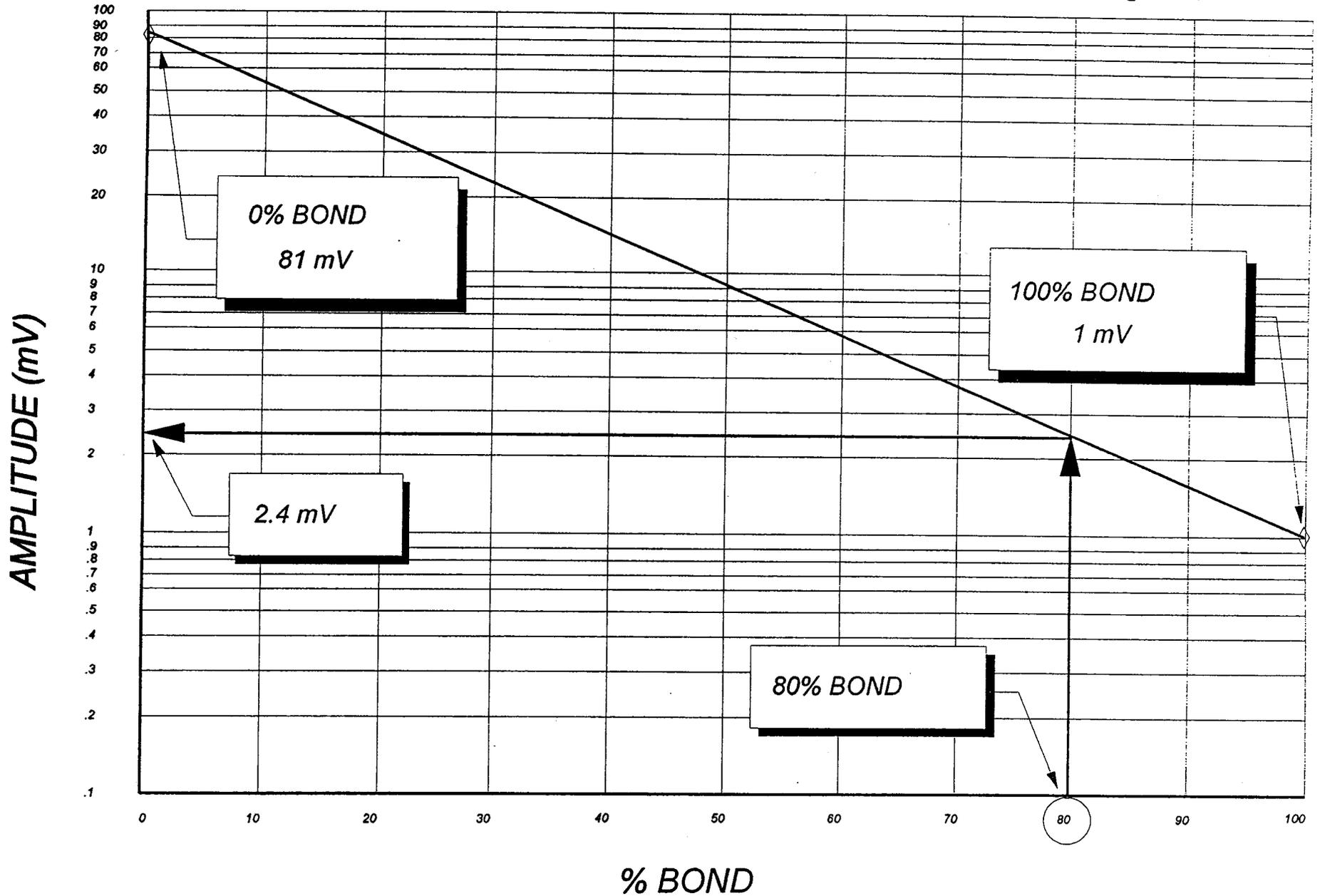
Figure 5
SURFACE HYDROLOGY

File--n:\gis\coal\ciamaps\mudcreek\map-hydro.gra

Compiled by: Dan Smith Date: August 21, 2003



Marion ASD 3-17 (A300731182) 7" Production Casing Surf. to 5311(TD)



Note: No st below 3154 TD Note: VPL looks good. Note: Ferron 4372; B/Ferron 5119; T/Obj. Pals 4268'

Note 5x Amplitude frequently below 3 mV above 4268' acceptably

TABLE 2 - TRAVEL TIMES AND AMPLITUDES FOR FREE PIPE
(3 FT RECEIVER)

CASING SIZE (in)	CASING WEIGHT (lb/ft)	TRAVEL TIME (μ s)		AMPLITUDE (mV)
		1-11/16" TOOL	3-5/8" TOOL	
4-1/2	9.5	252	233	81
	11.6	250	232	81
	13.5	249	230	81
5	15.0	257	238	76
	18.0	255	236	76
	20.3	253	235	76
5-1/2	15.5	266	248	72
	17.0	265	247	72
	20.0	264	245	72
	23.0	262	243	72
7	23.0	291	271	62
	26.0	289	270	62
	29.0	288	268	62
	32.0	286	267	62
	35.0	284	265	62
	38.0	283	264	62
7-5/8	26.4	301	281	59
	29.7	299	280	59
	33.7	297	278	59
	39.0	295	276	59
9-5/8	40.0	333	313	51
	43.5	332	311	51
	47.0	330	310	51
	53.5	328	309	51
10-3/4	40.5	354	333	48
	45.5	352	332	48
	51.0	350	330	48
	55.5	349	328	48





Marion Energy Formation and Fault Picks for the ASD 3-17 and ASD 6-17

Well	API	KB (feet)	Formation picks for tops and faults (measured depth and subsea TVD)								
			Depths	Blackhawk	Star Point	Emery	Bluegate Shale	Ferron	Tunuck Shale	Fault_1	Fault_2
						1500	2300	4207	5223		
Alpine School District 3-17	43007311820000	7933	MD	Eroded off	Surface	1210	2391	4372	5119	1641	3110
			SSTVD			6723	5553	4005	3488	6292	4896
Alpine School District 6-17	43007311810000	7930	MD	Eroded off	Surface	1209	2275	4866	5601	1615	3080
			SSTVD			6723	5780	4107	3614	6333	5199

wc2

UIC INJECTION PERMIT ANALYSIS FORM
WELL NAME: Alpine School District 3-17 (4300731182)

R649-5-2. Requirements For Class II Injection Wells Including Water Disposal, Storage And Enhanced Recovery Wells.	Completed Items, Needed Items, & Comments
1. Injection wells shall be completed, equipped, operated, and maintained in a manner that will prevent pollution and damage to any USDW, or other resources and will confine injected fluids to the interval approved.	1. OK
2. The application for an injection well shall include a properly completed UIC Form I and the following:	2. OK
2.1. A plat showing the location of the injection well, all abandoned or active wells within a one-half mile radius of the proposed well, and the surface owner and the operator of any lands or producing leases, respectively, within a one-half mile radius of the proposed injection well.	2.1 OK (Rec'd on 3/8/10)
2.2. Copies of electrical or radioactive logs, including gamma ray logs, for the proposed well run prior to the installation of casing and indicating resistivity, spontaneous potential, caliper, and porosity.	2.2 OK
2.3. A copy of a cement bond or comparable log run for the proposed injection well after casing was set and cemented.	2.3 OK
2.4. Copies of logs already on file with the division should be referenced, but need not be refiled.	2.4 OK
2.5. A description of the casing or proposed casing program of the injection well and of the proposed method for testing the casing before use of the well.	2.5 OK but we will likely require the MIT be run at 1000# rather than 400#.
2.6. A statement as to the type of fluid to be used for injection, its source and estimated amounts to be injected daily.	2.6 OK
2.7. Standard laboratory analyses of (1) the fluid to be injected, (2) the fluid in the formation into which the fluid is being injected, and (3) the compatibility of the fluids.	2.7 Needed and must be witnessed
2.8. The proposed average and maximum injection pressures.	2.8 OK
2.9. Evidence and data to support a finding that the proposed injection well will not initiate fractures through the overlying strata or a confining interval that could enable the injected fluid or formation fluid to enter the fresh water strata.	2.9 OK but you'll need to document the zero pressure condition.
2.10. Appropriate geological data on the injection interval and confining beds, and nearby Underground Sources of Drinking Water, including the geologic name, lithologic description, thickness, depth, water quality, and lateral extent; also information relative to geologic structure near the proposed well which may effect the conveyance and/or storage of the injected fluids.	2.10 I will try to use the additional geologic materials you sent. I suspect we had a minor misunderstanding during the phone conversation and they aren't quite as long as I would have preferred, but if I need them modified I'll let you know.
2.11. A review of the mechanical condition of each well within a one-half mile radius of the proposed injection well to assure that no conduit exists that could enable fluids to migrate up or down the wellbore and enter improper intervals.	2.11 OK
2.12. An affidavit certifying that a copy of the application has been provided to all operators, owners and surface owners within a one-half mile radius of the proposed injection well.	2.12 OK
2.13. Any other additional information that the board or division may determine is necessary to adequately review the application.	2.13 OK

OTHER COMMENTS AND OBSERVATIONS: The items listed in red will need to be tendered and acceptable before a UIC Class II Injection Permit can be issued. It is suggested that the geologist and engineer responsible for assembling the required submissions contact me [(801)538-5337] if they have any doubt regarding the needed content.

Reviewed by: Christopher J. Kierst Date: 4/12/2010

Alpine School District 3-17 (4300731182)
Alpine School District 6-17 (4300731181)

UIC INJECTION PERMIT ANALYSIS FORM

FOLLOW-UP RESPONSE

Date: 3/24/10

Following are responses to comments regarding UIC Form 1 submitted by Marion Energy, Inc. on 3/1/2010.

- 2.5: See attached wellbore schematic with present and proposed wellbore schematics.
- 2.6: The injected fluid shall be produced water from multiple wells within the Clear Creek Federal Unit, all having a source of water from the Ferron Sandstone. Estimated daily injection volume is 2,000 bwpd, increasing to 15,000 bwpd as additional wells are brought online. Estimated daily average injection pressure is 0 (zero) psig, maximum surface injection pressure is 400 psig.
- 2.7: Produced and injected water samples are to be submitted separately. Mixing ratios for produced water to injected water is proposed to be 25/75, 50/50, 75/25. The analysis shall include TDS and scaling tendency.
- 2.8: Estimated daily average injection pressure is 0 (zero) psig, maximum surface injection pressure is 400 psig.
- 2.9: Cross sections provided by Marion Energy, Inc. demonstrate confining shale barriers above and below the Ferron member of the Mancos Formation. The shales above the Ferron belong to the Bluegate Shale Member of the Mancos Formation and those below belong to the Tunuck Shale Member of the Mancos Formation. Both shales have considerable thickness and are known to be regionally pervasive. These characteristics are considered in lieu of an initial step rate test. The impermeable nature of the shales is suitable for the confinement of the injectate within the Ferron Sandstone. It is also anticipated the ASD 3-17 will have zero surface injection pressure during early period injection. This will not allow delta P vs delta Q to be plotted accurately. Marion proposes an initial Maximum Surface Injection pressure of 400 psig, and could perform a step rate test if the well demonstrates stabilized positive pressure before 400 psig is achieved.
- 2.10: At the request of the DOGM the originally submitted geologic displays were augmented to improve clarity for the viewer. Paper and digital (PDF) copies of the displays are included and it should be noted the PDF files when zoomed in show better clarity of the log curves than do the paper copies. The following displays are being resubmitted for approval

1) Ferron structure map of the northern two-thirds of the Clear Creek Federal Unit showing cross-section lines North-South and West-East.

2) Structural cross-sections North-South and West-East illustrating the structural position of the Ferron Sandstone between the known confining shales of the Bluegate and Tunuck and the structural position of the known fresh-water bearing formations of the Star Point and Blackhawk.

3) Detailed stratigraphic correlations (A-A' and B-B') of the Ferron Formation showing lateral continuity.

4) Single well log strips showing digital log curves for the ASD #6-17 and ASD #3-17. Due to the deviated nature of both wells they were logged with cased-hole tools only.

2.11: A review of wells within a ½ mile radius of the prospective injection candidates yield the following:

Alpine School District 3-17:

No wellbore is within ½ mile radius of the Alpine School District 3-17, as measured from the top of the Ferron, laterally to adjacent wellbores. The closest well is the Alpine School District 6-17, which measures approximately 3,337' laterally between tops of the Ferron Sand.

Alpine School District 6-17:

The only wellbore within ½ mile radius of the Alpine School District 6-17 is the sidetrack, 6-17-2. TD of the sidetrack is 5,164' MD. The sidetracked wellbore was plugged back with cement and kicked off at 2,350' MD. The cement plug in the side track wellbore provides a barrier to escaping injected fluids.

Approximately 695' of cemented 7-5/8" casing has greater than 90% bond, all above the kick off point. Inside the 7-5/8" casing, a 5-1/2" liner has approximately 1,320 feet of cement bond greater than 90% above the kick off point. The potential vector for escaping injection fluids is therefore bound by a) cement plug back of sidetracked wellbore, b) substantial cement of good bond quality behind 7-5/8" casing, c) substantial cement of good bond quality behind 5-1/2" casing, and d) geologic data presented (see 2.9 above), detailing permeability barriers in the geologic column.

DATE: 3/1/2010
WELL NAME: Alpine School District #3-17
FIELD: Clear Creek

DATA

Permanent Zero Point:..... KB -7,934'' GL - 7,919'
PBTD:..... 5,270' MD (11-19-07)
Casing Size, Weight, Depth:..... 7", 26#, K-55, 8rd @ 5,311'
ID: 6.366" Drift: 6.241" Burst: 4,360 psi
Tubing Size, Weight, Type: 4,250' x 2-7/8", 6.5#, 8rd
ID: 2.441" Drift: 2.347" Burst: 7,260 psi
TOC:..... 2,500' +/- >90% bond CBL dated 8/30/07
Log:..... CBL dated 8/30/07, PND dated 8/30/07
Perfs:..... Ferron: 4,300' - 4,794' overall

SCOPE OF WORK

POH w/ existing equipment. RIH with 7" injection packer on 2-7/8" tbgr. Convert well to SWD.

RECOMMENDED CONVERSION PROCEDURE

1. Notify proper agencies prior to commencing work to convert to SWD well.
2. MIRU well service company. NU well control equipment.
3. POH w/ existing production equipment.
4. PU 7" x 2-7/8" injection packer and RIH on 2-7/8", 6.5#, J-55, *rd EUE tubing. Hydrotest running in hole to 4,000 psig.
5. Land Packer @ 4,250' +/- . Load annulus w/ 128 bbls 2% KCl water + 100 gals Champion Chemical Cortron 2383 inhibitor.
6. Perform MIT on annulus. Pressure test to 400 psig for 30 minutes Record casing pressure on 0-1,000 psig chart with 1 hr clock. Record tubing pressure manually every 5 minutes. Note ambient temperature at start of test. Have proper agency witness test.
7. NU injection lines, meter. Install pressure gauge on annulus.
8. Secure well until final permit approval. Injection parameters are 15,000 bwpd max rate, 400 psig max surface injection pressure.
9. RDMO.

Proposed Completion

API: 43-007-31182
 GL: 7,919'
 KB: 7,934'

**Alpine School District #3-17
 Proposed SWD**

Updated : 2/25/2010

LOCATION:

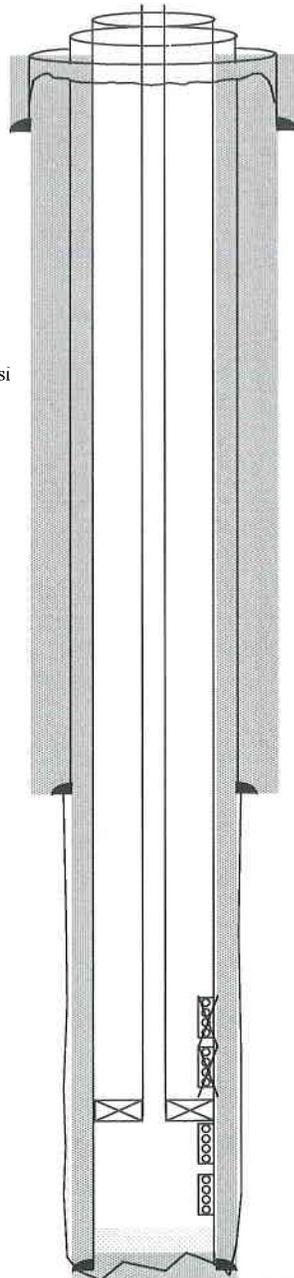
Clear Creek
 SW SE SW Sec 8 (BHL)
 SW NW NE (surface)
 Sec. 17 T13S R7E
 Carbon County, UT

Casing Strings:

13-3/8", 46#, K-55 @ 490'
 Cmtd w/ 1200 sx
 TOC @ surface

9-5/8", 36#, J-55 @ 3,142'
 Cmtd w/ 695 sx
 TOC @ surface

7" Production, 26#, K-55 @ 5,311'
 ID: 6.366", Drift: 6.421, Burst: 4,360 psi
 Cmtd w/ 750 sx
 TOC @ 2,500' +/- (>90% bond)



Tubing String:

4,250' x 2-7/8", 6.5#, J-55, 8rd
 Hydrotested to 4,000 psi
 ID: 2.441" Drift: 2.347" Burst: 7,260 psi

Packer:

7" x 2-7/8" tension packer @ 4,250'
 Annulus filled w/ 128 bbls 2% KCl and
 100 gals Champion Cortron 2383 inhibitor

Capacity:

2-7/8" tbg: .00579 bbl/ft (24.6 bbls)
 7" csg: .0382 bbl/ft (201.3 bbls)
 2-7/8" x 7" Annulus: .0302 bbl/ft (128.4 bbls)

PSI Test:

Pressure test tubing/casing annulus to
 400 psig for 30 minutes using chart recorder
 and witnessed.

Rate and Injection Pressure:

Max rate = 15,000 bwpd
 Max surface injection pressure = 400 psig

Bluegate

3,800'-3,906' (4 spf)
 11/07: 630g 7-1/2% HCl w/ balls
 11/07: 840g 7-1/2% HCl and 83,220#
 20/40 sand in x-link gel
 Test: 16 mcf/d, 300 bwpd
 3/08: SQZ 3,800'-3,906', Drill out.

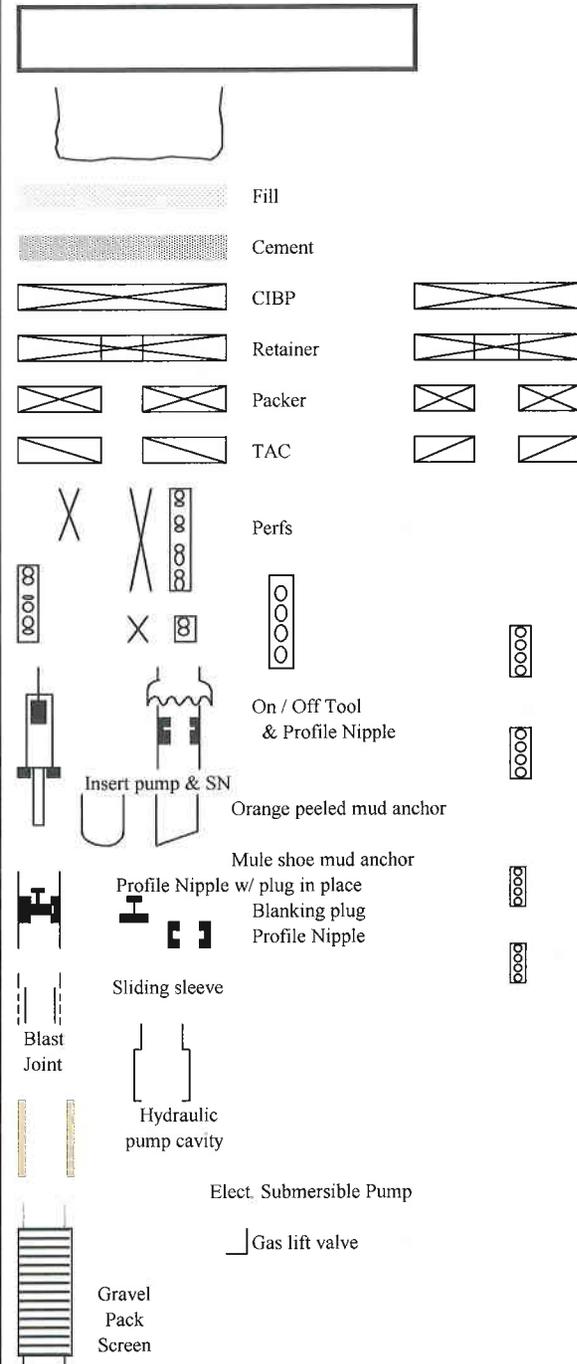
Ferron

4,300'-4,310', 4,524'-4,540', 4,550'-4,560',
 4,578'-4,588', 4,772'-4,782', 4,786'-4,794'
 10/07: 2,750g 7-1/2% HCL and 122,467 #'s
 16/30 sand in x-link gel
 Test: 150 mcf/d, 250 bwpd

11/19/07: PBTD @ 5,270'

Spud Date: 7/3/07
 TD Date: 7/30/07
 Comp Date: 11/30/07

TD = 5,340' MD, 4,628' TVD



BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---oo0oo---

IN THE MATTER OF THE REQUEST	:	
FOR AGENCY ACTION OF MARION	:	
ENERGY, INC. FOR AN ORDER	:	NOTICE OF HEARING
GRANTING AN AQUIFER EXEMPTION	:	
AND APPROVING THE CONVERSION	:	
OF THE ALPINE SCHOOL DISTRICT	:	
#3-17 WELL LOCATED IN SECTION 17,	:	Docket No. 2010-020
TOWNSHIP 13 SOUTH, RANGE 7 EAST,	:	Cause No. UIC-362.2
CARBON COUNTY, UTAH, TO A CLASS	:	
II INJECTION WELL.	:	

---oo0oo---

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN THE FOLLOWING
MATTER.

Notice is hereby given that the Board of Oil, Gas and Mining ("Board"), State of Utah, will conduct a hearing on WEDNESDAY, April 28, 2010, at 9:00 AM, or as soon thereafter as possible, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

The hearing will be conducted as a formal administrative adjudication in accordance with the rules of the Board as set forth in Utah Administrative Code R641 et seq. as provided for by Utah Code Ann. § 40-6-1 et seq. and Utah Code Ann. § 63G-4-101 through 601.

The purpose of the hearing will be for the Board to receive testimony and evidence regarding a Request for Agency Action that the Board enter an Order:

1. Granting an aquifer exemption for the selected zones in the Ferron Sandstone Member of the Mancos Shale Formation and approving the Alpine School District #3-17 well as a Class II injection well; and
2. Providing such other relief as may be just and equitable under the circumstances.

Objections to the Request for Agency Action must be filed with the Secretary of the Board at the address listed below no later than the 10th day of the month, or two weeks before the scheduled hearing, whichever is earlier. A party must file a timely written objection or other response in order to participate as a party at the Board hearing.

Natural persons may appear and represent themselves before the Board. All other representation by parties before the Board will be by attorneys licensed to practice law in the

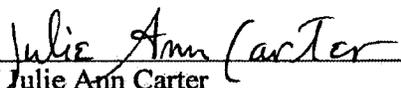
State of Utah, or attorneys licensed to practice law in another jurisdiction which meet the rules of the Utah State Bar for practicing law before the Utah Courts.

Persons interested in this matter may participate pursuant to the procedural rules of the Board. The Request for Agency Action, and any subsequent pleadings, may be inspected at the office of the undersigned.

Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing date.

DATED this 30th day of March, 2010.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING
Douglas E. Johnson, Chairman



/s/ Julie Ann Carter
Secretary to the Board
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116
(801) 538-5277

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2010-020, Cause No. UIC-362.2 to be mailed with postage prepaid, this 31st day of March, 2010, to the following:

Matthew L. Crockett
Relma M. Miller
Beatty & Wozniak, P.C.
216 Sixteenth Street, Suite 1100
Denver, CO 80202

Michael S. Johnson
Megan DePaulis
Assistant Attorneys General
Utah Board of Oil, Gas & Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116
[Via Email]

Steven F. Alder
Fred Donaldson
Assistant Attorneys General
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116
[Via Email]

Marion Energy, Inc.
C/o Keri Clarke, Vice President
119 South Tennessee, Suite 200
McKinney, TX 75069

Bureau of Land Management
Price Field Office
Attn: Don Stephens
125 S. 600 W.
Price, UT 84501

Bureau of Land Management
Utah State Office
Attn: Becky J. Hammond
P.O. Box 45155
Salt Lake City, UT 84145-0155

Alpine Board of Education
Alpine District
50 No. Center
American Fork, UT 84003

State of Utah
LaVonne Garrison
Trust Lands Administration
675 East 500 South
Suite 500
Salt Lake City, UT 84102

Carbon County Recreation &
Transportation Special Service District
125 East Main
Price, UT 84501

Bruce Suchomel
UIC Program
USEPA Region 8 (P-W-GW)
1595 Wynkoop St.
Denver, CO 80202-1129

Church of Jesus Christ of LDS
LDS Church, Tax Division
50 E. North Temple
22nd Floor, RE: 2A-0736
Salt Lake City, UT 84150

Merrion Oil and Gas Corporation
610 Reilly Ave
Farmington, NM 87401

Liodakis Ranch LLC
George E. Liodakis
2655 E. Chalet Circle
Sandy, UT 84093

Annie S. Kosec Trust
C/O Richard Kosec
1776 Kenilworth Rd.
Helper, UT 84526

Northstargas, LC
C/O Steve Ault
P.O. Box 536
Ferron, UT 84523

Blue Ridge Services LLC
Attn: Denise A Dragoo
Snell & Wilmer LLP
15 W. South Temple
Suite 1200
Salt Lake City, UT 84101

Summit Energy Partners Clear Creek, LLC
1441 Ute Blvd
Suite 280
Park City, UT 84098

Reverse Exchange LLC
As title holder for
AOK Family Holding Trust,
Jana Gunderson, Trustee
341 North 1100 East
American Fork, UT 84003

Lutheran High School
2222 North Santiago Blvd
Orange, CA 92867

Ms. Anastasia Daraban
1833 S. West Temple #1
Salt Lake City, UT 84115

Harvey Stone
155 Franklin Street
P.O. Box 536
Ferron, UT 84523

Mr. J Richard Bell
4632 Idlewild Road
Salt Lake City, UT 84124

Ms. Joni Buehner
350 Claude Drive
Santa Clara, CA 84765

Ms. Connie Condie
433 E. Vine Street
Murray UT, 84765

Ms. Connie Stauffer
8851 Edinburgh Circle
Highlands Ranch, CO 80129

Mr. John Nicolaides
5040 N. Second Street
Phoenix, AZ 85012

Mr. Paul Daraban
10104 Dunsinane
South Jordan, UT 84095

Mr. Michael Stathis
1579 S. East Canyon Drive
Cedar City, UT 84720

Mr. Tommy John Nicolaides
989 Military Drive
Salt Lake City, UT 84108

Mrs. Hilda Hammond
2912 Redwood
Costa Mesa, CA 92626

Mary Louise Seamons
1774 South 340 East
Orem, UT 84058

Leoan Gunderson
3990 Raymond
Ogden, UT 84403

Anthon Madsen
1821 Howell
Richland, WA 99354

Annie Andersen
1646 Snow Rd
Fort Sill, OK 73503

Dix Jensen
525 Woodhill Dr.
Price, UT 84501

Alice Pannier
1138 Michigan Ave.
Salt Lake City, UT 84105

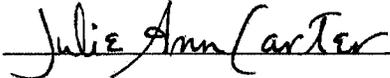
Carbon County
120 East Main Street
Price, UT 84501

James T. Jensen
2961 N. Caitland Ct.
Salt Lake City, UT 84121

Jerry L. Jesen
1155 N. Carbonville Rd.
Price, UT 84501

Bonnie Lynne Jensen Stradling
18316 Highway 56
Sherman, TX 75902

Jack Thomas
Route 2
Preston, ID 83263



CERTIFICATE OF PUBLISHED NOTICE

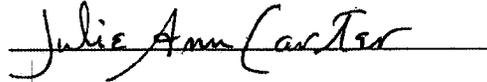
I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2010-020, Cause No. UIC-362.2 to be PUBLISHED in the following newspapers on the following days:

April 4, 2010:

The Salt Lake Tribune and Deseret Morning News, newspapers of general circulation in Salt Lake City and County.

April 1, 2010:

Sun Advocate, a newspaper of general circulation in Carbon County.

A handwritten signature in cursive script that reads "Julie Ann Carter". The signature is written in black ink and is positioned above a horizontal line.

Alpine School District 3-17 (4300731182)
Alpine School District 6-17 (4300731181)

UIC INJECTION PERMIT ANALYSIS FORM

FOLLOW-UP RESPONSE

Date: 3/24/10

Following are responses to comments regarding UIC Form 1 submitted by Marion Energy, Inc. on 3/1/2010.

- 2.5: See attached wellbore schematic with present and proposed wellbore schematics.
- 2.6: The injected fluid shall be produced water from multiple wells within the Clear Creek Federal Unit, all having a source of water from the Ferron Sandstone. Estimated daily injection volume is 2,000 bwpd, increasing to 15,000 bwpd as additional wells are brought online. Estimated daily average injection pressure is 0 (zero) psig, maximum surface injection pressure is 400 psig.
- 2.7: Produced and injected water samples are to be submitted separately. Mixing ratios for produced water to injected water is proposed to be 25/75, 50/50, 75/25. The analysis shall include TDS and scaling tendency.
- 2.8: Estimated daily average injection pressure is 0 (zero) psig, maximum surface injection pressure is 400 psig.
- 2.9: Cross sections provided by Marion Energy, Inc. demonstrate confining shale barriers above and below the Ferron member of the Mancos Formation. The shales above the Ferron belong to the Bluegate Shale Member of the Mancos Formation and those below belong to the Tunuck Shale Member of the Mancos Formation. Both shales have considerable thickness and are known to be regionally pervasive. These characteristics are considered in lieu of an initial step rate test. The impermeable nature of the shales is suitable for the confinement of the injectate within the Ferron Sandstone. It is also anticipated the ASD 3-17 will have zero surface injection pressure during early period injection. This will not allow delta P vs delta Q to be plotted accurately. Marion proposes an initial Maximum Surface Injection pressure of 400 psig, and could perform a step rate test if the well demonstrates stabilized positive pressure before 400 psig is achieved.
- 2.10: At the request of the DOGM the originally submitted geologic displays were augmented to improve clarity for the viewer. Paper and digital (PDF) copies of the displays are included and it should be noted the PDF files when zoomed in show better clarity of the log curves than do the paper copies. The following displays are being resubmitted for approval

- 1) Ferron structure map of the northern two-thirds of the Clear Creek Federal Unit showing cross-section lines North-South and West-East.
- 2) Structural cross-sections North-South and West-East illustrating the structural position of the Ferron Sandstone between the known confining shales of the Bluegate and Tunuck and the structural position of the known fresh-water bearing formations of the Star Point and Blackhawk.
- 3) Detailed stratigraphic correlations (A-A' and B-B') of the Ferron Formation showing lateral continuity.
- 4) Single well log strips showing digital log curves for the ASD #6-17 and ASD #3-17. Due to the deviated nature of both wells they were logged with cased-hole tools only.

2.11: A review of wells within a ½ mile radius of the prospective injection candidates yield the following:

Alpine School District 3-17:

No wellbore is within ½ mile radius of the Alpine School District 3-17, as measured from the top of the Ferron, laterally to adjacent wellbores. The closest well is the Alpine School District 6-17, which measures approximately 3,337' laterally between tops of the Ferron Sand.

Alpine School District 6-17:

The only wellbore within ½ mile radius of the Alpine School District 6-17 is the sidetrack, 6-17-2. TD of the sidetrack is 5,164' MD. The sidetracked wellbore was plugged back with cement and kicked off at 2,350' MD. The cement plug in the side track wellbore provides a barrier to escaping injected fluids. Approximately 695' of cemented 7-5/8" casing has greater than 90% bond, all above the kick off point. Inside the 7-5/8" casing, a 5-1/2" liner has approximately 1,320 feet of cement bond greater than 90% above the kick off point. The potential vector for escaping injection fluids is therefore bound by a) cement plug back of sidetracked wellbore, b) substantial cement of good bond quality behind 7-5/8" casing, c) substantial cement of good bond quality behind 5-1/2" casing, and d) geologic data presented (see 2.9 above), detailing permeability barriers in the geologic column.

Chris Kierst - Correct Maps for the Wellbores 3-17 and 6-17

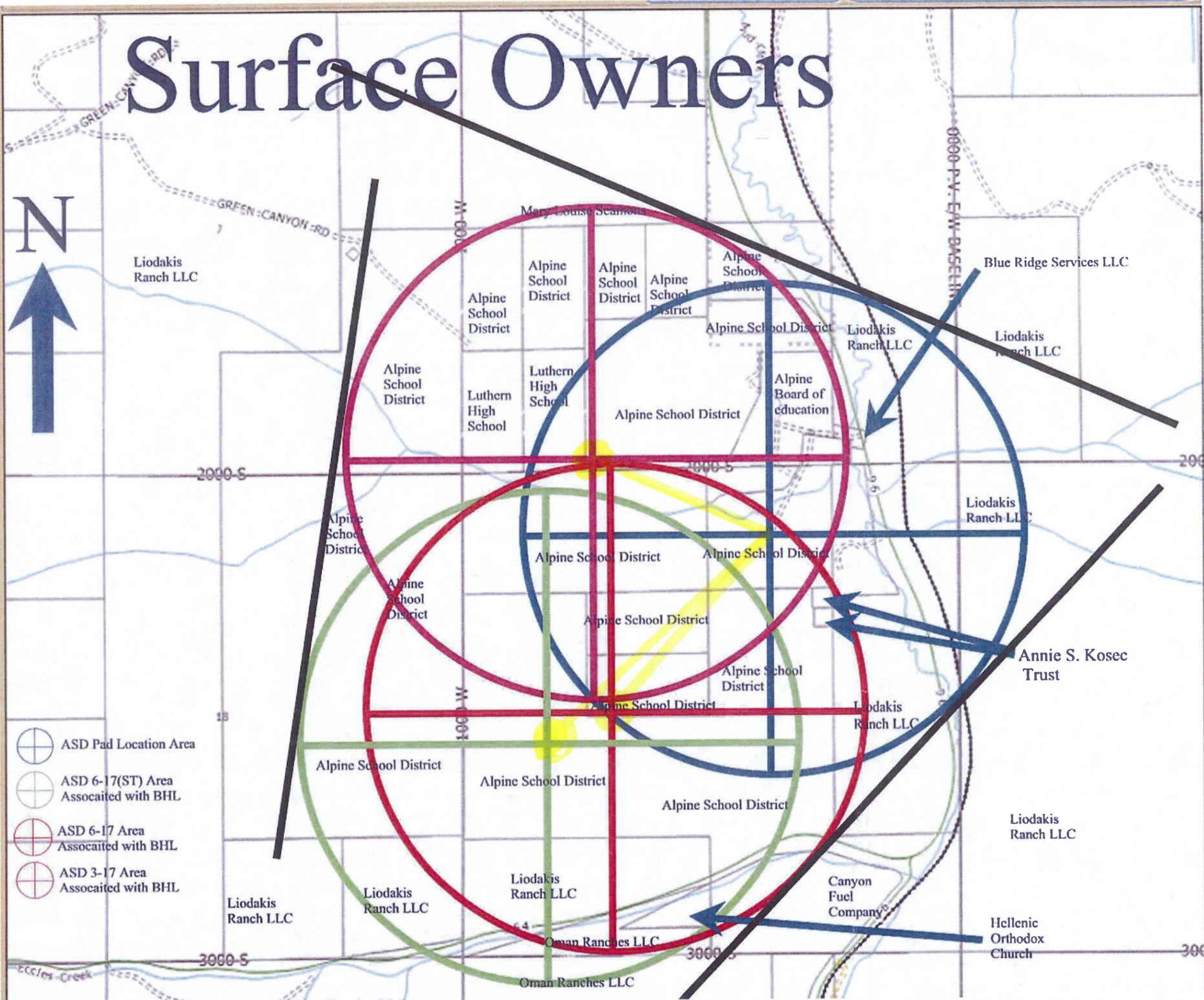
From: "Keri Clarke" <kclarke@marionenergy.com>
To: "Chris Kierst" <chriskierst@utah.gov>
Date: 4/14/2010 3:00 PM
Subject: Correct Maps for the Wellbores 3-17 and 6-17
CC: "Crockett, Matthew" <mcrockett@bwenergylaw.com>, "Miller, Relma" <rmille...>
Attachments: ASD Operators (4.14.10).jpg; Surface Owners 4.14.10.jpg; ASD Mineral Owners (4.14.10).jpg

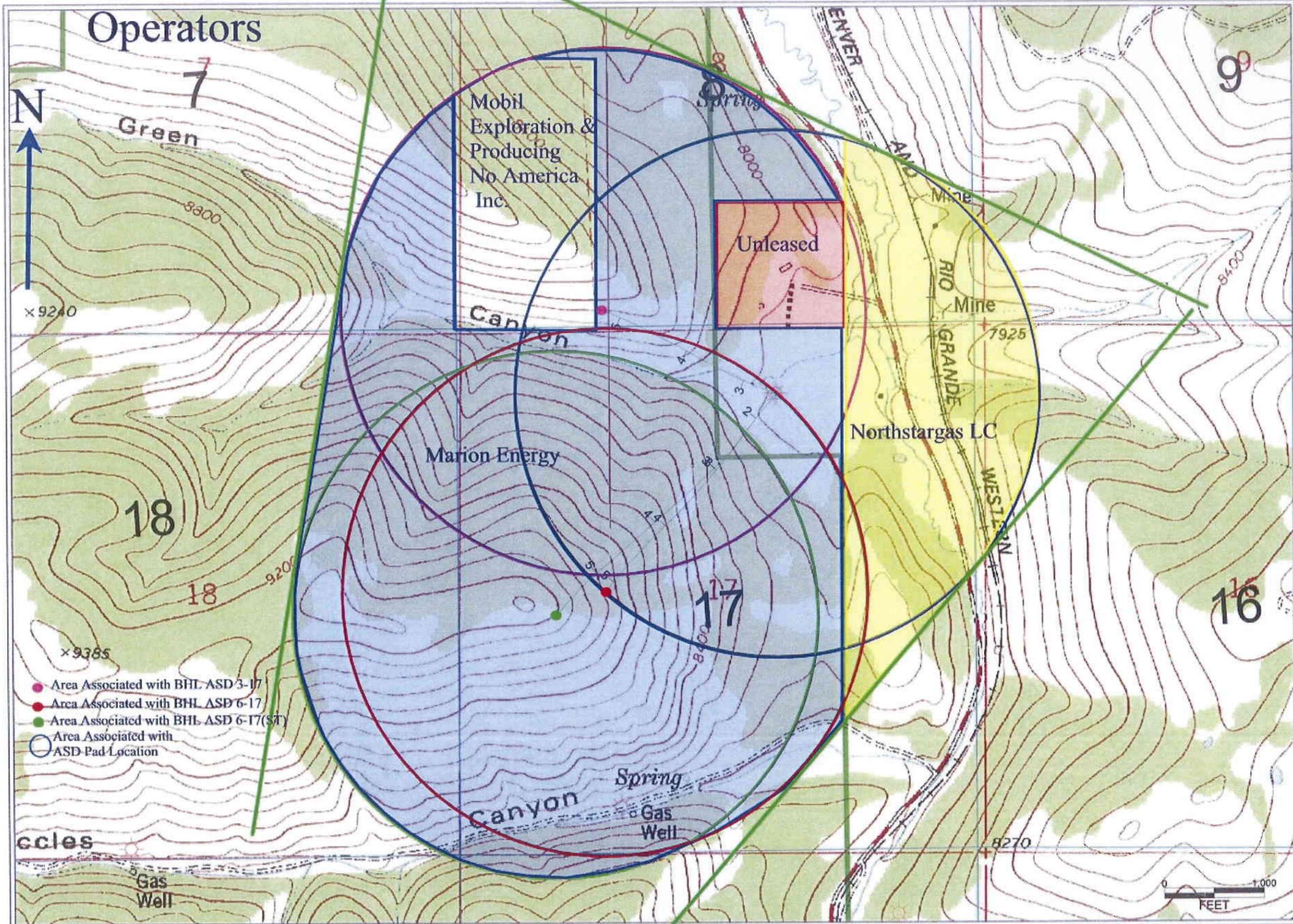
Chris

Here are the correct maps for the bottom hole locations and the surface locations for the wellsites 3-17 and 6-17. We have looked at the circles and have decided that there are no new surface, mineral and operators from the original letters we sent out for the applications. All three of the types have been covered with the original affidavit. Let me know if these are ok as soon as you can. Cheers.

Keri Clarke
Vice President Land
Marion Energy Inc.
972-540 2967 (Off)
214-704 4377 (Cell)

Surface Owners





3-17

Chris Kierst - Letter for Sampling

From: "Keri Clarke" <kclarke@marionenergy.com>
To: "Chris Kierst" <chriskierst@utah.gov>
Date: 4/14/2010 2:24 PM
Subject: Letter for Sampling
CC: "Crockett, Matthew" <mcrockett@bwenergylaw.com>, "Miller, Relma" <rmille...>
Attachments: 20100414104148867.pdf

Chris

Here is the letter about current sampling of water from the wells. Let me know if it is sufficient. Cheers.

Keri Clarke
Vice President Land
Marion Energy Inc.
972-540 2967 (Off)
214-704 4377 (Cell)

EIS Environmental & Engineering Consulting
31 North Main Street * Helper, Utah 84526
Office (435) 472-3814 * Toll free - (800) 641-2927 * Fax - (435) 472-8780
eisec@ipreciscom.net

April 13, 2010

Keri Clarke
Marion Energy, Inc.
119 South Tennessee, Suite 200
McKinney, TX 75069

Dear Mr. Clarke,

This letter is in response to your request for a summary of the activities related to water sampling in the Clear Creek area.

Eric Norton from Marion Energy contacted EIS on April 12 requesting water samples be taken from four well locations in the Clear Creek area. I met with Mr. Greenan at the Oman 2-20 well pad at 10:00 a.m. on the morning of the 12th. Mr. Greenan had the water sample jars he obtained from SGS Laboratory the previous Friday. With Mr. Greenan controlling the water spout at the Oman 2-20 well head, I filled the sample jars with water directly from the well head. The sample was taken at 10:15 a.m. We then traveled to the Alpine School District 3-17 and 6-17 well pad. Mark Jones from DOGM was on the access road to the well pad and followed us to the location and observed as the samples were taken. Again Mr. Greenan controlled the water spout while I filled the jars at the Alpine School District 6-17 well head. The sample was taken at 10:25. The pressure coming from the Alpine School District 3-17 well was too high to collect water samples by holding the jars under the spout. A bucket lined with a new, clean garbage bag was used to collect water from the high-pressure spray. Samples were drawn from the filled bucket at 10:30. Each sample from the three wells included a half gallon raw water sample in a plastic jug, a quart of water with a HCl preservative in a glass bottle, and a pint of water with a HNO₃ preservative in a plastic bottle.

We met Mr. Oveson at the Ridge Runner 13-17 access road turnoff. He had used a snow mobile to access the well pad. He collected water samples from the frac tanks on the Ridge Runner 13-17 pad at 10:48. Two half-gallon plastic jugs of raw water, two plastic pint bottles with a HNO₃ preservative, and one quart glass bottle with a HCl preservative were filled from the frac tanks. Mr. Greenan had returned to each of the well pads to collect run time and temperature data. I accepted the sample jars from Mr. Oveson and delivered the samples to SGS Laboratory. Chain-of-Custody forms were filled out at the time of delivery, 1:05 p.m. Mr. Norton had discussed the required test parameters with a SGS employee during a phone conversation while I was at the laboratory delivering the samples.

If you have any questions, please let me know.

Sincerely,



Matthew Serfustini
Senior Project Lead, Biology Department
EIS

Alpine School District 3-17 (4300731182)
Alpine School District 6-17 (4300731181)

UIC INJECTION PERMIT ANALYSIS FORM

FOLLOW-UP RESPONSE

Date: 4/15/10

Following are responses to comments regarding UIC Form 1 submitted by Marion Energy, Inc. on 3/1/2010.

- 2.5: See attached wellbore schematic with present and proposed wellbore schematics.
- 2.6: The injected fluid shall be produced water from multiple wells within the Clear Creek Federal Unit, all having a source of water from the Ferron Sandstone. Estimated daily injection volume is 2,000 bwpd, increasing to 15,000 bwpd as additional wells are brought online. Estimated daily average injection pressure is 0 (zero) psig, maximum surface injection pressure is 400 psig.
- 2.7: Produced and injected water samples are to be submitted separately. Mixing ratios for produced water to injected water is proposed to be 25/75, 50/50, 75/25. The analysis shall include TDS and scaling tendency.
- 2.8: Estimated daily average injection pressure is 0 (zero) psig, maximum surface injection pressure is 400 psig.
- 2.9: Cross sections provided by Marion Energy, Inc. demonstrate confining shale barriers above and below the Ferron member of the Mancos Formation. The shales above the Ferron belong to the Bluegate Shale Member of the Mancos Formation and those below belong to the Tunuck Shale Member of the Mancos Formation. Both shales have considerable thickness and are known to be regionally pervasive. These characteristics are considered in lieu of an initial step rate test. The impermeable nature of the shales is suitable for the confinement of the injectate within the Ferron Sandstone. It is also anticipated the ASD 3-17 will have zero surface injection pressure during early period injection. This will not allow delta P vs delta Q to be plotted accurately. Marion proposes an initial Maximum Surface Injection pressure of 400 psig, and could perform a step rate test if the well demonstrates stabilized positive pressure before 400 psig is achieved.
- 2.10: At the request of the DOGM the originally submitted geologic displays were augmented to improve clarity for the viewer. Paper and digital (PDF) copies of the displays are included and it should be noted the PDF files when zoomed in show better clarity of the log curves than do the paper copies. The following displays are being resubmitted for approval

SUBSTITUTE
EXHIBIT E

1) Ferron structure map of the northern two-thirds of the Clear Creek Federal Unit showing cross-section lines North-South and West-East.

2) Structural cross-sections North-South and West-East illustrating the structural position of the Ferron Sandstone between the known confining shales of the Bluegate and Tunuck and the structural position of the known fresh-water bearing formations of the Star Point and Blackhawk.

3) Detailed stratigraphic correlations (A-A' and B-B') of the Ferron Formation showing lateral continuity.

4) Single well log strips showing digital log curves for the ASD #6-17 and ASD #3-17. Due to the deviated nature of both wells they were logged with cased-hole tools only.

2.11: A review of wells within a ½ mile radius of the prospective injection candidates yield the following:

Alpine School District 3-17:

Two wellbores are within an ½ mile radius of the bottom hole location and/or the surface location:

- a) ASD 6-17 original hole
- b) ASD 6-17 sidetrack hole

Alpine School District 6-17 sidetrack:

Three wellbores are within an ½ mile radius of the bottom hole location and/or the surface location:

- a) ASD 6-17 original hole
- b) ASD 3-17
- c) Utah Fuel #7

The mechanical condition of each well within a ½ mile radius is sufficient to prevent fluid migration up or down the wellbore into improper intervals. For all the wells listed above, the Ferron Sand is bound from below by the Tunuck Shale and above by the Bluegate Shale. There are no conduits created within these wellbores to allow fluids to escape from the limits of these sealing shale members. The Ferron Sand, and Tunuck and Bluegate Shales are members within the regionally pervasive Mancos Formation.

The ASD 6-17 original hole was plugged back with 325 sacks cement in two stages; top of plug tagged each time. The plug covers 1,242' inside the Bluegate Shale from kickoff point at 2,350' to 3,565'. The TD of the original hole is in the Ferron Sand and is filled with 11.6 #/g mud from 3,565' to 5,164' (TD).

The ASD 6-17 sidetrack hole is completed with a 5-1/2" liner from 2,009' – 5,825' and cemented with 291 sacks cement. Cement bond quality of greater than 90% from 3,670' – 5,825', which includes the entire completed interval of the Ferron Sand. Additionally, the top of the 5-1/2" liner overlaps 252' into the 7-5/8" casing, which is cemented with 340 sacks cement and 695' of bond quality greater than 90%.

The ASD 3-17 is completed with 7" casing from surface to 5,311' and cemented with 750 sacks cement. Cement bond quality is greater than 90% from 2,500' – 5,311', which includes the entire completed interval of the Ferron Sand. Additionally, a 9-5/8" casing string runs from surface to 3,142' and is cemented to surface with 695 sacks cement. The 9-5/8" casing penetrates the Bluegate Shale by 840'.

The Utah Fuel #7 well was plugged and abandoned in July 1987. The wellbore has two inside casing cement plugs above the Ferron Sand; bottom plug 3,132' – 3,790' (658') and top plug surface to 658' (658'). The Ferron Sand is further isolated with two casing strings cemented in the hole; a) 4-1/2" liner from surface to 4,063' and cemented with 200 sacks cement, and b) 7" casing string from surface to 3,865' and cemented with 850 sacks cement.

Additional Considerations:

The proposed injection operations into the Ferron Sand of the ASD 3-17, ASD 6-17, provide no EOR, pressure maintenance, or other secondary recovery benefit to the gas hydrocarbon resource that may be present in the Ferron Sand. All natural gas recovery from the Ferron Sand in the Clear Creek Unit to date (primarily in the 1950's and 60's) has been a result of volumetric depletion. The location of the ASD 3-17 and ASD 6-17 provide for disposal of water into existing wells located in an isolated fault block. No deleterious effects are expected since water production has been present whenever gas has been produced since inception within the naturally fractured Ferron Sand. Ferron water being injected and allowed to commingle with Ferron water already present in the natural fractured sandstone will create no additional reservoir impacts than exist within the Ferron in its current natural state.

It is expected that with improved economic conditions and positive production response from the continuous dewatering of existing wells, a dedicated disposal well option outside of the Ferron may be economic in the future. Opportunities to expand dewatering to include all areas of the Ferron within Clear Creek would be attractive at that time.

Saturation Index Calculations

Champion Technologies, Inc.

(Based on the Tomson-Oddo Model - CO2 in Brine)

Marion Energy
Clear Creek

Brine 1 : Alpine School District: Well # 3-17
Brine 2 : Alpine School District: Well # 6-17
Brine 3 : Ridge Runner: Well # 13-17
Brine 3 : Olman: Well # 2-20

Sample Date	Comments
April 12, 2010	

Component	Brines to be mixed				Mixing Ratio as %										
	Brine 1	Brine 2	Brine 3	Brine 4	25	10	40	20	30	30	30	35	25	10	
Calcium, Ca ⁺² mg/l	25.82	30.50	27.37	16.39	31	31	30	28	33	34	34	32	32	26	
Magnesium, Mg ⁺² mg/l	10.98	12.13	14.10	3.12	9	9	10	8	11	11	11	10	10	7	
Barium, Ba ⁺² mg/l	5.21	8.57	22.13	10.0	8	6	9	7	7	7	6	8	8	8	
Strontium, Sr ⁺² mg/l	5	4	2	5	4	4	4	4	4	5	5	4	4	3	
Carbonate, CO ₃ ⁻² mg/l	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bicarbonate, HCO ₃ ⁻¹ mg/l	1664	2,037	1,898	2,037	2,006	1,995	1,997	1,992	2,014	1,986	1,979	1,997	1,995	1,988	2,003
Sulfate, SO ₄ ⁻² mg/l	0	28	27	6	14	19	16	22	15	21	22	20	21	14	
Chloride, Cl ₂ mg/l	2315	2,680	3,100	1,102	3,100	2,496	2,459	2,532	2,217	2,774	2,874	2,774	2,653	2,595	2,059
CO ₂ In Brine mg/l	300	300	300	300	300	300	300	300	300	300	300	300	300	300	
Ionic Strength	0.11	0.12	0.07	0.12	0.10	0.10	0.11	0.10	0.11	0.12	0.11	0.11	0.11	0.09	
Temperature °F	85	85	85	85	85	85	85	85	85	85	85	85	85	85	
Pressure psia	100	100	100	100	100	100	100	100	100	100	100	100	100	100	

Tomson-Oddo Saturation Index														
Calcite; CaCO ₃	-0.47	-0.48	-0.57	-0.41	-0.44	-0.44	-0.49	-0.48	-0.45	-0.47	-0.44	-0.46	-0.47	-0.46
Gypsum; CaSO ₄ ·2H ₂ O	N/A													
Hemihydrate; CaSO ₄ ·1/2H ₂ O	N/A													
Anhydrite; CaSO ₄	N/A													
Barite; BaSO ₄	N/A													
Celestite; SrSO ₄	N/A													

P (Pounds Per) T (Thousand) B (Barrels)														
Calcite; CaCO ₃	N/A													
Gypsum; CaSO ₄ ·2H ₂ O	N/A													
Hemihydrate; CaSO ₄ ·1/2H ₂ O	N/A													
Anhydrite; CaSO ₄	N/A													
Barite; BaSO ₄	N/A													
Celestite; SrSO ₄	N/A													

Confidential
Champion Technologies, Inc.
Vernal District Technical Services

4 HOH Compatability.xls
Four Brines (CO2 In Brine)
4/26/2010

Summary of Clear Creek Water Analysis Reports (updated 4/22/10)							
Location	Date Sampled	Source	Sg grams/ml	TDS ppm (* mg/L)	Sodium mg/l	Chloride mg/l	Bicarbonate mg/l
Alpine School District 6-17	1/12/2009	wellhead	1.005	11,021	3,710	4,040	2,928
Alpine School District 6-17	2/24/2010	wellhead	1.007	5,562	1,781	1,544	2,184
Alpine School District 6-17	4/12/2010	wellhead	N/A	*5,984	N/A	*2,538	*1,520
Alpine School District 3-17	1/12/2009	wellhead	1.005	8,549	2,853	3,040	2,440
Alpine School District 3-17	4/12/2010	wellhead	N/A	*5,741	N/A	*2,315	*1,664
Ridge Runner 2-19	8/7/2008	wellhead	1.010	9,791	3,480	4,320	1,908
Ridge Runner 13-17	5/22/2007	wellhead	N/A	*3,848	N/A	N/A	3,284
Ridge Runner 13-17	5/24/2007	wellhead	N/A	*7,256	2,460	2,999	1,595
Ridge Runner 13-17	2/9/2010	wellhead	N/A	*3,735	N/A	N/A	1,462
Ridge Runner 13-17	4/12/2010	frac tank	N/A	*3,618	N/A	*1,059	*1,665
Utah Fuel 8	2/24/2009	wellhead	1.010	5,042	1,864	2,800	280
Utah Fuel 8	4/2/2009	wellhead	1.005	12,477	4,550	5,960	1,903
Oman 2-20	1/11/2002	wellhead	N/A	*5,321	2,075	2,000	2,342
Oman 2-20	1/26/2010	wellhead	N/A	*6,243	N/A	N/A	N/A
Oman 2-20 (via ASD 3-17)	3/9/2010	wellhead	1.005	4,776	1,509	1,140	2,098
Walton 1X	4/29/1963	Sep. Dump	1.002	3,780	1,263	1,220	1,287

previously submitted water analysis reports in yellow

Chris Kierst - FW: Updated Clear Creek Water Analysis

From: "Keri Clarke" <kclarke@marionenergy.com>
To: "Chris Kierst" <chriskierst@utah.gov>
Date: 4/22/2010 3:26 PM
Subject: FW: Updated Clear Creek Water Analysis
CC: "Brad Hill" <bradhill@utah.gov>
Attachments: Clear Creek Water Analysis Summary (updated 4-22-10).xls; SGS Water Analysis Apr-2010.pdf; ASD 3-17 & 6-17 Water Analysis Jan 2009.pdf

Chris

Some more information on water samples for you to review. We will send you the compatibility testing as soon as we receive it from the sample people.

Keri Clarke
Vice President Land
Marion Energy Inc.
972-540 2967 (Off)
214-704 4377 (Cell)

From: Wayne McPherson
Sent: Thursday, April 22, 2010 1:59 PM
To: Keri Clarke; Jay Stratton; Doug Endsley
Cc: 'Miller, Relma'; 'Crockett, Matthew'
Subject: Updated Clear Creek Water Analysis

I have received more water analyses to include with the prior reports I submitted yesterday. The excel spreadsheet reflects all analyses that I have compiled to date. The updates include water samples taken by third party EIS on 4/12/10. Additionally, I have received the specific well analysis for the ASD 3-17 and ASD 6-17 waters used for the Thunderbird / Gordon Creek compatibility tests ran in January 2009.

Please let me know if you have any questions.

Marion Energy, Inc.
Wayne McPherson II
800 W. Rock Creek Rd., Suite 121
Norman, OK 73069
(405) 366-7200 Office
(405) 640-5661 Cell
(405) 321-6055 Fax

Summary of Clear Creek Water Analysis Reports (updated 4/22/10)							
Location	Date Sampled	Source	Sg grams/ml	TDS ppm mg/L) (*)	Sodium mg/l	Chloride mg/l	Bicarbonate mg/l
Alpine School District 6-17	1/12/2009	wellhead	1.005	11,021	3,710	4,040	2,928
Alpine School District 6-17	2/24/2010	wellhead	1.007	5,562	1,781	1,544	2,184
Alpine School District 6-17	4/12/2010	wellhead	N/A	*5,984	N/A	*2,538	*1,520
Alpine School District 3-17	1/12/2009	wellhead	1.005	8,549	2,853	3,040	2,440
Alpine School District 3-17	4/12/2010	wellhead	N/A	*5,741	N/A	*2,315	*1,664
Ridge Runner 2-19	8/7/2008	wellhead	1.010	9,791	3,480	4,320	1,908
Ridge Runner 13-17	5/22/2007	wellhead	N/A	*3,848	N/A	N/A	3,284
Ridge Runner 13-17	5/24/2007	wellhead	N/A	*7,256	2,460	2,999	1,595
Ridge Runner 13-17	2/9/2010	wellhead	N/A	*3,735	N/A	N/A	1,462
Ridge Runner 13-17	4/12/2010	frac tank	N/A	*3,618	N/A	*1,059	*1,665
Utah Fuel 8	2/24/2009	wellhead	1.010	5,042	1,864	2,800	280
Utah Fuel 8	4/2/2009	wellhead	1.005	12,477	4,550	5,960	1,903
Oman 2-20	1/11/2002	wellhead	N/A	*5,321	2,075	2,000	2,342
Oman 2-20	1/26/2010	wellhead	N/A	*6,243	N/A	N/A	N/A
Oman 2-20 (via ASD 3-17)	3/9/2010	wellhead	1.005	4,776	1,509	1,140	2,098
Walton 1X	4/29/1963	Sep. Dump	1.002	3,780	1,263	1,220	1,287

previously submitted water analysis reports in yellow



Analysis Report

April 21, 2010

MARION ENERGY INC2901 E. 20th street
SUITE 106
Farmington NM 87402

Page 1 of 1

ATTN: Doug Endsley

Client Sample ID: Olman 2-20
Date Sampled: Apr 12, 2010
Date Received: Apr 12, 2010
Product Description: WATERSample ID By: Marion Energy
Sampler Company: EIS
Sample Taken At: Olman 2-20
Sample Taken By: M. Serfustinii
Time Received: 1305
Time Sampled: 1015
Field - Temperature: 86 Deg. CComments: Dissolved Metals Filtered at Lab
Well Head Run Time 24 Hrs

SGS Minerals Sample ID: 782-1002133-001

TESTS	RESULT	UNT	METHOD	REPORTING		ANALYZED	
				LIMIT	DATE	TIME	ANALYST
Oil and Grease, (HEM)	<5	mg/L	EPA 1664	5.000	2010-04-16	08:15:00	CM
Sulfate, SO4	<1	mg/L	EPA 300.0	1.000	2010-04-14	19:08:00	CM
Conductivity	10110	µmhos/cm	SM2510	0.100	2010-04-12	15:00:00	CM
pH	7.58	s. u.	SM4500-H	0.010	2010-04-12	14:50:00	CM
pH Temperature	21.30	°C	SM4500-H	0.010	2010-04-12	14:50:00	CM
Total Dissolved Solids	6180	mg/L	SM2540-C	30.000	2010-04-13	13:30:00	CM
Total Suspended Solids	29	mg/L	SM2540-D	5.000	2010-04-13	13:30:00	CM
Chloride, Cl	2590	mg/L	EPA 300.0	1.000	2010-04-14	19:08:00	CM
Alkalinity, mg CaCO3/L (pH 4.5)	1677	mg/L	SM2320-B	5.000	2010-04-14	12:00:00	CM
Carbonate Alkalinity as CaCO3	<5	mg/L	SM2320-B	5.000	2010-04-14	12:00:00	CM
Bicarbonate Alkalinity as CaCO3	1677	mg/L	SM2320-B	5.000	2010-04-14	12:00:00	CM
METALS BY ICP							
Barium, Ba - Dissolved	4.482	mg/L	EPA 200.7	0.002	2010-04-13	15:00:00	CM
Barium, Ba - Total	4.678	mg/L	EPA 200.7	0.002	2010-04-19	17:33:00	CM
Calcium, Ca - Dissolved	32.47	mg/L	EPA 200.7	0.030	2010-04-13	15:00:00	CM
Calcium, Ca - Total	32.47	mg/L	EPA 200.7	0.030	2010-04-19	17:33:00	CM
Iron, Fe - Dissolved	<0.03	mg/L	EPA 200.7	0.030	2010-04-13	15:00:00	CM
Iron, Fe - Total	1.87	mg/L	EPA 200.7	0.050	2010-04-19	17:33:00	CM
Magnesium, Mg - Dissolved	12.45	mg/L	EPA 200.7	0.010	2010-04-13	15:00:00	CM
Magnesium, Mg - Total	12.78	mg/L	EPA 200.7	0.010	2010-04-19	17:33:00	CM

Allen Ludington
Water Lab SupervisorSGS North America Inc | Minerals Services Division
2035 North Airport Road Huntington t (435) 653-2311 f (435)-653-2436 www.sgs.com/minerals

Member of the SGS Group (Société Générale de Surveillance)

This document is issued by the Company under its General Conditions of Service accessible at http://www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein.

Any holder of this document is advised that information contained hereon reflects the Company's findings at the time of its intervention only and within the limits of Client's instructions, if any. The Company's sole responsibility is to its Client and this document does not generate parties to a transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.



Analysis Report

April 21, 2010

MARION ENERGY INC
2901 E. 20th street
SUITE 106
Farmington NM 87402

Page 1 of 1

ATTN: Doug Endsley

Client Sample ID: Alpine School District 6-17
Date Sampled: Apr 12, 2010
Date Received: Apr 12, 2010
Product Description: WATER
Sample ID By: Marion Energy
Sampler Company: EIS
Sample Taken At: Alpine School District 6-17
Sample Taken By: M. Serfustini
Time Received: 1305
Time Sampled: 1025
Field - Temperature: 57 Deg. C

Comments: Dissolved Metals Filtered at Lab
Well Head Run Time 3 Hrs

SGS Minerals Sample ID: 782-1002133-002

Table with columns: TESTS, RESULT, UNIT, METHOD, REPORTING LIMIT, DATE, ANALYZED TIME, ANALYST. Rows include tests like Oil and Grease, Sulfate, Conductivity, pH, Total Dissolved Solids, etc.

Handwritten signature of Allen Ludington

Allen Ludington
Water Lab Supervisor

SGS North America Inc. Minerals Services Division
2035 North Airport Road Huntington t (435) 653-2311 f (435) 653-2436 www.sgs.com/minerals

Member of the SGS Group (Société Générale de Surveillance)

This document is issued by the Company under its General Conditions of Service accessible at http://www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein.

Any holder of this document is advised that information contained hereon reflects the Company's findings at the time of its intervention only and within the limits of Client's instructions, if any. The Company's sole responsibility is to its Client and this document does not exonerate parties to a transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.



Analysis Report

April 21, 2010

MARION ENERGY INC
2901 E. 20th street
SUITE 106
Farmington NM 87402

Page 1 of 1

ATTN: Doug Endsley

Client Sample ID: Alpine School District 3-17
Date Sampled: Apr 12, 2010
Date Received: Apr 12, 2010
Product Description: WATER
Sample ID By: Marion Energy
Sampler Company: EIS
Sample Taken At: Alpine School District 3-17
Sample Taken By: M. Serfustini
Time Received: 1305
Time Sampled: 1030
Field - Temperature: 52 Deg. C

Comments: Dissolved Metals Filtered at Lab
Well Head Runt Time 1 Hr

SGS Minerals Sample ID: 782-1002133-003

Table with columns: TESTS, RESULT, UNIT, METHOD, REPORTING LIMIT, DATE, ANALYZED TIME, ANALYST. Rows include Oil and Grease, Sulfate, Conductivity, pH, pH Temperature, Total Dissolved Solids, Total Suspended Solids, Chloride, Alkalinity, Carbonate Alkalinity, Bicarbonate Alkalinity, METALS BY ICP, Barium, Calcium, Iron, Magnesium.

Handwritten signature of Allen Ludington

Allen Ludington
Water Lab Supervisor

SGS North America Inc. Minerals Services Division
2035 North Airport Road Huntington t (435) 653-2311 f (435)-653-2436 www.sgs.com/minerals

Member of the SGS Group (Société Générale de Surveillance)

This document is issued by the Company under its General Conditions of Service accessible at http://www.sgs.com/ems_and_condit onshin. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein.

Any holder of this document is advised that information contained hereon reflects the Company's findings at the time of its intervention only and within the limits of Client's instructions, if any. The Company's sole responsibility is to its Client and this document does not exonerate parties to a transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.



Analysis Report

April 21, 2010

MARION ENERGY INC
2901 E. 20th street
SUITE 106
Farmington NM 87402

Page 1 of 1

ATTN: Doug Endsley

Client Sample ID:	Ridge Runner 13-17 Frac Tank	Sample ID By:	Marion Energy
Date Sampled:	Apr 12, 2010	Sampler Company:	EIS
Date Received:	Apr 12, 2010	Sample Taken At:	Ridge Runner 13-17 Frac Tank
Product Description:	WATER	Sample Taken By:	M. Serfustini
		Time Received:	1305
		Time Sampled:	1048
		Field - Temperature:	42 Deg. C

Comments: Dissolved Metals Filtered at Lab
Frac Tank Sample

SGS Minerals Sample ID: 782-1002133-004

TESTS	RESULT	UNIT	METHOD	REPORTING		ANALYZED	
				LIMIT	DATE	TIME	ANALYST
Oil and Grease, (HEM)	<5	mg/L	EPA 1664	5.000	2010-04-16	08:15:00	CM
Sulfate, SO4	<1	mg/L	EPA 300.0	1.000	2010-04-14	19:08:00	CM
Conductivity	5830	µmhos/cm	SM2510	0.100	2010-04-12	15:00:00	CM
pH	7.90	s. u.	SM4500-H	0.010	2010-04-12	14:56:00	CM
pH Temperature	15.40	°C	SM4500-H	0.010	2010-04-12	14:56:00	CM
Total Dissolved Solids	3618	mg/L	SM2540-C	30.000	2010-04-13	13:30:00	CM
Total Suspended Solids	43	mg/L	SM2540-D	5.000	2010-04-13	13:30:00	CM
Chloride, Cl	1059	mg/L	EPA 300.0	1.000	2010-04-14	19:08:00	CM
Alkalinity, mg CaCO3/L (pH 4.5)	1665	mg/L	SM2320-B	5.000	2010-04-14	12:00:00	CM
Carbonate Alkalinity as CaCO3	<5	mg/L	SM2320-B	5.000	2010-04-14	12:00:00	CM
Bicarbonate Alkalinity as CaCO3	1665	mg/L	SM2320-B	5.000	2010-04-14	12:00:00	CM
METALS BY ICP							
Barium, Ba - Dissolved	3.996	mg/L	EPA 200.7	0.002	2010-04-13	15:00:00	CM
Barium, Ba - Total	4.058	mg/L	EPA 200.7	0.002	2010-04-21	10:49:00	CM
Calcium, Ca - Dissolved	11.34	mg/L	EPA 200.7	0.030	2010-04-13	15:00:00	CM
Calcium, Ca - Total	11.34	mg/L	EPA 200.7	0.030	2010-04-21	10:49:00	CM
Iron, Fe - Dissolved	0.05	mg/L	EPA 200.7	0.030	2010-04-13	15:00:00	CM
Iron, Fe - Total	0.34	mg/L	EPA 200.7	0.050	2010-04-21	10:49:00	CM
Magnesium, Mg - Dissolved	4.40	mg/L	EPA 200.7	0.010	2010-04-13	15:00:00	CM
Magnesium, Mg - Total	4.52	mg/L	EPA 200.7	0.010	2010-04-21	10:49:00	CM

Allen Ludington
Water Lab Supervisor

SGS North America Inc. Minerals Services Division
2035 North Airport Road Huntington t (435) 653-2311 f (435) 653-2436 www.sgs.com/minerals

Member of the SGS Group (Société Générale de Surveillance)

This document is issued by the Company under its General Conditions of Service accessible at http://www.sgs.com/errm_and_cond01ons.htm. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein.

Any holder of this document is advised that information contained hereon reflects the Company's findings at the time of its intervention only and within the limits of Client's instructions, if any. The Company's sole responsibility is to its Client and this document does not exonerate parties to a transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.



Water Analysis Report

Date Sampled : 26-Jan-09
Date Received : 12-Jan-09
Date Reported : 14-Jan-09
Date Reported : 26-Jan-09

Marion Energy

Field : Clearwater
Lease : Clearwater

Location : Alpine School District 03-17

Attention :
cc1 :
cc2 :
cc3 :

Sample Point : wellhead
Salesman : Scott Harbison
Analyst : Karen Hawkins Allen

Comments : Metals analyzed by AA.

CATIONS

Calcium : 35 mg/l
Magnesium : 1 mg/l
Barium : mg/l
Strontium : mg/l
Iron : 40.0 mg/l
Manganese : 0.0 mg/l
Sodium : 2853 mg/l

ANIONS

Chloride : 3,040 mg/l
Carbonate : 132 mg/l
Bicarbonate : 2,440 mg/l
Sulfate : 8 mg/l

pH (field) : 7.00
Temperature : 85 degrees F
Ionic Strength : 0.13
Resistivity : ohm-meters
Ammonia : ppm

Specific Gravity : 1.005 grams/ml
Total Dissolved Solids : 8,549 ppm
CO2 in Water : 1 mg/l
Mole % CO2 in Gas: mole %
H2S in Water : 0.5 mg/l
Dissolved Oxygen : ppm

SI calculations based on Tomson-Oddo parameters

Calcite (CaCO3) SI:	2.16	Calcite PTB :	30.4
Calcite (CaCO3) SI @ 100 F:	2.31	Calcite PTB @ 100 F:	30.4
Calcite (CaCO3) SI @ 120 F:	2.52	Calcite PTB @ 120 F:	30.5
Calcite (CaCO3) SI @ 140 F:	2.74	Calcite PTB @ 140 F:	30.5
Calcite (CaCO3) SI @ 160 F:	2.97	Calcite PTB @ 160 F:	30.6
Calcite (CaCO3) SI @ 180 F:	3.20	Calcite PTB @ 180 F:	30.6
Calcite (CaCO3) SI @ 200 F:	3.44	Calcite PTB @ 200 F:	30.6
Gypsum (CaSO4) SI:	-3.94	Gypsum PTB :	N/A
Barite (BaSO4) SI:	N/A	Barite PTB :	N/A
Celestite (SrSO4) SI:	N/A	Celestite PTB :	N/A



Water Analysis Report

Date Sampled : 26-Jan-09
Date Received : 12-Jan-09
Date Reported : 14-Jan-09
Date Reported : 26-Jan-09

Marion Energy

Field : Clearwater
Lease : Clearwater

Location : Alpine School District 06-17

Attention :
cc1 :
cc2 :
cc3 :

Sample Point : wellhead
Salesman : Scott Harbison
Analyst : Karen Hawkins Allen

Comments : Metals analyzed by AA.

CATIONS

Calcium : 28 mg/l
Magnesium : 2 mg/l
Barium : mg/l
Strontium : mg/l
Iron : 1.0 mg/l
Manganese : 0.0 mg/l
Sodium : 3710 mg/l

ANIONS

Chloride : 4,040 mg/l
Carbonate : 264 mg/l
Bicarbonate : 2,928 mg/l
Sulfate : 48 mg/l

pH (field) : 6.00
Temperature : 85 degrees F
Ionic Strength : 0.16
Resistivity : ohm-meters
Ammonia : ppm

Specific Gravity : 1.005 grams/ml
Total Dissolved Solids : 11,021 ppm
CO2 in Water : 1 mg/l
Mole % CO2 in Gas : mole %
H2S in Water : 0.5 mg/l
Dissolved Oxygen : ppm

SI calculations based on Tomson-Oddo parameters

Calcite (CaCO3) SI :	2.13	Calcite PTB :	24.3
Calcite (CaCO3) SI @ 100 F :	2.28	Calcite PTB @ 100 F :	24.4
Calcite (CaCO3) SI @ 120 F :	2.49	Calcite PTB @ 120 F :	24.4
Calcite (CaCO3) SI @ 140 F :	2.71	Calcite PTB @ 140 F :	24.4
Calcite (CaCO3) SI @ 160 F :	2.93	Calcite PTB @ 160 F :	24.5
Calcite (CaCO3) SI @ 180 F :	3.17	Calcite PTB @ 180 F :	24.5
Calcite (CaCO3) SI @ 200 F :	3.41	Calcite PTB @ 200 F :	24.5
Gypsum (CaSO4) SI :	-3.29	Gypsum PTB :	N/A
Barite (BaSO4) SI :	N/A	Barite PTB :	N/A
Celestite (SrSO4) SI :	N/A	Celestite PTB :	N/A

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

<p>IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF MARION ENERGY, INC. FOR AN ORDER GRANTING AN AQUIFER EXEMPTION AND APPROVING THE CONVERSION OF THE ALPINE SCHOOL DISTRICT #3-17 WELL LOCATED IN SECTION 17, TOWNSHIP 13 SOUTH, RANGE 7 EAST, CARBON COUNTY, UTAH, TO A CLASS II INJECTION WELL</p>	<p style="text-align:center">MOTION FOR LEAVE TO FILE SUPPLEMENTAL EXHIBITS</p> <p style="text-align:center">Docket No. 2010-020</p> <p style="text-align:center">Cause No. UIC-362.2</p>
---	--

COMES NOW, Marion Energy, Inc. (“Marion”), by and through its attorneys, Beatty & Wozniak, P.C., and pursuant to Utah Admin. Code Rule R641-105-300, and hereby requests the Board of Oil, Gas and Mining (the “Board”) for leave to file the following exhibits to supplement those already on file in this cause:

- SUPPLEMENTAL EXHIBIT “H”** – Revised Wellbore Schematics for the ASD 3-17 well depicting present and proposed completions (2 pages).
- SUPPLEMENTAL EXHIBIT “M”** – Additional Water Analysis data (2 pages).

Supplemental Exhibits “H” and “M” were submitted in response to requests from the staff of the Utah Division of Oil, Gas and Mining (the “Division”).

Exhibits filed later than 30 days before the scheduled hearing date may be allowed by the Board upon good cause shown (*see* Utah Admin. Code Rule R641-105-500). The hearing on this matter is scheduled for April 28, 2010. These items do not materially change the previously filed exhibits, but clarify and support the materials previously

submitted and respond to the Division's requests. For these reasons, Marion respectfully requests this Motion for Leave be granted.

Respectfully submitted this 26th day of April, 2010.

BEATTY & WOZNIAK, P.C.

By:  _____

Relma M. Miller
6925 Union Park Center, Suite 525
Cottonwood Heights, UT 84047-6003
Telephone: (801) 566-8446
Facsimile: (801) 566-8447
E-mail: RMiller@bwenergylaw.com
Attorneys for Petitioner Marion Energy, Inc.

CERTIFICATE OF SERVICE

I hereby certify that, on this 26th day of April, 2010, I caused a true and correct copy of the foregoing Motion for Leave to File Supplemental Exhibits to be hand and electronically delivered to the following:

Michael S. Johnson, Esq.
Assistant Attorney General
Attorney for Board of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, Utah 84116
MikeJohnson@utah.gov

Steven F. Alder, Esq.
Assistant Attorney General
Attorney for Division of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, Utah 84116
SteveAlder@utah.gov

Gil Hunt
Associate Director, Oil & Gas
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116
GilHunt@utah.gov

A handwritten signature in black ink, appearing to read "Michael S. Johnson", is written over a horizontal line.

Present Completion

API: 43-007-31182
GL: 7,919'
KB: 7,934'

Alpine School District #3-17

Updated : 11/17/2009

LOCATION:

Clear Creek
SW SE SW Sec 8 (BHL)
SW NW NE (surface)
Sec. 17 T13S R7E
Carbon County, UT

Casing Strings:

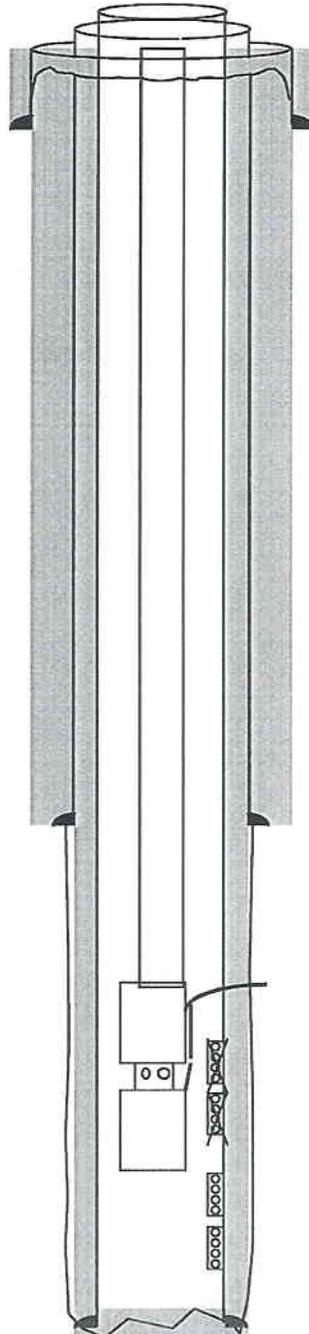
13-3/8", 46#, K-55 @ 490'
Cmtd w/ 1200 sx
TOC @ surface

9-5/8", 36#, J-55 @ 3,142'
Cmtd w/ 695 sx
TOC @ surface

7" Production, 26#, K-55 @ 5,311'
Cmtd w/ 750 sx
TOC @ 2,500' +/- (>90% bond)

Tubing String:

144jts. 2-7/8 j-55 =4586.54'
1 Sub Pump= 56.67'
K.B. =14'
E.O.T. @4657.21'



Bluegate

3,800'-3,906' (4 spf)
11/07: 630g 7-1/2% HCl w/ balls
11/07: 840g 7-1/2% HCl and 83,220#
20/40 sand in x-link gel
Test: 16 mcf/d, 300 bwpd
3/08: SQZ 3,800'-3,906', Drill out.

Ferron

4,300'-4,310', 4,524'-4,540', 4,550'-4,560',
4,578'-4,588", 4,772'-4,782', 4,786'-4,794'
10/07: 2,750g 7-1/2% HCL and 122,467 #'s
16/30 sand in x-link gel
Test: 150 mcf/d, 250 bwpd

11/19/07: PBSD @ 5,270'

Spud Date: 7/3/07
TD Date: 7/30/07
Comp Date: 11/30/07

TD = 5,340' MD, 4,628' TVD

EXHIBIT H

Proposed Completion

API: 43-007-31182
GL: 7,919'
KB: 7,934'

**Alpine School District #3-17
Proposed SWD**

Updated : 2/25/2010

LOCATION:

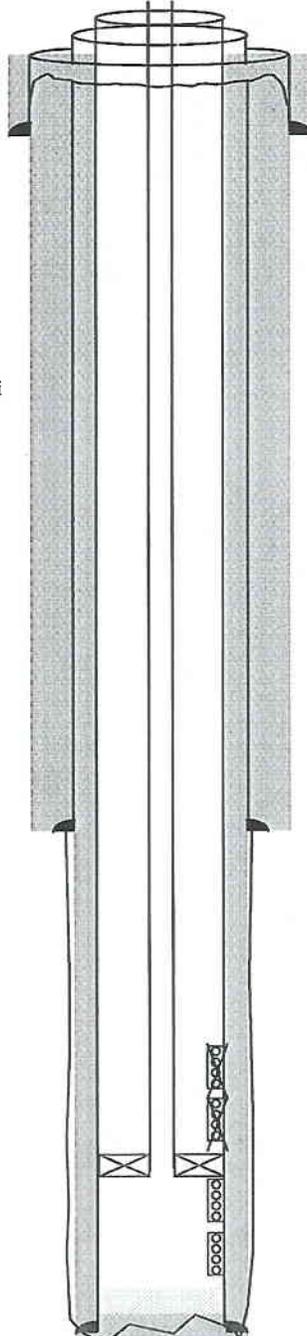
Clear Creek
SW SE SW Sec 8 (BHL)
SW NW NE (surface)
Sec. 17 T13S R7E
Carbon County, UT

Casing Strings:

13-3/8", 46# , K-55 @ 490'
Cmtd w/ 1200 sx
TOC @ surface

9-5/8", 36#, J-55 @ 3,142'
Cmtd w/ 695 sx
TOC @ surface

7" Production, 26#, K-55 @ 5,311'
ID: 6.366", Drift: 6.421, Burst: 4,360 psi
Cmtd w/ 750 sx
TOC @ 2,500' +/- (>90% bond)



Tubing String:

4,250' x 2-7/8", 6.5#, J-55, 8rd
Hydrotested to 4,000 psi
ID: 2.441" Drift: 2.347" Burst: 7,260 psi

Packer:

7" x 2-7/8" tension packer @ 4,250'
Annulus filled w/ 128 bbls 2% KCl and
100 gals Champion Cortron 2383 inhibitor

Capacity:

2-7/8" tbg: .00579 bbl/ft (24.6 bbls)
7" csg: .0382 bbl/ft (201.3 bbls)
2-7/8" x 7" Annulus: .0302 bbl/ft (128.4 bbls)

PSI Test:

Pressure test tubing/casing annulus to
400 psig for 30 minutes using chart recorder
and witnessed.

Rate and Injection Pressure:

Max rate = 15,000 bwpd
Max surface injection pressure = 400 psig

Bluegate

3,800'-3,906' (4 spf)
11/07: 630g 7-1/2% HCl w/ balls
11/07: 840g 7-1/2% HCl and 83,220#
20/40 sand in x-link gel
Test: 16 mcf, 300 bwpd
3/08: SQZ 3,800'-3,906', Drill out.

Ferron

4,300'-4,310', 4,524'-4,540', 4,550'-4,560',
4,578'-4,588", 4,772'-4,782', 4,786'-4,794'
10/07: 2,750g 7-1/2% HCL and 122,467 #'s
16/30 sand in x-link gel
Test: 150 mcf, 250 bwpd

11/19/07: PBTD @ 5,270'

Spud Date: 7/3/07
TD Date: 7/30/07
Comp Date: 11/30/07

TD = 5,340' MD, 4,628' TVD

EXHIBIT H-2



Water Analysis Report

Date Sampled : 26-Jan-09
 Date Received : 12-Jan-09
 Date Reported : 14-Jan-09
 Date Reported : 26-Jan-09

Marion Energy

Field : Clearwater
 Lease : Clearwater

Location : Alpine School District 03-17

Attention :
 cc1 :
 cc2 :
 cc3 :

Sample Point : wellhead
 Salesman : Scott Harbison
 Analyst : Karen Hawkins Allen

Comments : Metals analyzed by AA.

CATIONS

Calcium : 35 mg/l
 Magnesium : 1 mg/l
 Barium : mg/l
 Strontium : mg/l
 Iron : 40.0 mg/l
 Manganese : 0.0 mg/l
 Sodium : 2853 mg/l

ANIONS

Chloride : 3,040 mg/l
 Carbonate : 132 mg/l
 Bicarbonate : 2,440 mg/l
 Sulfate : 8 mg/l

pH (field) :	7.00	Specific Gravity :	1.005 grams/ml
Temperature :	85 degrees F	Total Dissolved Solids :	8,549 ppm
Ionic Strength :	0.13	CO2 in Water :	1 mg/l
Resistivity :	ohm-meters	Mole % CO2 in Gas :	mole %
Ammonia :	ppm	H2S in Water :	0.5 mg/l
		Dissolved Oxygen :	ppm

SI calculations based on Tomson-Oddo parameters

Calcite (CaCO3) SI :	2.16	Calcite PTB :	30.4
Calcite (CaCO3) SI @ 100 F :	2.31	Calcite PTB @ 100 F :	30.4
Calcite (CaCO3) SI @ 120 F :	2.52	Calcite PTB @ 120 F :	30.5
Calcite (CaCO3) SI @ 140 F :	2.74	Calcite PTB @ 140 F :	30.5
Calcite (CaCO3) SI @ 160 F :	2.97	Calcite PTB @ 160 F :	30.6
Calcite (CaCO3) SI @ 180 F :	3.20	Calcite PTB @ 180 F :	30.6
Calcite (CaCO3) SI @ 200 F :	3.44	Calcite PTB @ 200 F :	30.6
Gypsum (CaSO4) SI :	-3.94	Gypsum PTB :	N/A
Barite (BaSO4) SI :	N/A	Barite PTB :	N/A
Celestite (SrSO4) SI :	N/A	Celestite PTB :	N/A

EXHIBIT M-2



Analysis Report

April 21, 2010

MARION ENERGY INC
2901 E. 20th street
SUITE 106
Farmington NM 87402

Page 1 of 1

ATTN: Doug Endsley

Client Sample ID: Alpine School District 3-17
Date Sampled: Apr 12, 2010
Date Received: Apr 12, 2010
Product Description: WATER
Sample ID By: Marion Energy
Sampler Company: EIS
Sample Taken At: Alpine School District 3-17
Sample Taken By: M. Serfustini
Time Received: 1305
Time Sampled: 1030
Field - Temperature: 52 Deg. C

Comments: Dissolved Metals Filtered at Lab
Well Head Runt Time 1 Hr

SGS Minerals Sample ID: 782-1002133-003

Table with columns: TESTS, RESULT, UNIT, METHOD, REPORTING LIMIT, DATE, TIME, ANALYST. Rows include Oil and Grease, Sulfate, Conductivity, pH, pH Temperature, Total Dissolved Solids, Total Suspended Solids, Chloride, Alkalinity, Carbonate Alkalinity, Bicarbonate Alkalinity, and METALS BY ICP (Barium, Calcium, Iron, Magnesium).

Handwritten signature of Allen Ludington

Allen Ludington
Water Lab Supervisor

SGS North America Inc. Minerals Services Division
2035 North Airport Road Huntington t (435) 653-2311 f (435)-653-2436 www.sgs.com/minerals

Member of the SGS Group (Société Générale de Surveillance)

This document is issued by the Company under its General Conditions of Service accessible at http://www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein.

Any holder of this document is advised that information contained hereon reflects the Company's findings at the time of its intervention only and within the limits of Client's instructions, if any. The Company's sole responsibility is to its Client and this document does not exonerate parties to a transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.

EXHIBIT m-3

Chris Kierst - RE: April 12, 2010 Sampling Event in the ASD 3-17 and 6-17 Sidetrack SWD Candidate Wells

From: "Jay Stratton" <jstratton@marionenergy.com>
To: "Chris Kierst" <chriskierst@utah.gov>
Date: 4/29/2010 6:40 PM
Subject: RE: April 12, 2010 Sampling Event in the ASD 3-17 and 6-17 Sidetrack SWD Candidate Wells
CC: "Miller, Relma" <rmiller@bwenergylaw.com>
Attachments: Fw: Water Analysis

Chris,

The water compatibility tests that were done by Champion Technologies on April 26 were from the same sample that was collected on the ASD 3-17 and ASD 6-17 respectively on April 12. These were witnessed by Mark Jones as attested by the EIS lab personnel collecting the samples. The samples were taken to SGS and standard API water analysis performed. When Marion requested the compatibility test be performed by SGS, Doug Endsley was advised that they could not perform the testing in the format exhibited in the Champion Analysis and that he had discussed with you over the phone.

There was enough water sample from both wells left over at SGS and this was delivered to Champion to use in their compatibility tests that were reported on April 26. Consequently, the individual water analysis that were first reported (and included as Exhibit M-3) were from SGS. The well analysis from Champion were completed on April 23 (attached) but only the compatibility tests forwarded for the revised exhibits when it was completed on April 26 (as attachment to Exhibit E).

Unnecessary confusion resulted from the SGS results being presented with the Champion compatibility testing. The results were indeed from the same sample taken on April 12 for both the ASD 3-17 and ASD 6-17 but due to independent analysis they were not able to be reconciled with the Champion compatibility testing. I should have caught this on the clarification request during testimony and we should have not mixed results from separate labs for that component of the exhibits for the sake of clarity. I have attached the forwarded email from Doug Endsley that contains the Champion Analysis. These should agree with the Brine 1, 2, 3, & 4 results presented by Champion. I will confirm that tomorrow when I can print them out and compare them directly with the compatibility tests. However, I wanted you to get them as soon as possible.

I will also consult with our Attorney, Relma Miller on any testimony verification protocol to get the most accurate information for the record.

Thanks for catching this oversight and I apologize for the confusion in the presentation of the sample analysis and compatibility testing.

Best regards,

Jay

From: Jay Stratton
Sent: Thursday, April 29, 2010 6:24 PM
To: 'Chris Kierst'
Subject: RE: April 12, 2010 Sampling Event in the ASD 3-17 and 6-17 Sidetrack SWD Candidate Wells

Thanks Chris. You must be working late tonight!

I'm away from the documents at the moment but will see if I can review them electronically this evening if that will help you progress your review.

Regards,

Jay

From: Chris Kierst [mailto:chriskierst@utah.gov]
Sent: Thursday, April 29, 2010 6:16 PM
To: Jay Stratton
Subject: RE: April 12, 2010 Sampling Event in the ASD 3-17 and 6-17 Sidetrack SWD Candidate Wells

As you prefer, but please recalling that we are not working on Friday.

>>> "Jay Stratton" <jstratton@marionenergy.com> 4/29/2010 5:11 PM >>>

Chris,

We will review the documents you referenced below, and that were part of our testimony, with the technical team and get back with you. I expect that you should hear from us tomorrow.

Thanks and regards,

Jay

From: Chris Kierst [mailto:chriskierst@utah.gov]
Sent: Thursday, April 29, 2010 5:43 PM
To: Jay Stratton
Subject: April 12, 2010 Sampling Event in the ASD 3-17 and 6-17 Sidetrack SWD Candidate Wells

Jay,

During the course of the hearing yesterday you delivered testimony to the effect that the SGS water analyses for the subject wells (Exhibit M-3) were used as the basis for the Champion Technologies, Inc., Saturation Index

Calculations (brines 1 and 2) report dated 4/26/2010, an attachment to Exhibit E, the Marion Energy Follow-up Response document, dated 4/15/2010 (a response to my 3/1/2010 Permit Analysis Document emailed to Marion Energy). Can you confirm this? We are unable to reconcile differences amongst several of the Component concentrations listed that are common to the respective documents, specifically, the concentrations for Calcium, Magnesium (6-17), Barium, Bicarbonates, Sulfates and Chlorides. Please inform our confusion.



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

May 13, 2010

Ground Water Program Director
U. S. Environmental Protection Agency
1595 Wynkoop Street
Denver, CO 80202-1129

Subject: Aquifer Exemption Request for One-Half Mile radius around the Alpine School District #3-17 and #6-17 Wells, located in Section 17, T13S, R7E, Carbon County, Utah. Cause No. UIC-362.1&2

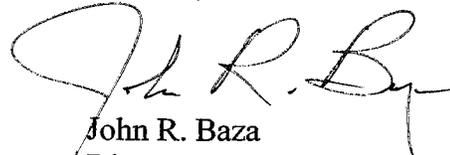
Dear Sir,

Marion Energy, Inc. petitioned the Board of Oil, Gas and Mining (Board) for an Underground Injection Control (UIC) permit to inject water into the subject wells located in Section 17, T13S, R7E, Carbon County, and to exempt the Ferron Sandstone Member of the Mancos Shale Formation within one-half mile radius of the bottom hole location of each well. Proper public notice was given and a public hearing was held before the Board on April 28, 2010. One objection from Carbon County concerning a conditional use permit was received and two comment letters were also received by mail. No public comments were given at the hearing in response to this matter. The request was approved by the Board after the hearing.

In accordance with 40 CFR Part 144.7, the Division requests your approval of a UIC program revision for this aquifer exemption.

Enclosed is a copy of the Board Order, exhibits, public notices, and certificate of service submitted in support of this request. If you would like to discuss this requested exemption or need more information, please call me at 801-538-5334 or Brad Hill at 801-538-5315.

Sincerely,


John R. Baza
Director

JRB/GLH/js
Enclosures
cc: Brad Hill

N:\Board Staff Memos\Aquifer Exemption Injection Well





**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

JUN 24 2010

RECEIVED

JUN 28 2010

DIV. OF OIL, GAS & MINING

Ref: 8P-W-GW

Mr. John R. Baza, Director
Division of Oil, Gas, and Mining
Utah Department of Natural Resources
1594 West North Temple
Salt Lake City, UT 84114-5801

RE: Aquifer Exemption Concurrence
Clear Creek Formation
Marion Energy, Inc.
Wells: Alpine School District 3-17
SWSE Sec 8, T13S-R7E
Alpine School District 6-17
NWNE Sec 17, T13S-R7E
Carbon County, UT
API #43-007-31182 & 43-007-31181

Dear Mr. Baza:

The U.S. Environmental Protection Agency Region 8 (EPA) Underground Injection Control (UIC) staff has reviewed your request on behalf of Marion Energy, Inc. (Marion) regarding an aquifer exemption for the Clear Creek Field located in Carbon County, Utah, for the Alpine School District #3-17 and #6-17 wells. Based on the review of the supporting information provided by the Utah Division of Oil, Gas, and Mining (UDOGM), and pursuant to 40 CFR § 144.7(a)(3) and EPA Ground Water Protection Branch (GWPB), Guidance #34, EPA offers concurrence with the aquifer exemption. The aquifer exemption was requested in conjunction with an UDOGM permit action.

The aquifer exemption is considered to be a non-substantial revision of the UDOGM program for the regulation of Class II injection well under Section 1425 of the Safe Drinking Water Act, as defined by UIC Program Guidance 34 and 40 CFR § 145.32.

BACKGROUND

Marion submitted applications for a UIC permit to the UDOGM for the Alpine School District #3-17 and #6-17 wells and petitioned the Utah Board of Oil, Gas, and Mining for a UIC permit on April 28, 2010, and a public hearing was held before the Board on April 28, 2010. Both wells are shut-in producing wells. The permit request was to convert the wells to Salt Water Disposal (SWD) wells and allow injection into the portion of the Ferron Sandstone Member of the Mancos Shale Formation at a depth interval of 4,268 – 5,119 feet for the #3-17 well, and 4,866 – 5,601 feet for the #6-17 well. The Area of Review (AOR) for the wells was proposed at one-half mile. On May 21, 2010, the UDOGM

submitted the request for an aquifer exemption to the EPA on behalf of Marion. The UDOGM approved the Marion permit request after the public hearing. Additional information was provided by the UDOGM and Marion to EPA via e-mail from June 7-9, 2010.

Four Ferron Sandstone Member water samples, taken from the 3-17, 6-17, Olman 2-20, and the Ridge Runner 13-17 Frac Tank showed the Ferron Sandstone Member water to contain Total Dissolved Solids (TDS) in the range of 3,618 – 6,180 mg/l. An aquifer exemption is necessary prior to injection into the Ferron Sandstone Member because the formation has water containing less than 10,000 mg/l TDS, meeting the definition of an Underground Source of Drinking Water (USDW).

The injectate is proposed to be produced water from nearby production wells producing from the Ferron Sandstone Member of the Mancos Shale Formation. The injectate will reportedly have a TDS content in the general range of 3,618 – 6,180 mg/l (based on the analytical data discussed above).

There are adequate confining layers immediately above and below the injection zone. The injection zone is overlain by approximately 2,000 feet of shale layers in the Blue Gate Member which would act as an upper confining zone. The upper confining layer includes shale in the depth interval of 2,391 – 4,372 feet for the 3-17 well, and 2,275 – 4,866 feet for the 6-17 well. There is approximately 500 feet of shale in the Tunuck Member which would act as lower confining layer.

Based on the information provided, EPA concurs with the aquifer exemption request for the Ferron Sandstone Member of the Mancos Shale Formation citing the criteria listed below:

- It does not currently serve as a source of drinking water. There is one water supply well located within one-half mile of the well pad serving both the #3-17 and #6-17 wells, but it draws water from the much shallower Star Point Aquifer, between the surface and 1,200 feet.
- It is mineral, hydrocarbon, or geothermal energy producing, or it can be demonstrated by a permit applicant as part of a permit application for a Class II or Class III operation to contain minerals or hydrocarbons that considering their quantity and location are expected to be commercially producible. The Formation produces oil in commercial quantities.

DESCRIPTION OF THE EXEMPTED AQUIFER

The depth interval and extent of the exempted aquifer are as follows:

#3-17 well: The Ferron Sandstone Member of the Mancos Shale Formation between the approximate depth of 4,268 – 5,119 feet, and horizontally within a one-half mile radius from the Alpine School District #3-17 well with a down hole location of SW/SE Section 8 T13S, R7E, 160 feet from the south line and 1,475 feet from the west line.

#6-17 well: The Ferron Sandstone Member of the Mancos Shale Formation between the approximate depth of 4,866 – 5,601 feet, and horizontally within a one-half mile radius from the Alpine School District #6-17 well with a down hole location of NW/NE Section 17 T13S, R7E, 2,410 feet from the south line and 995 feet from the west line.

EPA concurs with the aquifer exemption requested by UDOGM. If you have questions or concerns regarding the above action, please contact Bruce Suchomel of my staff by calling 303-312-6001, or 1-800-227-8917, extension 312-6001.

Sincerely,



Stephen S. Tuber
Assistant Regional Administrator
Office of Partnerships and Regulatory Assistance

cc: Brad Hill, Environmental Manager
Utah Division of Oil, Gas, and Mining

Robert E. Smith, Geologist
USEPA, Office of Ground Water and Drinking Water
Drinking Water Prevention Branch (4606M)



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

June 29, 2010

Keri Clarke
Marion Energy, Inc.
119 South Tennessee, Suite 200
McKinney, TX 75069

Subject: Application for Class II Injection Permit, Alpine School District 3-17 Well, Section 17, Township 13 South, Range 7 East, Carbon County, Utah API 43-007-31182

Dear Mr. Clarke:

Pursuant to Utah Admin. Code R649-5-3-3, the Division of Oil, Gas and Mining (the "Division") issues its administrative approval for conversion of the referenced well to a Class II injection well. Accordingly, the following stipulations shall apply for full compliance with this approval and a permit may be issued upon compliance with the stipulations.

1. Conformance with all conditions and requirements of the complete application submitted by Marion Energy, Inc.
2. Compliance with all applicable requirements for the operation, maintenance and reporting for Underground Injection Control ("UIC") Class II injection wells pursuant to Utah Admin. Code R649-1 et seq.
3. A casing/tubing pressure test shall be conducted prior to final approval. Scheduling of this test shall be coordinated with Division personnel.

Note that this letter does not constitute final approval to commence injection operations. This approval is only temporary and allows Marion Energy, Inc. to perform activities and gather information necessary for the Division to issue a Class II Underground Injection Control permit.

If you have any questions regarding this approval or the necessary requirements, please contact Christopher Kierst at (801) 538-5337.

Sincerely,

Brad Hill

Acting Associate Director

BGH/CJK/js
cc: Bruce Suchomel, Environmental Protection Agency
Carbon County Commission
N:\O&G Permits\Injection Permits\MarionEnergy\ASD 3-17 SWD



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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-063018X
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Clear Creek Unit
2. NAME OF OPERATOR: Marion Energy Inc		8. WELL NAME and NUMBER: Alpine School District 3-17
3. ADDRESS OF OPERATOR: 119 S. Tennessee #200 CITY McKinney STATE Tx ZIP 75069		9. API NUMBER: 4300731182
4. LOCATION OF WELL FOOTAGES AT SURFACE: 692 FNL 2014 FEL		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E		COUNTY: Carbon
		STATE: UTAH

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

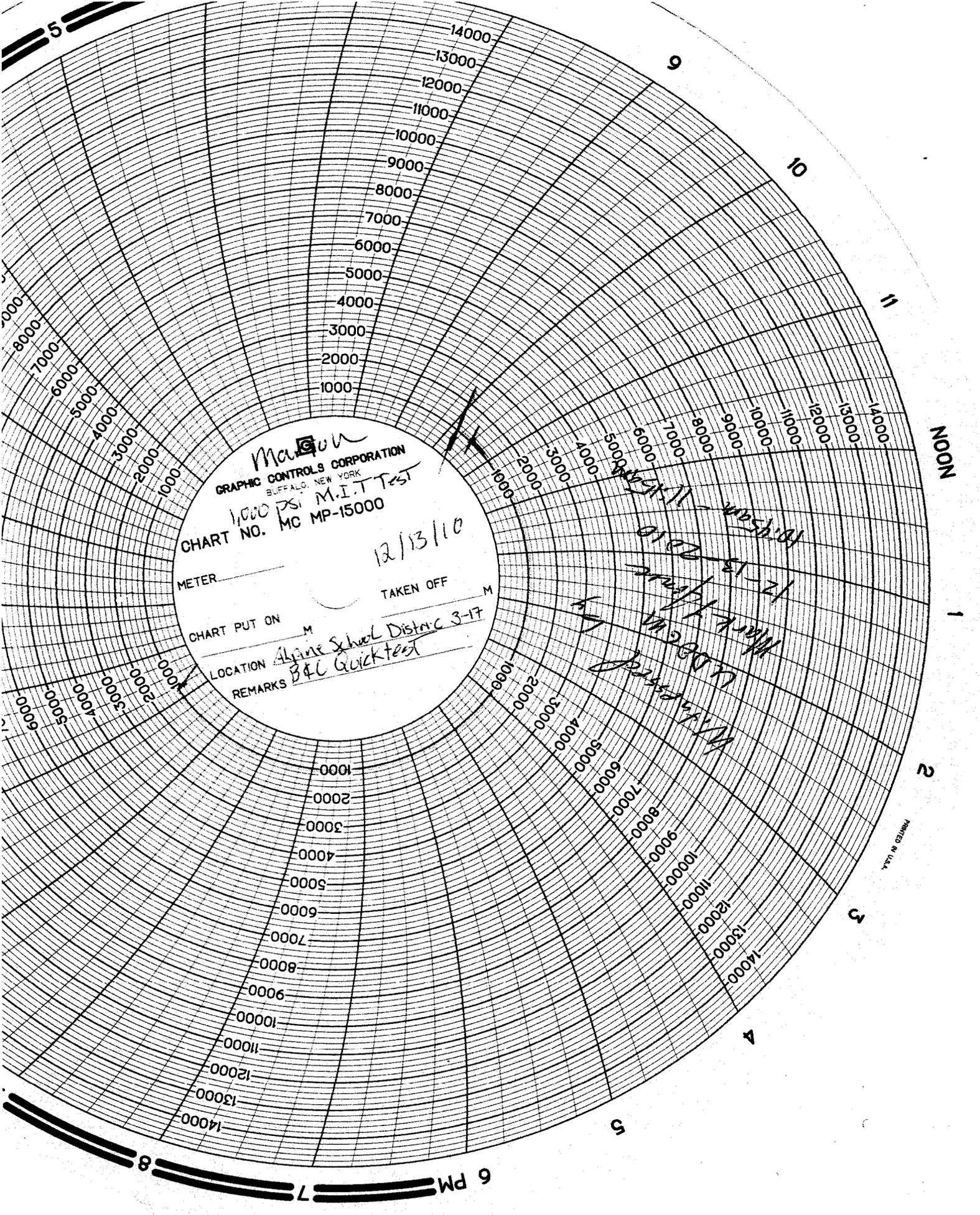
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 12/13/2010	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: MIT
	<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.

In advance of converting this well to salt water disposal, an MIT was conducted on 12/13/2010. Mark Jones of DOGM was in attendance to witness and approve the test. Packer was set at 4247.03' KB with #14,000 compression. Loaded backside with 65 bbls. fresh water. Pressure up to #1000 and test for 30 minutes. Casing held #1000 for 30 minutes with no leak off. Mark Jones signed off on the test as successful. Upon final approval for disposal, Marion will commence disposing water into this well.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>Vice President Operations</u>
SIGNATURE	DATE <u>12/14/2010</u>

(This space for State use only)



Mason
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

1000 PSI M.I.T Test
CHART NO. MC MP-15000

12/13/10

METER

TAKEN OFF

CHART PUT ON

LOCATION Alaine School Distric 3-17
REMARKS BAC Quicktest

11-15-11 wash
12-13-2010
Mark H. ...
1000 PSI
12-13-2010

PRINTED IN U.S.A.

6 PM 7 8

NOON

MARION ENERGY

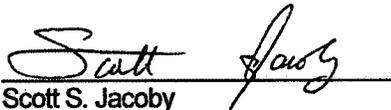
Amended

AFFIDAVIT OF MAILING

I, Scott Jacoby, Associate Landman, Marion Energy, Inc. being first duly sworn, dispose and state as follows:

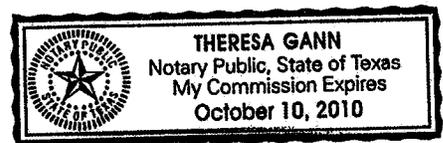
On March 30, 2010, I caused to be mailed by certified, postage prepaid, return receipt requested, letters informing all operators, surface and mineral owners within a half mile radius of our Alpine School District 3 -17 well of Marion Energy's intent to convert the aforementioned well into a produced water injection well. A map depicting the area in question was also attached to each letter as required by the Department of Oil, Gas and Mining, as set forth in rule R649-5 pertaining to the requirements for injecting fluids into reservoirs and the permitting of Class II injection wells.

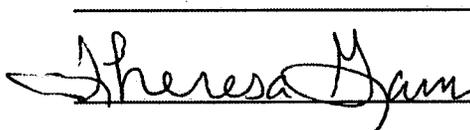
Dated the 30th day of March, 2010



Scott S. Jacoby
Associate Landman
Marion Energy Inc.

The forgoing affidavit was subscribed and sworn to me by Scott S. Jacoby
This 30th day of March, 2010.



 Notary Public.

My Commission expires 10th day of October, 2010.

Marion Energy Inc.
119 S. Tennessee, Ste. 200
McKinney, Texas 75069

Tel (972) 540-2967
Fax (972) 547-0442

Alpine School District 3 -17 (SWD)

Address of Surface Owners within a 1/2 mile radius of the well site

1. Liodakis Ranch LLC
George E. Liodakis
2655 E. Chalet Circle
Sandy, UT 84093

2. Annie S. Kosec Trust
C/O Richard Kosec
1776 Kenilworth Rd.
Helper, UT 84526

3. Blue Ridge Services LLC
Attn: Denise A Drago
Snell & Wilmer LLP
15 W. South Temple
Suite 1200
Salt Lake City, UT 84101

4. Church of Jesus Christ of LDS
LDS Church, Tax Division
50 E. North Temple
22nd Floor, RE: 2A-0736
Salt Lake City, UT 84150

5. Alpine Board of Education
Alpine District
50 No. Center
American Fork, UT 84003

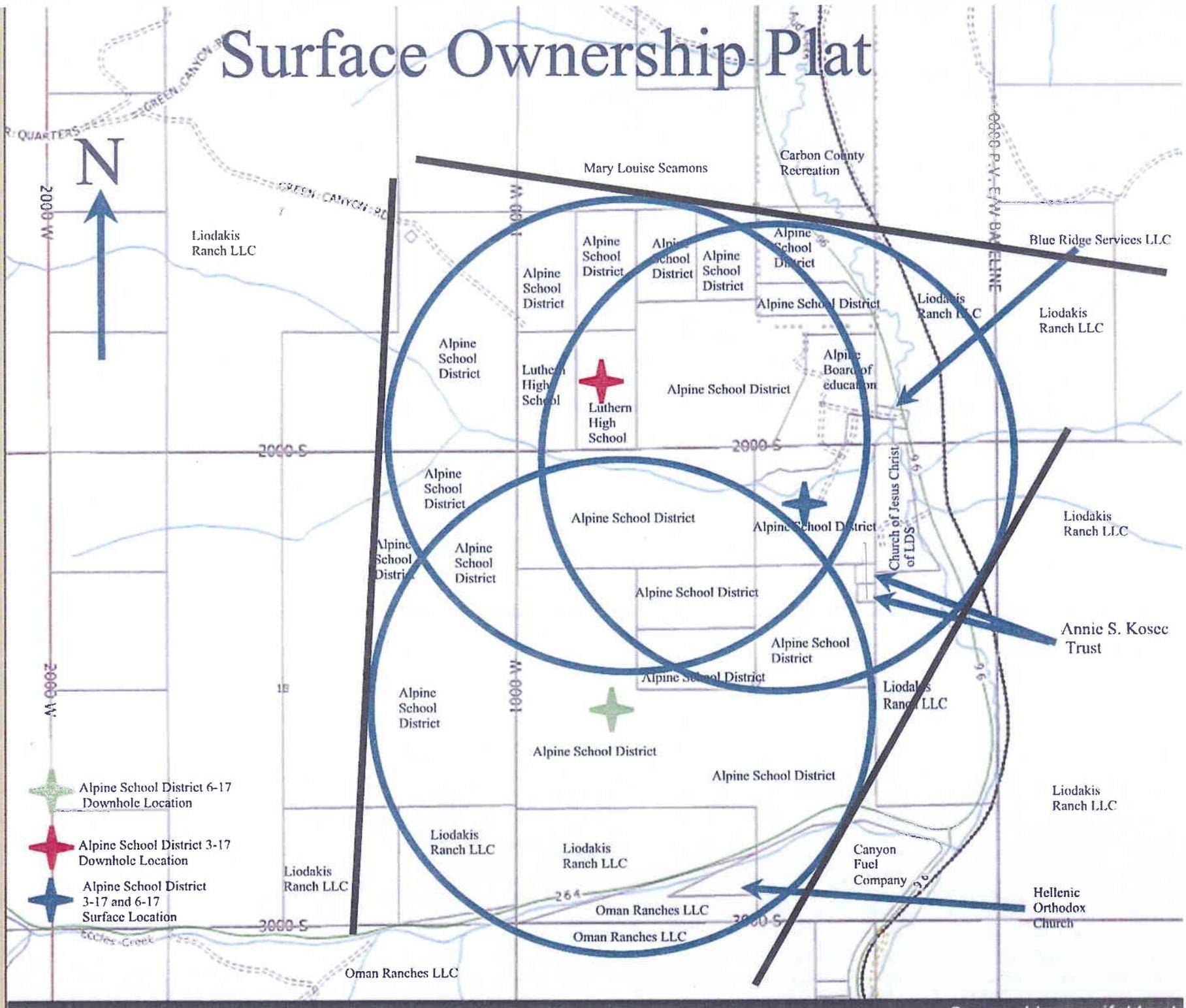
6. Alpine School District
Attn: Mr. Rob Smith
575 North 100 East
American Fork, UT 84003

7. Carbon County Recreation &
Transportation Special Service District
125 East Main
Price, UT 84501

8. Lutheran High School
2222 North Santiago Blvd
Orange, CA 92867

9. Mary Louise Seamons
1774 South 340 East
Orem, UT 84058

Surface Ownership Plat



Alpine School District 3 - 17 (SWD)

Address of Mineral Owners within a 1/2 mile radius of the well site

1. Merrion Oil and Gas Corporation
610 Reilly Ave
Farmington, NM 87401

2. Northstargas, LC
C/O Steve Ault
P.O. Box 536
Ferron, UT 84523

3. Summit Energy Partners Clear Creek, LLC
1441 Ute Blvd
Suite 280
Park City, UT 84098

4. Bureau of Land Management
Price Field Office
Attn: Don Stephens
125 S. 600 W.
Price, UT 84501

5. State of Utah
Trust Lands Administration
675 East 500 South
Suite 500
Salt Lake City, UT 84102

6. Reverse Exchange LLC
As title holder for
AOK Family Holding Trust,
Jana Gunderson, Trustee
341 North 1100 East
American Fork, UT 84003

7. Ms. Anastasia Daraban
1833 S. West Temple #1
Salt Lake City, UT 84115

8. Harvey Stone
155 Franklin Street
P.O. Box 536
Ferron, UT 84523

9. Mr. J Richard Bell
4632 Idlewild Road
Salt Lake City, UT 84124

10. Ms. Joni Buehner
350 Claude Drive
Santa Clara, CA 84765

11. Ms. Connie Condie
433 E. Vine Street
Murray UT, 84765

12. Ms. Connie Stauffer
8851 Edinburgh Circle
Highlands Ranch, CO 80129

13. Mr. John Nicolaides
5040 N. Second Street
Phoenix, AZ 85012

14. Mr. Paul Daraban
10104 Dunsinane
South Jordan, UT 84095

15. Mr. Michael Stathis
1579 S. East Canyon Drive
Cedar City, UT 84720

16. Mr. Tommy John Nicolaides
989 Military Drive
Salt Lake City, UT 84108

17. Mrs. Hilda Hammond
2912 Redwood
Costa Mesa, CA 92626

18. Mary Louise Seamons
1774 South 340 East
Orem, UT 84058

19. Evelyn Jacobsen
** No Address Available

20. Leoan Gunderson
** No Address Available

21. Anthon Madsen
1821 Howell
Richland, WA 99354

22. Annie Andersen
1646 Snow Rd
Fort Sill, OK 73503

23. Dix Jensen
525 Woodhill Dr.
Price, UT 84501

24. Alice Pannier
1138 Michigan Ave.
Salt Lake City, UT 84105

25. Carbon County
120 East Main Street
Price, UT 84501

26. James T. Jensen
2961 N. Caitland Ct.
Salt Lake City, UT 84121

27. Jerry L. Jesen
1155 N. Carbonville Rd.
Price, UT 84501

28. Bonnie Lynne Jensen Stradling
18316 Highway 56
Sherman, TX 75902

29. Louise M. Watts

****No Address Available**

30. Johannah Hafen

****No Address Available**

31. Louise F. Seeley

****No Address Available**

32. Estate of Lee Thomas

****No Address Available**

33. Jack Thomas

Route 2

Preston, ID 83263

34. Charlyn J. Dalebout

**** No Address Available**

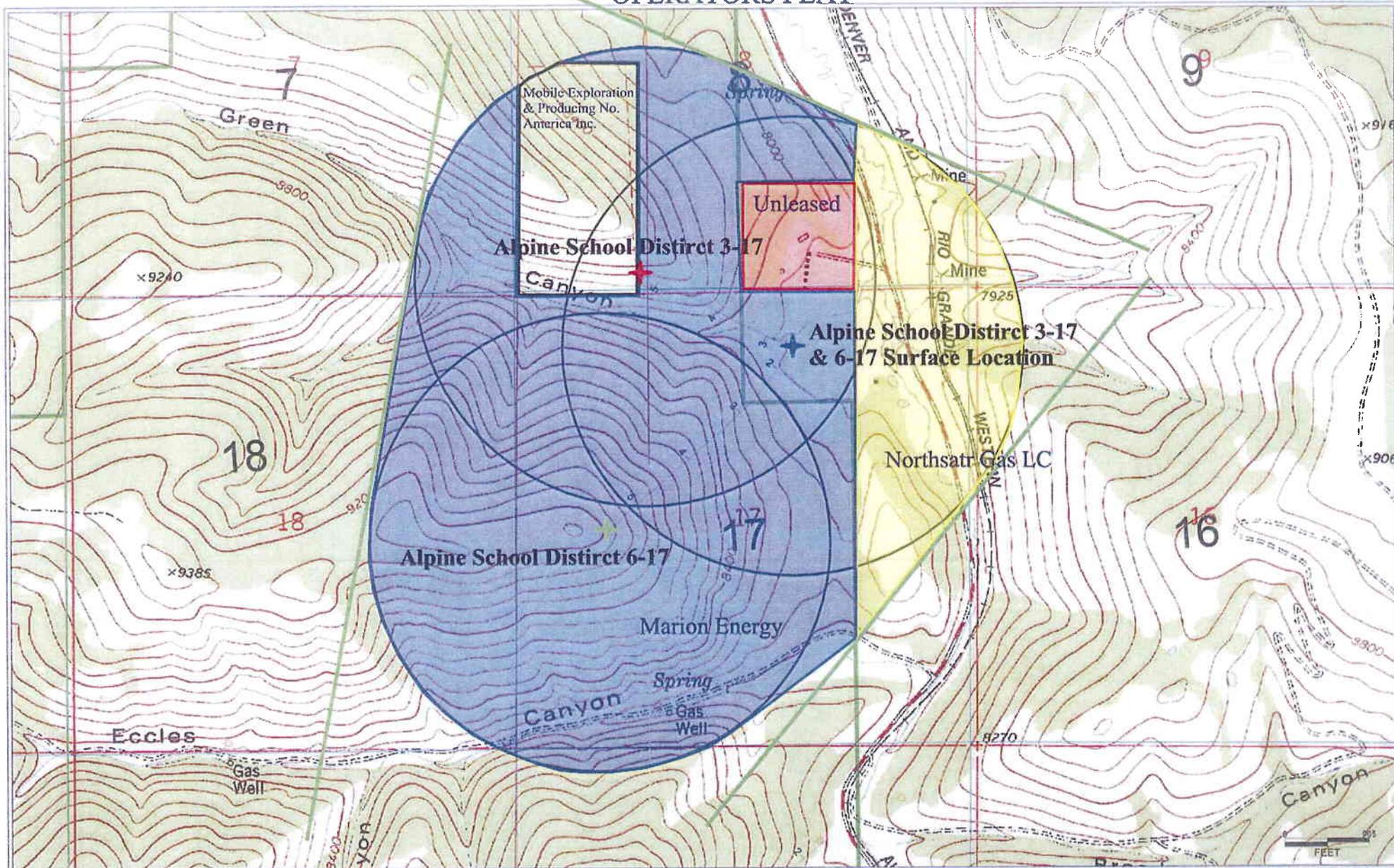
35. Stephen C. Jacobsen

**** No Address Available**

36. Helen Louise and John Andrew Watts

**** No Address Available**

OPERATORS PLAT





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

UNDERGROUND INJECTION CONTROL PERMIT

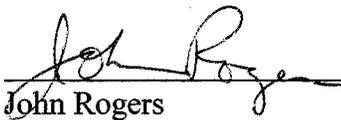
Cause No. UIC-~~31182~~ 362.2

Operator: Marion Energy, Incorporated
Wells: Alpine School District 3-17
Location: Section 17, Township 13 South, Range 7 East (SLBM)
County: Carbon
API No.: 43-007-31182
Well Type: Salt Water Disposal Well

Stipulations of Permit Approval

1. Approval for conversion to Injection Well issued on June 29, 2010.
2. Maximum Allowable Surface Injection Pressure: 400 psia
3. Corresponding Injection Rate: Limited by pressure.
4. Injection Interval: Perforations from 4,268' to 5,119' in the Ferron Sandstone Member of the Mancos Shale.
5. A Step Rate Test is required when the Maximum Allowable Injection Interval Injection Pressure is attained. The well is unlikely to reach this limit because the current reservoir charging injection pressure is extremely low and insensitive to increases in injection rate.

Approved by: _____


John Rogers
Associate Director

12/16/2010

Date

JR/CK/js

cc: Bruce Suchomel, Environmental Protection Agency
Bureau of Land Management, Price
Carbon County Planning

N:\O&G Permits\Injection Permits\MarionEnergy_Mid-Power Resources\ASD 3-17 SWD

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114 -5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



RECEIVED

APR 11 2011

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

UIC FORM 3

DIV. OF OIL, GAS & MINING

MONTHLY INJECTION REPORT

Operator: Marion Energy, Inc.
Address: 901 N. McDonald St., Suite 601
city McKinney
state TX zip 75069

Report Period: Jan-2011
Phone Number: (972) 540-2967
Amended Report (highlight changes)

Well Name and Number Alpine School District 3-17 API Number 4300731182
Location of Well Footage: 2014.49' FEL 692.77' FWL 1/4/2011 date of 1st injection County: Carbon Field or Unit Name Clear Creek Unit
Lease Designation and Number QQ, Section, Township, Range: NWNE 17 13S 7E State: UTAH Fee

Date	Volume Disposed	Hours in Service	Maximum Pressure	Average Operating Pressure	Tubing / Casing Annulus Pressure
1	0		0	0	0
2	0		0	0	0
3	0		0	0	0
4	366	24	5	5	0
5	327	24	5	5	0
6	241	24	5	5	0
7	417	24	5	5	0
8	429	24	5	5	0
9	516	24	5	5	0
10	531	24	5	5	0
11	524	24	5	5	0
12	525	24	5	5	0
13	518	24	5	5	0
14	512	24	5	5	0
15	507	24	5	5	0
16	498	24	5	5	0
17	487	24	5	5	0
18	492	24	5	5	0
19	492	24	5	5	0
20	466	24	5	5	0
21	485	24	5	5	0
22	466	24	5	5	0
23	469	24	5	5	0
24	467	24	5	5	0
25	473	24	5	5	0
26	476	24	5	5	0
27	475	24	5	5	0
28	464	24	5	5	0
29	461	24	5	5	0
30	458	24	5	5	0
31	472	24	5	5	0

Total volume injected for month 13,014

All time cumulative volume injected 13,014

I hereby certify that this report is true and complete to the best of my knowledge.

Name (Please Print) Theresa Gann

Title Sr. Division Order/Lease Analyst

Signature _____

Date 4/8/2011

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK
1. TYPE OF WELL Water Disposal Well		8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
2. NAME OF OPERATOR: MARION ENERGY, INC.		9. API NUMBER: 43007311820000
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250 , Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext	9. FIELD and POOL or WILDCAT: CLEAR CREEK
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S		COUNTY: CARBON
		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 Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 6/1/2015 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> WILDCAT WELL DETERMINATION <input checked="" type="checkbox"/> OTHER	
	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text" value="Salt Water Line Repair"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
<p>We recently completed a repair on our Water Transfer Line by pulling a 6" liner through the existing 8" steel line. Attached is the report of that work.</p> <div style="text-align: right; margin-top: 20px;"> <p>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY June 08, 2015</p> </div>		
NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A		DATE 6/5/2015

Marion Energy
SWD Line Repair Report
6/2/2015

Permission was obtained from UPRR and UDOT to repair the salt water disposal line by feeding 6" SDR 7 HDPE pipe into the existing 8" steel line. Marion Energy Inc. repaired the water line in the approved manner by running 7300' of HDPE inside of the 8" steel line and reconnecting to the existing 8" HDPE pipe that was part of the original system. Once the HDPE was run, Mark Jones with DOGM came out and witnessed a pressure test of the line. On Friday May 29th, 2015 the line was filled with water from the town of Scofield, Utah and pressured up to 350 psi to stretch the line. The pressure was then backed off to 340 psi and held constant for 60 minutes. The test was deemed successful and the areas of excavation were backfilled.

Division of Oil, Gas and Mining

Operator Change/Name Change Worksheet-for State use only

Effective Date: 6/1/2015

FORMER OPERATOR:	NEW OPERATOR:
Marion Energy, Inc 1415 N Loop West, Suite 1250 Houston, TX 77008 281-540-0028	Utah Gas Operating Solutision, LLC 1415 N Loop West, Suite 1250 Houston, TX 77008 281-540-0028
CA Number(s):	Unit(s): Clear Creek

WELL INFORMATION:

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
See Attache Listq									

OPERATOR CHANGES DOCUMENTATION:

1. Sundry or legal documentation was received from the **FORMER** operator on: 6/24/2015
2. Sundry or legal documentation was received from the **NEW** operator on: 6/24/2015
3. New operator Division of Corporations Business Number: 9345770-0161

REVIEW:

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 6/25/2015
4. OPS/SI/TA well(s) reviewed for full cost bonding: 6/25/2015
5. UIC5 on all disposal/injection/storage well(s) approved on: 7/8/2015
6. Surface Facility(s) included in operator change: Clear Creek Tank Battery
7. Inspections of PA state/fee well sites complete on (only upon operators request): 6/25/2015

NEW OPERATOR BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: SU46335
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): SU46334 and SU46341

DATA ENTRY:

1. Well(s) update in the **OGIS** on: 7/9/2015
2. Entity Number(s) updated in **OGIS** on: 7/9/2015
3. Unit(s) operator number update in **OGIS** on: 7/9/2015
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: 7/9/2015
6. Surface Facilities update in **RBDMS** on: 7/9/2015

LEASE INTEREST OWNER NOTIFICATION:

1. The **NEW** operator of the Fee (Mineral) wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 7/9/2015

COMMENTS:

Marion Energy, Inc to
Utah Gas Operating Solutions, LLC
Effective 6/1/2015

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status	Unit
ALPINE SCHOOL DIST 3-17	17	130S	070E	4300731182	2550	State	Fee	WD	A	CLEAR CREEK
RIDGE RUNNER 8-19	20	140S	070E	4301530682	2550	Federal	Federal	GW	OPS	CLEAR CREEK
RIDGE RUNNER 2-18	17	140S	070E	4301530683	16130	Federal	Federal	GW	OPS	CLEAR CREEK
UTAH FUEL 10	5	140S	070E	4300716016	2550	Fee	Fee	GW	P	CLEAR CREEK
RIDGE RUNNER 13-17	17	140S	070E	4301530269	2550	Federal	Federal	GW	P	CLEAR CREEK
UTAH FUEL 1	5	140S	070E	4300716009	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 2	32	130S	070E	4300716010	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 3	32	130S	070E	4300716011	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 4	30	130S	070E	4300716012	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 5	31	130S	070E	4300716013	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH MINERAL STATE	29	130S	070E	4300730102	2550	State	Fee	GW	PA	CLEAR CREEK
BALLPARK CYN 17-2	16	130S	100E	4300731169	15494	Fee	Fee	D	PA	
KENILWORTH RAILROAD 15-4	16	130S	100E	4300731170	15495	Federal	Fee	D	PA	
BALLPARK CYN 16-2	16	130S	100E	4300731171	15434	Fee	Fee	D	PA	
CORDINGLY CYN 10-1	15	130S	100E	4300731173	15435	Fee	Fee	D	PA	
BALLPARK CYN 16-2X	16	130S	100E	4300731207	15496	Fee	Fee	D	PA	
UTAH FUEL A-1	6	140S	070E	4301516021	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 8	19	130S	070E	4300716015	2550	Fee	Fee	GW	S	CLEAR CREEK
OMAN 2-20	20	130S	070E	4300730289	2550	State	Fee	GW	S	CLEAR CREEK
KENILWORTH RR #1	16	130S	100E	4300731006	14624	Fee	Fee	GW	S	
KENILWORTH RR #2	16	130S	100E	4300731007	14625	Fee	Fee	GW	S	
BALLPARK CANYON #1	16	130S	100E	4300731015	15159	Fee	Fee	GW	S	
CORDINGLY CYN 15-2	15	130S	100E	4300731064	15160	State	Fee	GW	S	
CORDINGLY CYN 15-1	15	130S	100E	4300731065	15161	State	Fee	GW	S	
CORDINGLY CYN 11-1	11	130S	100E	4300731070	15432	Fee	Fee	GW	S	
CORDINGLY CYN 15-5	15	130S	100E	4300731167	15433	State	Fee	GW	S	
KENILWORTH RAILROAD 15-3	16	130S	100E	4300731168	16041	Federal	Fee	GW	S	
ALPINE SCHOOL DIST 6-17	17	130S	070E	4300731181	2550	State	Fee	GW	S	CLEAR CREEK
OMAN 10-29	29	130S	070E	4300731210	2550	State	Fee	GW	S	CLEAR CREEK
KENILWORTH RR 1-A	16	130S	100E	4300731229	16456	Fee	Fee	GW	S	
RIDGE RUNNER 11-20	20	140S	070E	4301530271	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 1-30	20	140S	070E	4301530680	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 2-19	17	140S	070E	4301530684	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 11-17	17	140S	070E	4301530685	2550	Federal	Federal	GW	S	CLEAR CREEK

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-1257

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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.

7. UNIT or CA AGREEMENT NAME:
Clear Creek

1. TYPE OF WELL
OIL WELL GAS WELL OTHER Compressor

8. WELL NAME and NUMBER:

2. NAME OF OPERATOR:
Utah Gas Operating Solutions, LLC

9. API NUMBER:

3. ADDRESS OF OPERATOR:
1415 North Loop West, STE CITY Houston STATE TX ZIP 77008

PHONE NUMBER:
(281) 540-0028

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 33 13S 7E STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>6/1/2015</u> <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" 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.

Please accept this as notice that as of June 1st, 2015, Marion Energy, Inc. is resigning as the operator of the "Clear Creek Compressor Station" and assigning Utah Gas Operating Solutions, LLC. as the successor of operator. This is in conjunction with Utah Gas Operating Solutions, LLC bond number 5040334.
"Clear Creek Compressor Station"
Sec 33 13S 7E NWNW

Marion Energy, Inc.

Signature: [Signature]

Date: 6/1/15

Name: Douglas Flannery

Title: VP

Utah Gas Operating Solutions, LLC.

Signature: [Signature]

Date: 6-15-2015

Name: PATRICK W. MERRITT

Title: AGENT-LIMITED ATTORNEY IN FACT

NAME (PLEASE PRINT) PATRICK W. MERRITT

TITLE AGENT-LIMITED ATTORNEY IN FACT

SIGNATURE [Signature]

DATE 6-15-2015

(This space for State use only)

APPROVED

JUL 09 2015

DIV. OIL GAS & MINING
BY: Rachel Medina

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-1257

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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.

7. UNIT or CA AGREEMENT NAME:
Clear Creek Unit

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:

2. NAME OF OPERATOR:
Marion Energy, Inc

9. API NUMBER:

3. ADDRESS OF OPERATOR:
1415 N Loop W, STE 1250 CITY **Houston** STATE **TX** ZIP **77008**

PHONE NUMBER:
(281) 540-0028

10. FIELD AND POOL, OR WILDCAT:
Helper Field

4. LOCATION OF WELL
FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:
UTAH

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

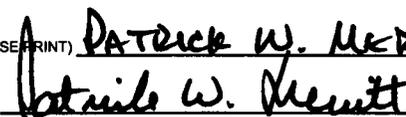
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>6/1/2015</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" 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.

As of June 1st, 2015, Marion Energy, Inc. resigns as Operator over its former Clear Creek Unit and Helper Field assets. In conjunction with this resignation, Utah Gas Operating Solutions, LLC. will be taking over as the Successor Operator upon your approval. Please refer to all documents submitted by Utah Gas Operating Solutions, LLC. as successor unit operator and on behalf of Marion Energy, Inc. regarding this change.

Please see the attached Appendix A below for a complete well and facility list that will be transferred upon governing approval. As the Vice President of Marion Energy, Inc. I ask that you accept this letter as Marion Energy's official resignation and request to transfer operating rights to Utah Gas Operating Solutions, LLC.

Signature:  Date: 6/11/15
Doug Flannery
Vice President

NAME (PLEASE PRINT) DATRICK W. MERRITT TITLE AGENT - CONTRACT OPERATOR
SIGNATURE  DATE 6-15-2015

(This space for State use only)

APPROVED

JUL 09 2015

DIV. OIL GAS & MINING
BY: Rachel Medina

APPENDIX A

Well List

Well Name	Sec	TWN	RNG	API	Status
ALPINE SCHOOL DIST 3-17	17	130S	070E	4300731182	A
KENILWORTH RAILROAD 9-1	16	130S	100E	4300731172	LA
JACOB 5-5	5	140S	070E	4300731190	LA
JACOB 4-8	5	140S	070E	4300731191	LA
OMAN 2-31	30	130S	070E	4300731246	LA
OMAN 3-32	29	130S	070E	4300731247	LA
MADSEN 11-20	19	130S	070E	4300731297	LA
OMAN 7-19	19	130S	070E	4300731298	LA
WOOLSEY 3-31	31	130S	070E	4300731305	LA
OLD RAIL ROAD GRADE 17-1	17	130S	100E	4300731354	LA
KENILWORTH WASH 18-1	18	130S	100E	4300731355	LA
ALRAD CYN 13-1	13	130S	100E	4300731357	LA
CORDINGLY CYN 15-6	15	130S	100E	4300731416	LA
RIDGE RUNNER 7-20	20	140S	070E	4301530681	LA
RIDGE RUNNER 8-19	20	140S	070E	4301530682	OPS
RIDGE RUNNER 2-18	17	140S	070E	4301530683	OPS
UTAH FUEL 10	5	140S	070E	4300716016	P
RIDGE RUNNER 13-17	17	140S	070E	4301530269	P
UTAH FUEL 1	5	140S	070E	4300716009	PA
UTAH FUEL 2	32	130S	070E	4300716010	PA
UTAH FUEL 3	32	130S	070E	4300716011	PA
UTAH FUEL 4	30	130S	070E	4300716012	PA
UTAH FUEL 5	31	130S	070E	4300716013	PA
UTAH MINERAL STATE	29	130S	070E	4300730102	PA
BALLPARK CYN 17-2	16	130S	100E	4300731169	PA
KENILWORTH RAILROAD 15-4	16	130S	100E	4300731170	PA
BALLPARK CYN 16-2	16	130S	100E	4300731171	PA
CORDINGLY CYN 10-1	15	130S	100E	4300731173	PA
BALLPARK CYN 16-2X	16	130S	100E	4300731207	PA
UTAH FUEL A-1	6	140S	070E	4301516021	PA
OMAN 14-20	29	130S	070E	4300731209	RET
CORDINGLY CYN 2-1	2	130S	100E	4300731236	RET
SWD 1	28	130S	100E	4300731417	RET
SHIMMIN 33-1	33	120S	110E	4300731431	RET
SEAMONS 5-8	8	130S	070E	4300731432	RET
CRITCHLOW 29-1	29	120S	110E	4300731433	RET
RADAKOVICH 12-5-1	5	130S	070E	4300731434	RET
ALLRED 10-1	10	120S	110E	4300731435	RET

RADAKOVICH 12-5	5	130S	070E	4300731436	RET
SEAMONS 5-8-2	8	130S	070E	4300731437	RET
WOOLSEY 3-31-1	31	130S	070E	4300731438	RET
ALLRED 13-1	13	120S	110E	4300731439	RET
JACOB 5-5	5	140S	070E	4300731513	RET
UTAH FUEL 8	19	130S	070E	4300716015	S
OMAN 2-20	20	130S	070E	4300730289	S
KENILWORTH RR #1	16	130S	100E	4300731006	S
KENILWORTH RR #2	16	130S	100E	4300731007	S
BALLPARK CANYON #1	16	130S	100E	4300731015	S
CORDINGLY CYN 15-2	15	130S	100E	4300731064	S
CORDINGLY CYN 15-1	15	130S	100E	4300731065	S
CORDINGLY CYN 11-1	11	130S	100E	4300731070	S
CORDINGLY CYN 15-5	15	130S	100E	4300731167	S
KENILWORTH RAILROAD 15-3	16	130S	100E	4300731168	S
ALPINE SCHOOL DIST 6-17	17	130S	070E	4300731181	S
OMAN 10-29	29	130S	070E	4300731210	S
KENILWORTH RR 1-A	16	130S	100E	4300731229	S
RIDGE RUNNER 11-20	20	140S	070E	4301530271	S
RIDGE RUNNER 1-30	20	140S	070E	4301530680	S
RIDGE RUNNER 2-19	17	140S	070E	4301530684	S
RIDGE RUNNER 11-17	17	140S	070E	4301530685	S

Facility List

Clear Creek Compressor Station	33	13S	7E
--------------------------------	----	-----	----

TRANSFER OF AUTHORITY TO INJECT

Well Name and Number Alpine School District 3-17		API Number 4300731182
Location of Well Footage : 2014.49' FEL, 692.77' FNL County : Carbon		Field or Unit Name Clear Creek
QQ, Section, Township, Range: NWNE 17 13S 7E State : UTAH		Lease Designation and Number ML-1257

EFFECTIVE DATE OF TRANSFER: 6/1/2015

CURRENT OPERATOR

Company: <u>Marion Energy, Inc</u>	Name: <u>Douglas Plannery</u>
Address: <u>1415 North Loop West, STE 1250</u>	Signature: <u>[Signature]</u>
<u>city Houston state TX zip 77008</u>	Title: <u>V.P.</u>
Phone: <u>(281) 540-0028</u>	Date: <u>6/11/15</u>
Comments:	

NEW OPERATOR

Company: <u>Utah Gas Operating Solutions, LLC</u>	Name: <u>Derrick W. Merritt</u>
Address: <u>1415 North Loop West, STE 1250</u>	Signature: <u>Derrick W. Merritt</u>
<u>city Houston state TX zip 77008</u>	Title: <u>AGENT-LIMITED AUTHORITY IN FAVOR</u>
Phone: <u>(281) 540-0028</u>	Date: <u>6-15-2015</u>
Comments:	

(This space for State use only)

Transfer approved by: _____ Approval Date: _____
 Title: _____

Comments:

An injection permit has never been issued for this well. Transfer is denied.
[Signature]
 UIC Geologist 7/8/15

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL Water Disposal Well		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK
2. NAME OF OPERATOR: MARION ENERGY, INC.		8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250 , Houston, TX, 77008		9. API NUMBER: 43007311820000
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S		9. FIELD and POOL or WILDCAT: CLEAR CREEK
		COUNTY: CARBON
		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 5/11/2015	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Step Rate Test"/>

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

Attached is our proposed procedure for a witnessed Step Rate Test. We would like to raise our permitted maximum allowable injection pressure of 400psig. If you have questions about the procedure, or need more information, please contact Patrick W. Merritt. Patrick W. Merritt pmerritt@traton.org 281-540-0028 (O) 713-299-7558 (C) 1415 North Loop West, STE 1250 Houston, TX 77008

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

Date: July 21, 2015
 By: 

Please Review Attached Conditions of Approval

NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A	DATE 4/20/2015	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43007311820000

Notify Mark Jones, (435)820-8504, and or Dan Jarvis, (801)538-5338, at least 2 working days prior to running the SRT to allow DOGM to witness the test.

Project: Step-Rate Test of ASD 3-17 SWD

Purpose: Determine formation parting pressure and establish max injection pressure and rate allowed to prevent fracturing the disposal formation.

Procedure:

1. Shut well in for minimum of 48 hrs. prior to testing to allow BHP to be at or near shut-in formation pressure.
2. Move in and fill at least 3- 500 bbl frac tanks. Heat tanks if necessary. Have water haulers standing by or be prepared to use produced water from wells plumbed directly to frac tank in the event more water is required
3. MIRU Halliburton pumping services. RU Halliburton SPIDR system for pressure and rate monitoring and memory. Make sure system will be able to calculate formation flow capacity and wellbore skin. If SPIDR is not available contact slickline services for memory pressure gauges.
4. Pressure test Halliburton flow lines to 3000 psi. Fill casing and pressure test to 500 psi. If casing will not hold pressure, discontinue testing.
5. Begin pre-test at 0.5 bbls/min for 1 displacement volume or 20 mins whichever is longer. Ensure that all systems are reading and recording properly.
6. Based upon pressure information obtained in step 5, begin test at 0.5bpm for 20 min of stabilized injection rate. Step up by 0.5 bpm at each additional 20 minute intervals. Be especially careful to have each step interval be identical in duration and that rate has stabilized. If at any time during the test surface pressure reaches a pressure that would exceed expected formation fracture pressure of 0.65 psi/ft, shut down and back flow. Record all pressure information at regular time intervals.
7. If a backflow of the well is necessary shutdown until stabilized and attempt to re-inject at the most recent stabilized injection prior to pressuring up. If injection still can't be established record all information and rig down test.

8. If the test proceeds without having to backflow, perform as many steps as necessary to achieve formation parting pressure (FPP). This will generally be indicated by a constant pressure at constant rate over the same time interval as other steps.
9. Once FPP is established, backflow well and record ISIP, 5, 10 and 15 min shut in pressures. Pump any additional water on location into disposal and release frac tanks.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257
1. TYPE OF WELL Water Disposal Well	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS, LLC	7. UNIT or CA AGREEMENT NAME: CLEAR CREEK
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250, Houston, TX, 77008	8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S	9. API NUMBER: 43007311820000
9. FIELD and POOL or WILDCAT: CLEAR CREEK	COUNTY: CARBON
9. API NUMBER: 43007311820000	STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 8/3/2015	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input checked="" type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Planned procedure is to attempt to clean out fill from the well from 4,860' to 5,200'. If successful we would add perforations in the interval 5,000' - 5,100'. Permitted depth for disposal is 4,268' - 5,119'. If the cleanout is not successful we would add perfs in the intervals 4,275' - 4,282', 4,310' - 4,332', and 4,688' - 4,724'. After cleanout attempt and perforation additions, we would like to run a step rate test as attached to better define the disposal limits of the formation. Currently the well is only capable of approximately 4,000 to 4,500 BPD disposal capacity under the 400 PSI pressure limit. The step rate test would be to determine what pressure would be required to achieve the full 15,000 BWPD using a maximum pressure limit of 1,500 psi during the test.

Approved by the
July 28, 2015
Oil, Gas and Mining

Date: _____
 By: 

NAME (PLEASE PRINT) Patrick Merritt	PHONE NUMBER 281 540-0028	TITLE President
SIGNATURE N/A	DATE 7/27/2015	

Project: Step-Rate Test of ASD 3-17 SWD

Purpose: Determine formation parting pressure and establish max injection pressure and rate allowed to prevent fracturing the disposal formation.

Procedure:

1. Shut well in for minimum of 48 hrs. prior to testing to allow BHP to be at or near shut-in formation pressure.
2. Move in and fill at least 3- 500 bbl frac tanks. Heat tanks if necessary. Have water haulers standing by or be prepared to use produced water from wells plumbed directly to frac tank in the event more water is required
3. MIRU Halliburton pumping services. RU Halliburton SPIDR system for pressure and rate monitoring and memory. Make sure system will be able to calculate formation flow capacity and wellbore skin. If SPIDR is not available contact slickline services for memory pressure gauges.
4. Pressure test Halliburton flow lines to 3000 psi. Fill casing and pressure test to 500 psi. If casing will not hold pressure, discontinue testing.
5. Begin pre-test at 0.5 bbls/min for 1 displacement volume or 20 mins whichever is longer. Ensure that all systems are reading and recording properly.
6. Based upon pressure information obtained in step 5, begin test at 0.5bpm for 20 min of stabilized injection rate. Step up by 0.5 bpm at each additional 20 minute intervals. Be especially careful to have each step interval be identical in duration and that rate has stabilized. If at any time during the test surface pressure reaches a pressure that would exceed expected formation fracture pressure of 0.65 psi/ft, shut down and back flow. Record all pressure information at regular time intervals.
7. If a backflow of the well is necessary shutdown until stabilized and attempt to re-inject at the most recent stabilized injection prior to pressuring up. If injection still can't be established record all information and rig down test.

8. If the test proceeds without having to backflow, perform as many steps as necessary to achieve formation parting pressure (FPP). This will generally be indicated by a constant pressure at constant rate over the same time interval as other steps.
9. Once FPP is established, backflow well and record ISIP, 5, 10 and 15 min shut in pressures. Pump any additional water on location into disposal and release frac tanks.

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

Amended
Approval

UIC FORM 5

TRANSFER OF AUTHORITY TO INJECT

Well Name and Number Alpine School District 3-17	API Number 4300731182
Location of Well Footage : 2014.49' FEL, 692.77' FNL County : Carbon	Field or Unit Name Clear Creek
QQ, Section, Township, Range: NWNE 17 13S 7E State : UTAH	Lease Designation and Number ML-1257

EFFECTIVE DATE OF TRANSFER: 6/1/2015

CURRENT OPERATOR

Company: Marion Energy, Inc
Address: 1415 North Loop West, STE 1250
city Houston state TX zip 77008
Phone: (281) 540-0028
Comments:

Name: Douglas Flannery
Signature: [Signature]
Title: V.P.
Date: 6/11/15

NEW OPERATOR

Company: Utah Gas Operating Solutions, LLC
Address: 1415 North Loop West, STE 1250
city Houston state TX zip 77008
Phone: (281) 540-0028
Comments:

Name: PATRICK W. MERRITT
Signature: Patrick W. Merritt
Title: AGENT - LIMITED AUTHORITY FACT
Date: 6-15-2015

(This space for State use only)

Transfer approved by: [Signature]
Title: UIC Geologist

Approval Date: _____

Comments:

INSTRUCTIONS

This report shall be filed to request a transfer of authority to inject for any injection well from one operator to another. The request must be submitted prior to the date of the proposed transfer. The authority to inject shall not be transferred from one operator to another without the approval of the division. If the transfer is for an enhanced recovery project involving multiple wells, one form can be submitted with a list attached describing the wells

The division shall, within 30 days after the receipt of a properly completed form, return a copy of the form to each operator indicating approval or denial of the transfer of authority to inject. If approved, a copy of the order authorizing injection shall be attached to the form which is returned to the new operator.

Send to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257
SUNDRY NOTICES AND REPORTS ON WELLS		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
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.		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK
1. TYPE OF WELL Water Disposal Well		8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS, LLC		9. API NUMBER: 43007311820000
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250, Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext	9. FIELD and POOL or WILDCAT: CLEAR CREEK
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S		COUNTY: CARBON
		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 Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 8/26/2015	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input type="text" value="MIT TEST"/>

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

See Attached

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
October 06, 2015**

NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A	DATE 8/27/2015	

Reset Form

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

		5. LEASE DESIGNATION AND SERIAL NUMBER: ML - 1257
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: Clear Creek
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Salt Water Disposal</u>		8. WELL NAME and NUMBER: Alpine School District 3-17
2. NAME OF OPERATOR: Utah Gas Operating Solutions LLC		9. API NUMBER: 4300731182
3. ADDRESS OF OPERATOR: 1415 N Loop W, Ste 1250 CITY Houston STATE TX ZIP 77008		PHONE NUMBER: (281) 540-0028
4. LOCATION OF WELL FOOTAGES AT SURFACE: 692 FNL and 2014 FEL		10. FIELD AND POOL, OR WILDCAT: Clear Creek
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 17 13S 7E S		COUNTY: Carbon
		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 checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 8/26/2015	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>MIT</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Cleaned out wellbore to 5,139'
 Added perforations at 4,910' - 4,920' and 5,020' - 5,030'
 Ran packer for completion and discovered leak in annulus.
 Squeezed with 150 sxs Class G +1% CaCl2.
 Drill out and test squeeze to 1,000 psi.
 Ran completion assy and set AS 1X packer at 4,245'
 Test annulus to 500 psi.
 Release rig

8-26-2015 Perform MIT test with Mark Jones witnessing. Tested annulus to 650 psi for 30 mins. Test held good. No pressure recording of the test was made due to inoperable recorder onsite. Mr. Jones agreed the test was acceptable for submittal.

The step rate test approved in the previous sundry NOI has not yet been performed. UGOS will notice DOGM when that activity is planned.

NAME (PLEASE PRINT) <u>Patrick W. Merritt</u>	TITLE <u>Agent - Lim Attny in Fact</u>
SIGNATURE <u><i>Patrick W. Merritt</i></u>	DATE <u>8/27/2015</u>

(This space for State use only)

INSTRUCTIONS

This form shall be submitted by the operator to show the intention and/or completion of the following:

- miscellaneous work projects and actions for which other specific report forms do not exist;
- all other work and events as identified in section 11, Type of Action, or as required by the Utah Oil and Gas Conservation General Rules, including:
 - minor deepening of an existing well bore,
 - plugging back a well,
 - recompleting to a different producing formation within an existing well bore (intent only),
 - re-perforating the current producing formation,
 - drilling a sidetrack to repair a well,
 - reporting monthly the status of each drilling well.

This form is not to be used for proposals to

- drill new wells,
- reenter previously plugged and abandoned wells,
- significantly deepen existing wells below their current bottom-hole depth,
- drill horizontal laterals from an existing well bore,
- drill hydrocarbon exploratory holes such as core samples and stratigraphic tests.

Use Form 3, Application for Permit to Drill (APD) for such proposals.

NOTICE OF INTENT - A notice of intention to do work on a well or to change plans previously approved shall be submitted in duplicate and must be received and approved by the division before the work is commenced. The operator is responsible for receipt of the notice by the division in ample time for proper consideration and action. In cases of emergency, the operator may obtain verbal approval to commence work. Within five days after receiving verbal approval, the operator shall submit a Sundry Notice describing the work and acknowledging the verbal approval.

SUBSEQUENT REPORT - A subsequent report shall be submitted to the division within 30 days of the completion of the outlined work. Specific details of the work performed should be provided, including dates, well depths, placement of plugs, etc.

WELL ABANDONMENT - Proposals to abandon a well and subsequent reports of abandonment should include reasons for the abandonment; data on any former or present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, and method of parting of any casing, liner, or tubing pulled and the depth to top of any left in the hole; method of closing top of well; and date well site conditioned for final inspection looking to approval of the abandonment.

In addition to any Sundry Notice forms submitted, **Form 8, Well Completion or Recompletion Report and Log** must be submitted to the division to report the results of the following operations:

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

Send to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9	
		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257	
SUNDRY NOTICES AND REPORTS ON WELLS		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
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.		7. UNIT or CA AGREEMENT NAME: CLEAR CREEK	
1. TYPE OF WELL Water Disposal Well		8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17	
2. NAME OF OPERATOR: MARION ENERGY, INC.		9. API NUMBER: 43007311820000	
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250 , Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext	9. FIELD and POOL or WILDCAT: CLEAR CREEK	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S		COUNTY: CARBON	
		STATE: UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 5/7/2015 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input type="text" value="Line Repair"/>
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.			
<p>This Sundry Notice is not associated directly with the well above, the Alpine School District 3-17. I chose this well to satisfy the systems requirements for having an associated API. This is to notify DOGM that Marion is proceeding with a water transfer line repair that is not located on any well sites. The repair will be for approximately 7,300' of 8" steel line. We received approval from the UPRR and will be running a 6" poly line through the steel line.</p>			
<p>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY November 02, 2015</p>			
NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager	
SIGNATURE N/A		DATE 5/7/2015	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5.LEASE DESIGNATION AND SERIAL NUMBER: ML-1257
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.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7.UNIT or CA AGREEMENT NAME: CLEAR CREEK
1. TYPE OF WELL Water Disposal Well	8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS,LLC	9. API NUMBER: 43007311820000
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250 , Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S	9. FIELD and POOL or WILDCAT: CLEAR CREEK COUNTY: CARBON 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 Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 6/2/2015	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Water Line Repair"/>

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

Permission was obtained from UPRR and UDOT to repair the salt water disposal line by feeding 6" SDR 7 HDPE pipe into the existing 8" steel line. Marion Energy Inc. repaired the water line in the approved manner by running 7300' of HDPE inside of the 8" steel line and reconnecting to the existing 8" HDPE pipe that was part of the original system. Once the HDPE was run, Mark Jones with DOGM came out and witnessed a pressure test of the line. On Friday May 29th, 2015 the line was filled with water from the town of Scofield, Utah and pressured up to 350 psi to stretch the line. The pressure was then backed off to 340 psi and held constant for 60 minutes. The test was deemed successful and the areas of excavation were backfilled.

Accepted by the Utah Division of Oil, Gas and Mining

Date: ~~November 02, 2015~~

By:

NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A	DATE 9/1/2015	

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 Water Disposal Well	5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS, LLC	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250, Houston, TX, 77008	7. UNIT or CA AGREEMENT NAME: CLEAR CREEK
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S	8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
PHONE NUMBER: 281 540-0028 Ext	9. API NUMBER: 43007311820000
9. FIELD and POOL or WILDCAT: CLEAR CREEK	COUNTY: CARBON
	STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 11/17/2015	<input checked="" type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Move Packer down to 4,850' Pump 2,000 gals 15% HCL with Ball Sealers
 Flush and over displace 50Bbls Move packer to 4,245' Pump 3,000 gals
 acid with ball sealers Flush and over displace 50Bbls Perform packer
 integrity test Return well to active status

Approved by the
Deputy Director
Oil, Gas and Mining
 Date: _____
 By: *David Johnson*

NAME (PLEASE PRINT) Tyler Merritt	PHONE NUMBER 281 540-0028	TITLE Project Manager
SIGNATURE N/A	DATE 11/12/2015	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS	
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	
5. LEASE DESIGNATION AND SERIAL NUMBER: ML-1257	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT or CA AGREEMENT NAME: CLEAR CREEK	8. WELL NAME and NUMBER: ALPINE SCHOOL DIST 3-17
1. TYPE OF WELL Water Disposal Well	9. API NUMBER: 43007311820000
2. NAME OF OPERATOR: UTAH GAS OPERATING SOLUTIONS,LLC	9. FIELD and POOL or WILDCAT: CLEAR CREEK
3. ADDRESS OF OPERATOR: 1415 North Loop West, STE 1250 , Houston, TX, 77008	PHONE NUMBER: 281 540-0028 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0692 FNL 2014 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNE Section: 17 Township: 13.0S Range: 07.0E Meridian: S	COUNTY: CARBON STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 10/1/2016	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Please see attached the procedure for plugging the well

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

Date: October 06, 2016

By: *Patrick Merritt*

Please Review Attached Conditions of Approval

NAME (PLEASE PRINT) Patrick Merritt	PHONE NUMBER 281 540-0028	TITLE President
SIGNATURE N/A	DATE 9/19/2016	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43007311820000

- 1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.**
- 2. Amend Plug # 1: Set plug from 4240' to 3740' (± 95 sx) across squeezed perf interval.**
- 3. Note: Establish injection into perfs prior to setting CICR. If injection into perfs @ 490' cannot be established, then the plug inside the casing shall be set from 540' (50' below perfs) to surface (± 100 sx).**
- 4. All balanced plugs shall be tagged to ensure they are at the depths specified in the procedure.**
- 5. All annuli shall be cemented from a minimum depth of 100' to the surface.**
- 6. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.**
- 7. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.**
- 8. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.**
- 9. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.**

9/27/2016

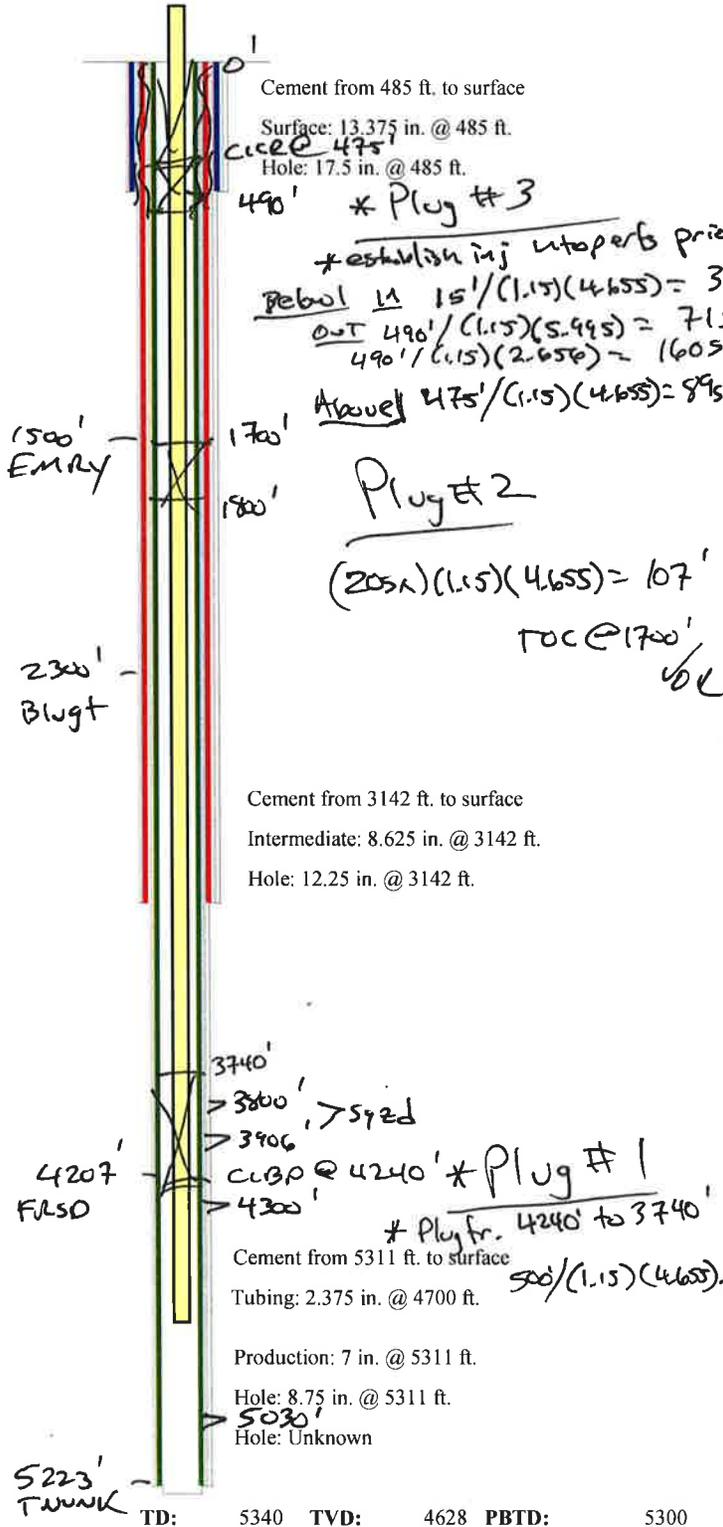
Wellbore Diagram

r263

API Well No: 43-007-31182-00-00 **Permit No:** **Well Name/No:** ALPINE SCHOOL DIST 3-17
Company Name: UTAH GAS OPERATING SOLUTIONS,LLC
Location: Sec: 17 T: 13S R: 7E Spot: NWNE **String Information**
Coordinates: X: 486186 Y: 4393907
Field Name: CLEAR CREEK
County Name: CARBON

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity (cf/ft)
HOL1	485	17.5			
SURF	485	13.375	48	485	
HOL2	3142	12.25			
HOL3	5311	8.75			
II	3142	9.625	36	3142	
PROD	5311	7	26	5311	4.655
TI	4700	2.375			



490' * Plug #3
 * establish inj wtoperb prior to setting c.c.r.
 Rebol 11 15' / (1.15)(4.655) = 35x
 Out 490' / (1.15)(5.995) = 715x *
 490' / (1.15)(2.656) = 1605x ✓

9 7/8" x 7" → 5.995
 13 3/8" x 9 5/8" → 2.656

Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
II	3142	0	HC	425
II	3142	0	G	270
PROD	5311	0	35	400
PROD	5311	0	50	350
SURF	485	0	G	1100

1700' Plug #2
 (205x)(1.15)(4.655) = 107'
 TOC @ 1700' ✓

Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
3800	3906			
4268	5119			
4300	5030			

Formation Information

Formation	Depth
EMRY	1500
BLUGT	2300
FRSD	4207
TNUNK	5223

* Plug fr. 4240' to 3740'
 500' / (1.15)(4.655) = 955x

Alpine School District #3-17 Plugging Procedure

Well Name: Alpine School District #3-17

API Number: 43-007-31182

Location: NWNE Sec.17-T13S-R7E Carbon County, Utah

Surface Csg: 13 3/8" K-55 46# set @ 490'

Intermediate Csg: 9 5/8" J-55 36# @3142'

Prod. Csg: 7" K-55 26# set @ 5311'

PBTD: 5270'

1. MIRU well service rig. NDWH and NUBOP.
2. Release the ASIX 10K Packer @4245' and POH with 2 7/8" tubing and Packer
3. TIH w/ wireline set 7" CIBP. Set plug 60' above top perf @ +/-4300'. TIH w/ 2 7/8" tbg and tag plug
4. Pump cement through 2 7/8" tbg setting a 100' plug from +/-4240 – 4140 (approx. 20sx)
5. TOH w/tbg and TIH w/7" CIBP set at +/- 1800'
6. Pump cement through 2 7/8" tbg setting a 100' plug from +/-1800' – 1700' (approx. 20sx)
7. RU perforators and perforate @ +/-490'. Set a wireline set CIGR at +/-475'. Sting into retainer and establish circulation down the 7" csg and back up into the 7" X 9 5/8" & 9 5/8" X 13 3/8" annuli. If circulation cannot be established through perms sting out of retainer and set a 475' plug (approx.94sx) to surface in the 7" csg. If circulation can be established, pump 75sx cement in the 7"X 9 5/8" annulus to the surface and 164sx cement in the 9 5/8"X13 3/8" annulus, and sting out of retainer and set a 475' plug (approx.94 sx) to surface in the 7" csg on top of the retainer.
8. All cement should be Type II or Class G or equivalent cement mixed at 5.2 to 5 gal/sk to make a slurry weight of 15.8 ppg.
9. Erect dry hole marker on top of the plug extending 4 feet above the ground with following description:

OPERATOR: UTAH GAS OPERATING SOLUTIONS,LLC
WELL NAME & NUMBER: Alpine School District #3-17
API NUMBER: 43-007-31182
LOCATION: NWNE SEC.17-T13S-R7E CARBON COUNTY, UTAH
10. In case the area is agricultural or cultivated, there is no need for marker and only cut off the casing 3' below the ground level and cap it with above description welded on the cap.

Updated : 9/16/2016

Proposed Completion

API: 43-007-31182
 GL: 7,919'
 KB: 7,934'

Alpine School District #3-17

LOCATION:

Clear Creek
 SW SE SW Sec 8 (BHL)
 SW NW NE (surface)
 Sec. 17 T13S R7E
 Carbon County, UT

Casing Strings:

13-3/8", 46#, K-55 @ 490'
 Cmtd w/ 1200 sx
 TOC @ surface

9-5/8", 36#, J-55 @ 3,142'
 Cmtd w/ 695 sx
 TOC @ surface

7" Production, 26#, K-55 @ 5,311'
 ID: 6.366", Drift: 6.421, Burst: 4,360 psi
 Cmtd w/ 750 sx
 TOC @ 2,500' +/- (>90% bond)

Permit Rate and Injection Press:

Max rate = 15,000 bwpd
 Max surface injection pressure = 400 psig

Permit Interval:

4,268' - 5,119'

KOP 1700

BUILD TO 54 DEG MAX AT 4,200

DROP TO 32 DEG AT 5261' MD

Tubing String:

4,250' x 2-7/8", 6.5#, J-55, 8rd
 Hydrotested to 4,000 psi
 ID: 2.441" Drift: 2.347" Burst: 7,260 psi

Packer:

7" x 2-7/8" ASIX 10K PKR @ 4,245'
 Annulus filled FSW

Capacity:

2-7/8" tbg: .00579 bbl/ft (24.6 bbls)
 7" csg: .0382 bbl/ft (201.3 bbls)
 2-7/8" x 7" Annulus: .0302 bbl/ft (128.4 bbls)

MIT Test 8-26-2015 to 650 psi for 30 mins

Witness by DOGM Mark Jones

**Feb 2015 Pump in test 3.9 BPM at 100 psi
 3.5 BPM on Vacuum**

Approved Injection Interval:

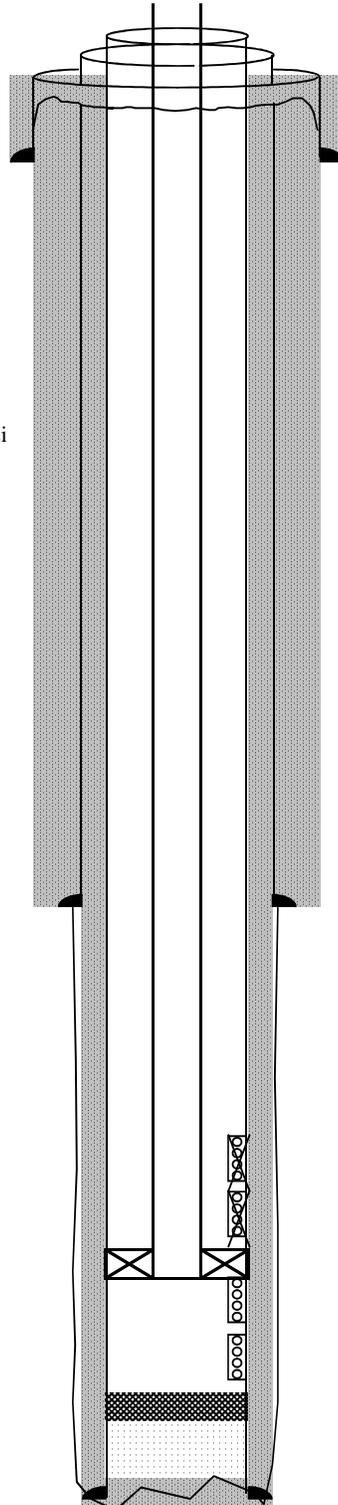
4,268' - 5,119'

Bluegate

3,800'-3,906' (4 spf)
11/07: 630g 7-1/2% HCl w/ balls
11/07: 840g 7-1/2% HCl and 83,220#
 20/40 sand in x-link gel
 Test: 16 mcf, 300 bwpd
3/08: SQZ 3,800'-3,906', Drill out.

Ferron

4,300'-4,310', 4,524'-4,540', 4,550'-4,560',
 4,578'-4,588", 4,772'-4,782', 4,786'-4,794'
10/07: 2,750g 7-1/2% HCL and 122,467 #s
 16/30 sand in x-link gel
 Test: 150 mcf, 250 bwpd



TD = 5,340' MD, 4,628' TVD

8-14-2015 Add perfs 4,910' - 4,920' and
 5,020' - 5,030'

8-22-2015 CoBP -Tag 5,090'

8-13-3-2015 Tag Fill 5,139'

11/19/07: PBTB @ 5,270'

Spud Date: 7/3/07

TD Date: 7/30/07

Comp Date: 11/30/07