



Marion Energy Inc.

August 23, 2006

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

RE: Exceptional Location Letter (Rule R649-3-3) Exception to Location and Siting of Wells
Kenilworth Rail Road SWD #1 (304.71ft FSL 1315.25ft FEL / SE/4 S16 13S-10E)
Helper Prospect, 13S-10E, Carbon County, Utah

Dear Ms. Whitney

The Kenilworth Rail Road SWD #1 well is to be drilled as a Salt Water Disposal well in which Marion Energy Inc. will dispose of its produced water in the Navajo and Wingate formations at depths of 8143ft and 8606ft respectively.

Marion Energy Inc. respectfully seeks your permission and requests that this well is drilled at the aforementioned exceptional location due to the following reasons:

1. The well will be directionally drilled just south of our existing Kenilworth Railroad #1 location which enables Marion Energy Inc. to minimize any further environmental impacts to the area which would arise from building further access roads as all access to this location has been established.
2. Marion Energy Inc. also seeks your permission to drill this well at the aforementioned location due to the topographical issues encountered and the limiting spatial restraints we experience when drilling in and around topographically challenging areas such as this.
3. Marion Energy Inc. is the only operator in the area, and there are no additional owners within 460ft of the proposed location.

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.

*Strike from plan.
uncorrected
B. Evans
11/01/06*



Marion Energy Inc.

August 24, 2006

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

RE: Marion Energy Inc. Application for Permit to Drill (Kenilworth Rail Road #1 SWD)
Helper Prospect, 13S-10E, Carbon County, Utah

Dear Ms. Whitney

Please find enclosed two copies of the ADP that pertains to the Kenilworth Rail Road #1 SWD, which is going to be permitted and drilled as a produced water disposal well at our Helper prospect located in 13S-10E Carbon County 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,



Benjamin Evans
Landman
Marion Energy Inc.

RECEIVED

AUG 25 2006

DIV OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: FEE-BH-61504	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 type="checkbox"/> OTHER <u>SWD</u> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Marion Energy, Inc		9. WELL NAME and NUMBER: Kenilworth Railroad #1 SWD	
3. ADDRESS OF OPERATOR: 119 So. Tennessee CITY McKinney STATE TX ZIP 75069		PHONE NUMBER: 23004 (972) 540-2967	10. FIELD AND POOL, OR WLD/CAT: Helper Field
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 304.71ft FSL 1315.25ft FEL /SE/4 AT PROPOSED PRODUCING ZONE: 304.71ft FSL 1315.25ft FEL /SE/4		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 1/4 of a mile East of the town of Kenilworth		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 304.71ft	16. NUMBER OF ACRES IN LEASE: 3000	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) Approx 230ft	19. PROPOSED DEPTH: 8,803	20. BOND DESCRIPTION: B001617 (See attached)	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6570'	22. APPROXIMATE DATE WORK WILL START: 9/1/2006	23. ESTIMATED DURATION: 30 Days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
17 1/2"	13 3/8" J-55 61#	500	Premium Plus III 437 sx 1.41 cuft/sk 14.20 ppg
12 1/4"	8 5/8" J-55 32#	4,450	Lead: Prem. Lite 728 SX 3.82 cuft/sk 11 ppg Tail: 50/50 Poz 307 SX 1.41 cuft/sk 14.20 ppg
7 7/8"	5 1/2" N-80 17#	8,803	Lead: Prem. Lite 262 SX 3.82 cuft/sk 11 ppg Tail: 50/50 Poz 215 SX 1.41 cuft/sk 14.20 ppg
	As Liner		

25. **ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL PLAN 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 *Benjamin Evans* DATE 8/15/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31229

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

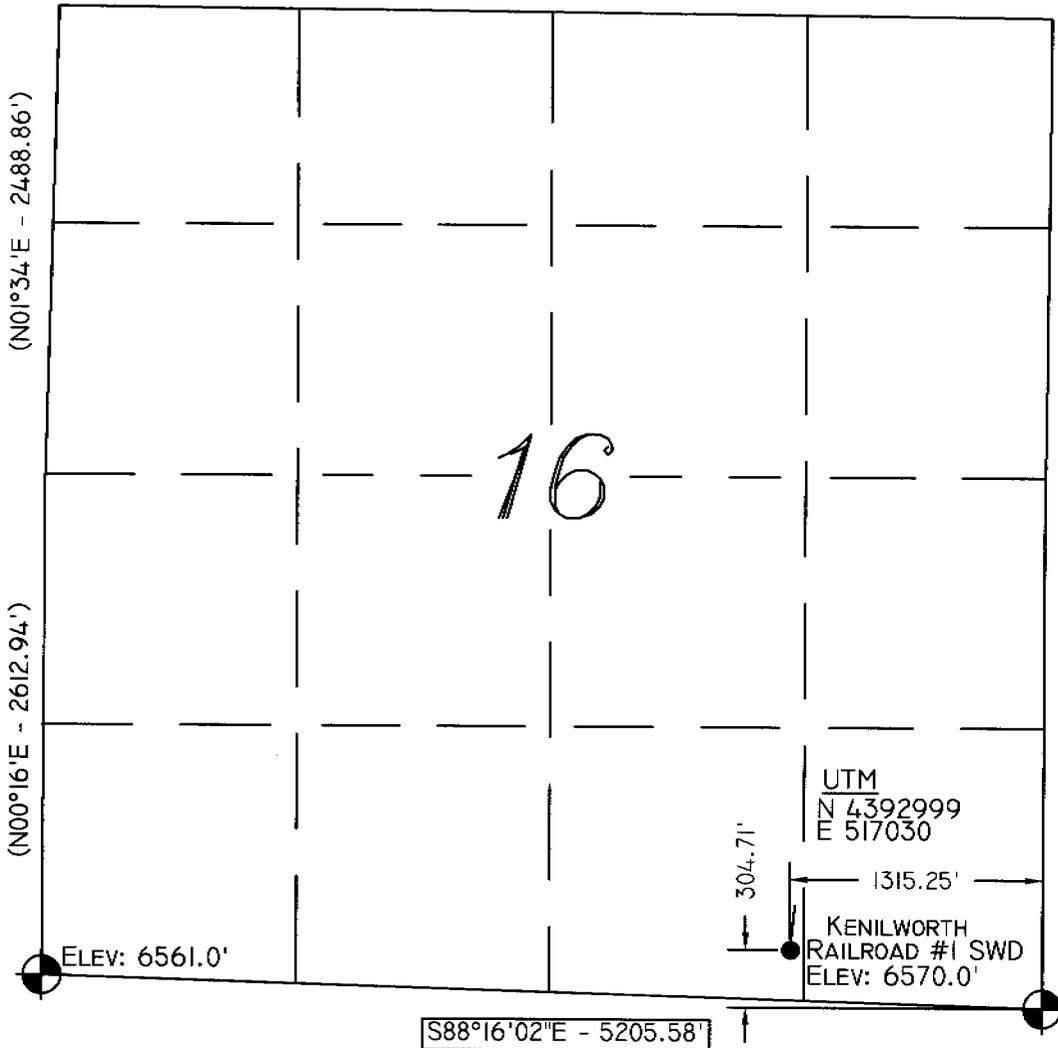
**RECEIVED
AUG 25 2006**

APPROVAL:
Date: 11-02-06
By: *[Signature]*

DIV. OF OIL, GAS & MINING

Range 10 East

Township 13 South



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.

LAT / LONG
39°41'18.758"N
110°48'05.026"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:

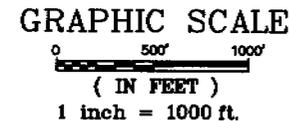
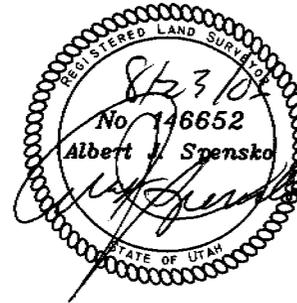
Basis of Elevation of 6561' being at the Southwest Section Corner of Section 16, Township 13 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Helper Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 SE/4 of Section 16, T13S, R10E, S.L.B.&M., being 304.71' North and 1315.25' West from the Southwest Section Corner of Section 16, T13S, R10E, 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 talonstev.net

Marion Energy Inc.

Kenilworth Railroad #1 SWD
 Section 16, T13S, R10E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 8/23/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2546

Kenilworth Rail Road #1 SWD
Surface Owner Information

Contact: Mr. Nelson L. Kidder

Address: American Electric Power
248 South Lake Drive
Prestonsburg, KY, 41653

Telephone: (606) 889-3328

Fax: (606) 886-1761

Email: nlkidder@aep.com

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases
Kenilworth Railroad #1 SWD

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops/Geologic Markers

The estimated tops of important geologic markers are as follows:

<u>Name</u>	<u>MD</u>	<u>Production Phase</u>
Upper Blue Gate Shale	Surface	
Emery "equivalent"	1602ft	
Lower Blue Gate Shale	2168ft	
Ferron	4177ft	
Tunuck Shale	4437ft	
Entrada	6806ft	
Carmel	7437ft	
Navajo	8143ft	
Wingate	8606ft	
TD	8803ft	

2. Estimated Depth of Oil, Gas Water and Other Mineral Bearing Zones

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Ferron	4177'

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

All water shows and water-bearing sand will be reported to the BLM in Moab, Utah. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. BOP Equipment

Marion Energy Inc's minimum specifications for pressure to control equipment are as follows:

Ram Type: 11" Hydraulic double, 3000 psi w.p.

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

Annular type preventers (if used) shall be tested to 60 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 40-day intervals

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

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

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

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

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

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The Price River Resource Area Office shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 3000 psi working pressure blowout preventor.
 - b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
 - c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
 - d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.
4. Casing and Cementing Program
- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fractured gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported

- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressured tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.

On all exploratory wells, and on that portion of any well approved for 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

- n. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-500'	17 1/2"	13 3/8"	61#	J-55	ST&C	New
Intermed.	0-4450'	12 1/4"	8-5/8"	32#	J-55	LT&C	New
Produc.	0-8803'	7 7/8"	5-1/2"	17#	N-80	LT&C	New

- o. Casing design subject to revision based on geologic conditions encountered.
- p. Please refer to DOGM Form 3 for the Cement program associated with this well.
- q. The price River Resource Area Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- r. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- s. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature of bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- t. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

5. Mud Program

- a. The purpose circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-500'	Spud Mud				
500-4450'	LSND	8.8-9.2	32-40	8-15	---
4450'-T.D.	Air/Foam	N/A	N/A	N/A	---

There will be sufficient mud on location to control a blowout should one occur.

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

- b. Mud monitoring equipment to be used is as follows:

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

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

6. Evaluation Program

The anticipated type of amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

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

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

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

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

- b. The logging program will consist of a DIL-SFL-GR-SP and _GR_CAL, CNL-FDC will be run over selected intervals, which are to be determined. A DIL-SFL-GR-SP, will be run from Surface to T.D.
- c. The anticipated completion program is as follows:

Marion proposes to perforate for produced water disposal the Navajo interval and depending on indicated permeability of the sand, we will fracture stimulate the formation if required

1. Anticipated Pressures and H,S

- a. The expected bottom hole pressure is 2400 psi. Low pressures are anticipated.
- b. No hydrogen sulfide gas is anticipated.

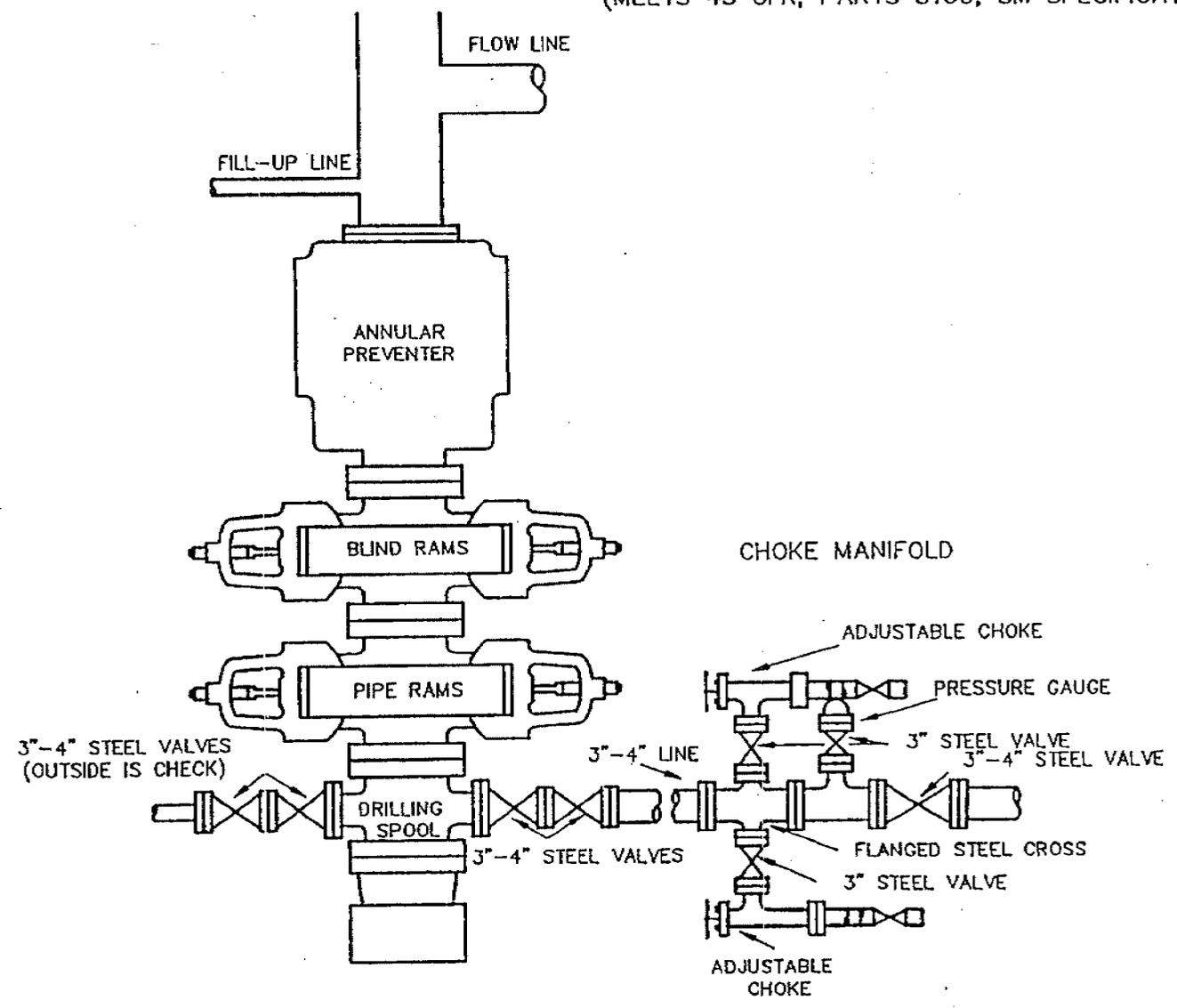
2. Other Information and Notification Requirements

- a. Drilling will commence on approximately August 30, 2006
- b. It is anticipated that the drilling of this well will take approximately 30 days.
- c. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- d. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- e. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- f. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, and application for

approval of the permanent disposal method, along with the required water analysis and other information must be submitted to the District Engineer.

- g. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO> A “Subsequent Report of Abandonment” Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative or the appropriate Surface Managing Agency.

THREE PREVENTER HOOKUP
CLASS III
(MEETS 43 CFR, PARTS 3160, 3M SPECIFICATIONS)



Surface Use Plan
Mid-Power Resource Corporation
Kenilworth Railroad #1 SWD

Thirteen Point Surface Use Plan

1. Existing Roads

a. The proposed well site is located approximately ½ mile east of Kenilworth Utah and approximately 3 miles east of Helper, Utah..

b. Directions to the location from Helper, Utah are as follows:

Head south from Helper Utah on Highway 6, take exit state highway 139 approx 2 ½ miles south of Helper, turn left (east). Follow SH 139 to 200 West Street. Turn left (north) on 200 West. Follow 200 west to Kenilworth Rd, turn right on Kenilworth Rd. Kenilworth Rd ends at Main Street. The Kenilworth Railroad location is directly east of the town of Kenilworth.

c. For location of access roads see Maps A & B.

d. Topo map A is the vicinity map showing the access route from Kenilworth, Utah.

e. Topo map B shows the proposed access road to each well. It also shows existing roads in the immediate area

f. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

g. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. Planned Access Roads

- a. The access roads to this location are currently in place, as the Kenilworth Railroad well is to be drilled just south of the existing Kenilworth Railroad #1 location. Access to this location and the pad site its self were recently constructed by Marion Energy.
- b. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location

- a. Water wells – non
- b. Injection wells – none
- c. Producing wells – Please see topo location map L-1
- d. Drilling wells – none
- e. Shut-in wells – none
- f. For reference please see topo map B

4. Location of Tank Batteries and Production Facilities

- a. All permanent structures (onsite for six months or longer) constructed or installed (including pump jacks) will be painted a neutral color to blend with the surrounding environment. The proposed color for this site is Juniper Green unless otherwise stipulated. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike or sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. All loading lines will be placed inside the berm surrounding the tank battery
- d. The water measurement facility will be installed on the well location. The oil and water meter will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided

with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.

- e. Any necessary pits will be properly fenced to prevent any wildlife entry.
- f. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- g. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- h. The road will be maintained in a safe useable condition.
- i. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- j. The area used to contain the proposed 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.

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 Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. 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 in the area. No special access other than for drilling operations and pipeline construction is needed.
- c. The use of materials under will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.

d. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum 10mil plastic liner.
- b. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill site. Pits will not be constructed within intermittent or perennial stream channels.
- c. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. 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.
- d. The reserve pit will be constructed in undisturbed material and below the natural ground level.
- e. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling operation and the pit will be fenced during drilling and completion operations.
- e. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- f. Drill cuttings are to be contained and buried in the reserve pit.
- g. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- h. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations.

8. Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. All cut and fill slopes will be such that stability can be maintained for the life of the activity. The upper edges of all cut banks on the access roads and well pads will be rounded. Cut and fill slopes will be constructed as follows:

<u>Height of Slope</u>	<u>Slope</u>
0-5 feet	3:1
6-10 feet	2:1
Over 10 feet	1-1/2:1

- b. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settlement.
- c. The working surface of the drill site will be surfaced with crushed gravel to a depth sufficient to support anticipated loads throughout the life of the well. Usually a depth of 12 inches of gravel is anticipated.
- d. A diversion ditch having the minimum dimensions of 3 feet horizontal to 1 foot vertical (3:1 ditch), will be constructed around the site to divert surface waters from flowing onto the site. The ditch will be located at the base of the cut slope and around the toe of the fill slopes (see Drawing No. 1 – Construction Requirements of Typical Well Sites). A straw dike will be constructed in the ditch outflow to trap any sediment produced from the raw slopes. A culvert will be necessary where the access road enters the site.
- e. A berm will be constructed around the perimeter of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be a minimum of 18 inches high, 12 inches wide at the top, and having 1-1/2:1 side slopes. The site surface will be graded to drain to the reserve pit. The drainage pattern to be constructed will be modified for each site, depending on the site specific conditions.
- f. The reserve pit will be located on the north side of the location.
- g. The stockpiled topsoil (first six inches or maximum available) will be stored along the perimeter of the location as shown on the location platt.
- j. All pits will be fenced to prevent wildlife entry.
- k. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

10. Plans for Restoration of Surface

Dry Hole

- a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.
- b. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.
- c. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an approximate uniform, stable thickness consistent with the established contours.
- d. A temporary fence will be constructed around the site until vegetation is established. The fence will then be removed.
- e. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.

Producing Location

- a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.
- b. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- c. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- d. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- e. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soil, and gravel, will be buried within a minimum of 2 feet of clean soil as cover or be removed.

- f. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours.
- g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be topsoiled and re-vegetated. The berm will be removed and the site graded to drain.
- h. The site will be seeded and/or planted as prescribed by the surface owner. This prescription will be determined prior to site construction on a site specific basis. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the re-vegetation requirements. Fall seeding will be completed after September, and prior to prolonged ground frost.
- i. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Forest Service personnel.

11. Surface Ownership

Access Roads – All roads to the location are located within the area of ownership of American Electric Power and are deemed private lands.

Well Pad – The well pad is located on lands owned by American Electric Power

12. Other Information

- a. A Class III cultural resource inventory will be completed prior to disturbance by a qualified professional archaeologist.
- b. 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 authorized officer (AO). Within five working days the AO will inform the operator to:
 - i. whether the materials appear eligible for the National Register of Historic Places;

- ii. the mitigation measures the operator will likely have to undertake before the site can be used (assuming the site preservation is not necessary); and
 - iii. a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO 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 AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.
- c. 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, as defined in 40 CFR, would be used, produces, transported, stored, disposed, or associated with the proposed action.
 - d. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
 - e. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
 - f. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.h.
 - g. "Sundry Notice and Report on Wells" will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
 - h. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period.

13. Lessee's or Operator's Representative and Certification

Permit Matters

Marion Energy Inc./Mid-Power Resource Corp.
Keri Clarke
119 S. Tennessee Suite 200
McKinney, TX, 75069
(972)540-2967

Drilling & Completion Matters

Marion Energy Inc./Mid-Power Resource Corp.
2901 East 20th Street
Farmington, NM, 87402
Doug Endsley – V P Operations
(505)564-8005

Certification

I hereby certify that I, or Persons under my direct supervision, have inspected the proposed drill site and access rout; 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 it's contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

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

8/23/06
Date

BOR
Name

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

FORM 4A

Bond No. B001617

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Marion Energy Inc. as Principal,
and

(surety name) U.S. Specialty Insurance Company as Surety, 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 Fifty Thousand and no/100 dollars (\$ \$150,000.00)
lawful money of the United States, 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, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

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

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

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

31 day of March, 2005

(Corporate or Notary Seal here)



Attestee: Mary Lou Holder Date: 4/5/05

Marion Energy Inc.
Principal (company name)

By KERI CLARKE VICE PRESIDENT LAND
Name (print) Title

[Signature]
Signature

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

31 day of March, 2005

(Corporate or Notary Seal here)

Attestee: [Signature] Date: 3/3/05

U.S. Specialty Insurance Company
Surety Company (Attach Power of Attorney)

By Edwin H. Frank, III Attorney-in-Fact
Name (print) Title

[Signature]
Signature

13403 Northwest Freeway
Surety Mailing Address

Houston Texas 77040
City State Zip

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

The rest of this page is intentionally left blank.

POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



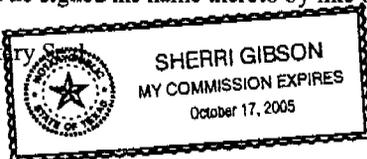
Edward H. Ellis, Jr., Executive Vice President

State of Texas

County of Harris ss:

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31st day of March, 2005.

Corporate Seal



Christopher L. Martin, Secretary

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

SURETY RIDER

DIV. OF OIL, GAS & MINING

To be attached to and form a part of Bond No. B001617 on behalf of
Marion Energy Inc., as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of bond: March 31, 2005

Effective date of change: March 31, 2005

In consideration of the mutual agreement herein contained, the principal and
the surety hereby consent to the following changes:

The penalty amount of the bond has changed from:

\$150,000.00

TO:

\$120,000.00

Nothing herein contained shall vary, alter, or extend any provision or
condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
Name of Obligee

Earlene Russell
Signature

EARLENE RUSSELL
ENGINEERING TECHNICIAN, BONDING
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

DIV. OF OIL, GAS & MINING

SURETY RIDER

To be attached to and form a part of Bond No. B001617 on behalf of Marion Energy Inc., as principal and executed by U.S. Specialty Insurance Company, as surety.

Effective date of bond: March 31, 2005

Effective date of change: March 31, 2005

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The penalty amount of the bond has changed from:

\$150,000.00

TO:

\$120,000.00

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
Name of Obligee

Earlene Russell
Signature

EARLENE RUSSELL
ENGINEERING TECHNICIAN, BONDING
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



Edward H. Ellis, Jr., Executive Vice President

State of Texas

County of Harris ss:

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

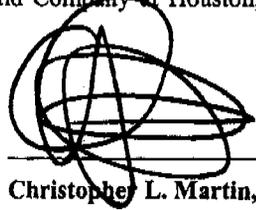


 Notary Public
My commission expires 10-17-05

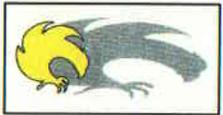
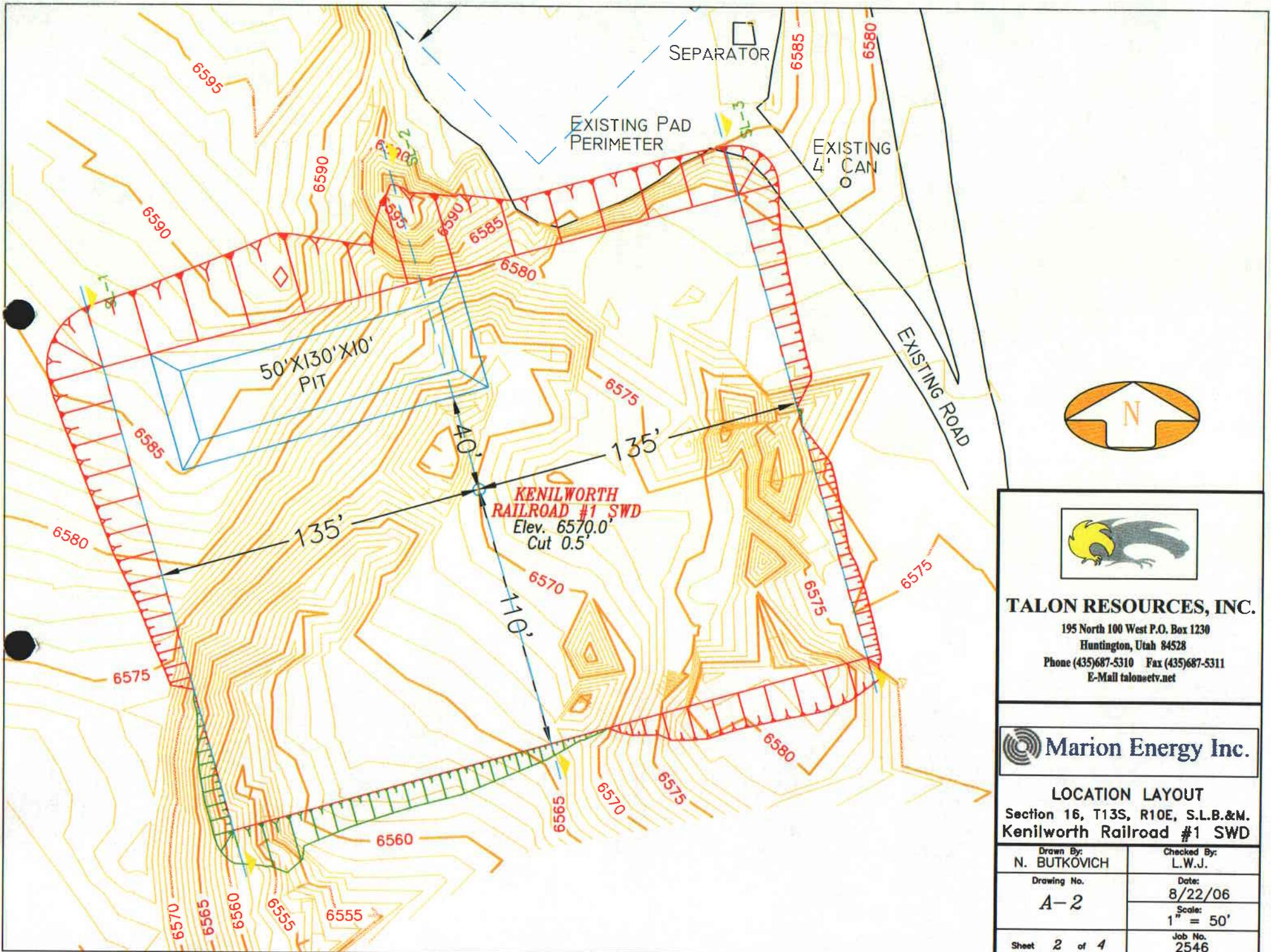
I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31st day of March, 2005.

Corporate Seal



Christopher L. Martin, Secretary



TALON RESOURCES, INC.

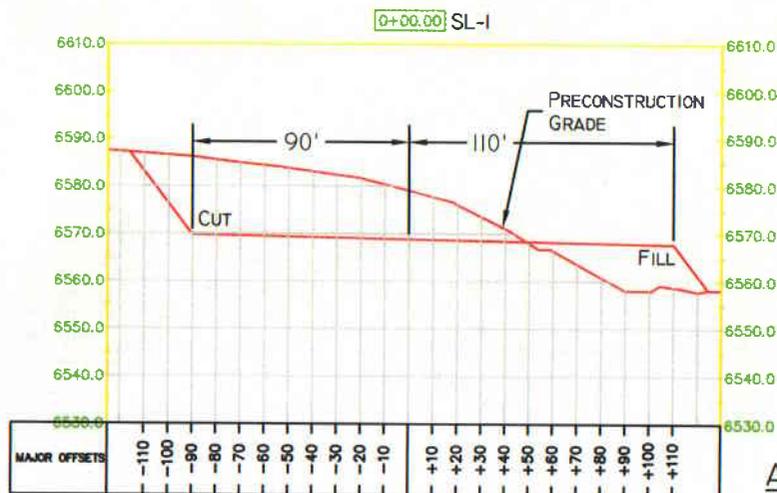
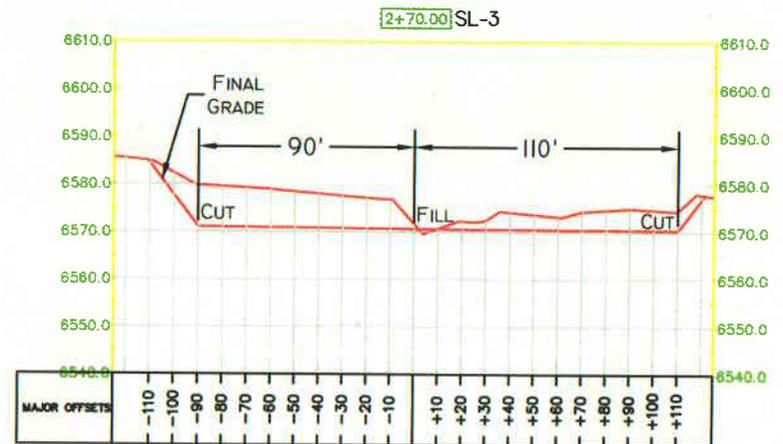
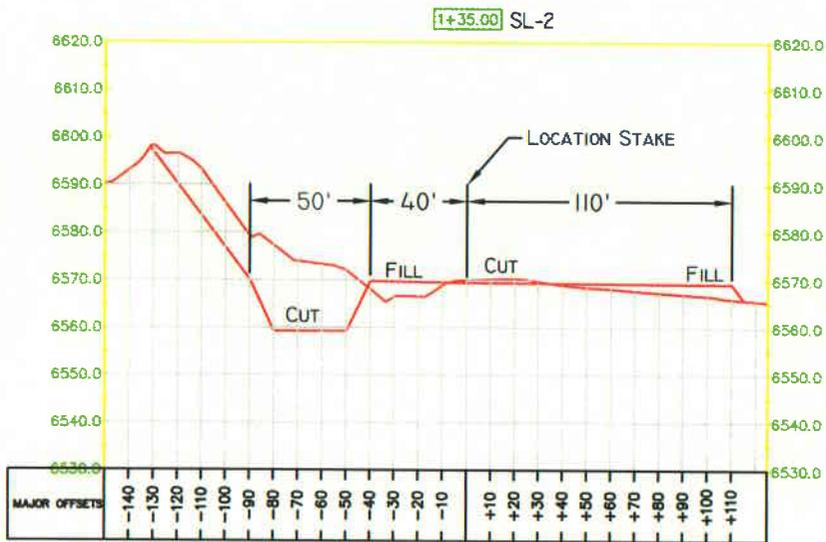
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonectv.net

 **Marion Energy Inc.**

LOCATION LAYOUT
Section 16, T13S, R10E, S.L.B.&M.
Kenilworth Railroad #1 SWD

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 8/22/06
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 2546

1" = 10'
X-Section
Scale
1" = 20'



CUT SLOPE = 1 : 1
FILL SLOPE = 1 1/2 : 1
PIT SLOPE = 1 : 1

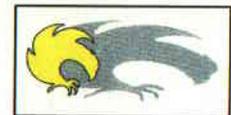
APPROXIMATE YARDAGES

CUT

(6") TOPSOIL STRIPPING = 1,000 CU. YDS.

TOTAL CUT (INCLUDING PIT) = 14,035 CU. YDS.

TOTAL FILL = 3,100 CU. YDS.



TALON RESOURCES, INC.

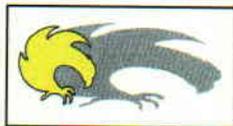
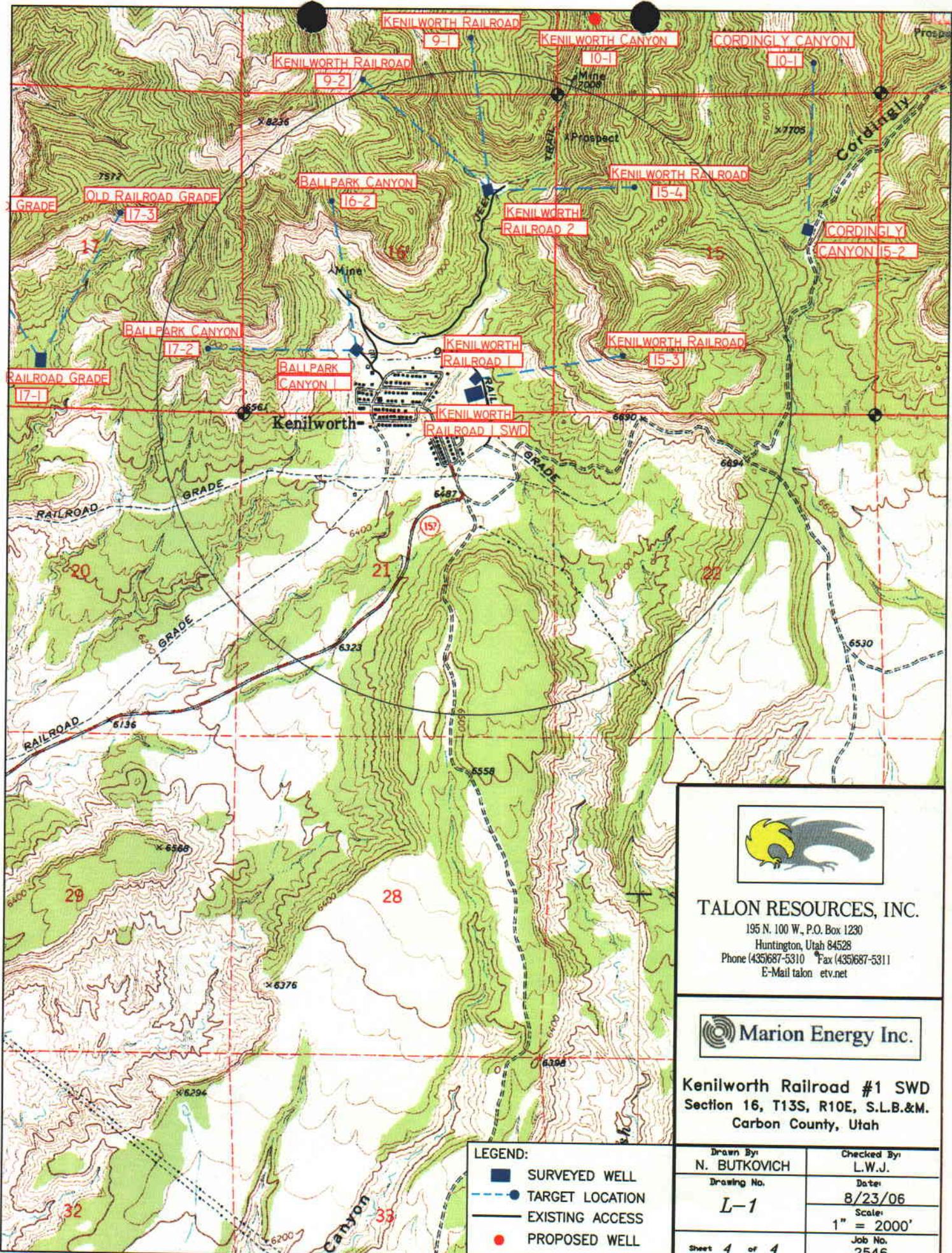
195 North 100 West P.O. Box 1230
Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@ctv.net



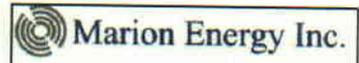
LOCATION LAYOUT
Section 16, T13S, R10E, S.L.B.&M.
Kenilworth Railroad #1 SWD

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 8/22/06
	Scale: 1" = 80'
Sheet 3 of 4	Job No. 2546



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



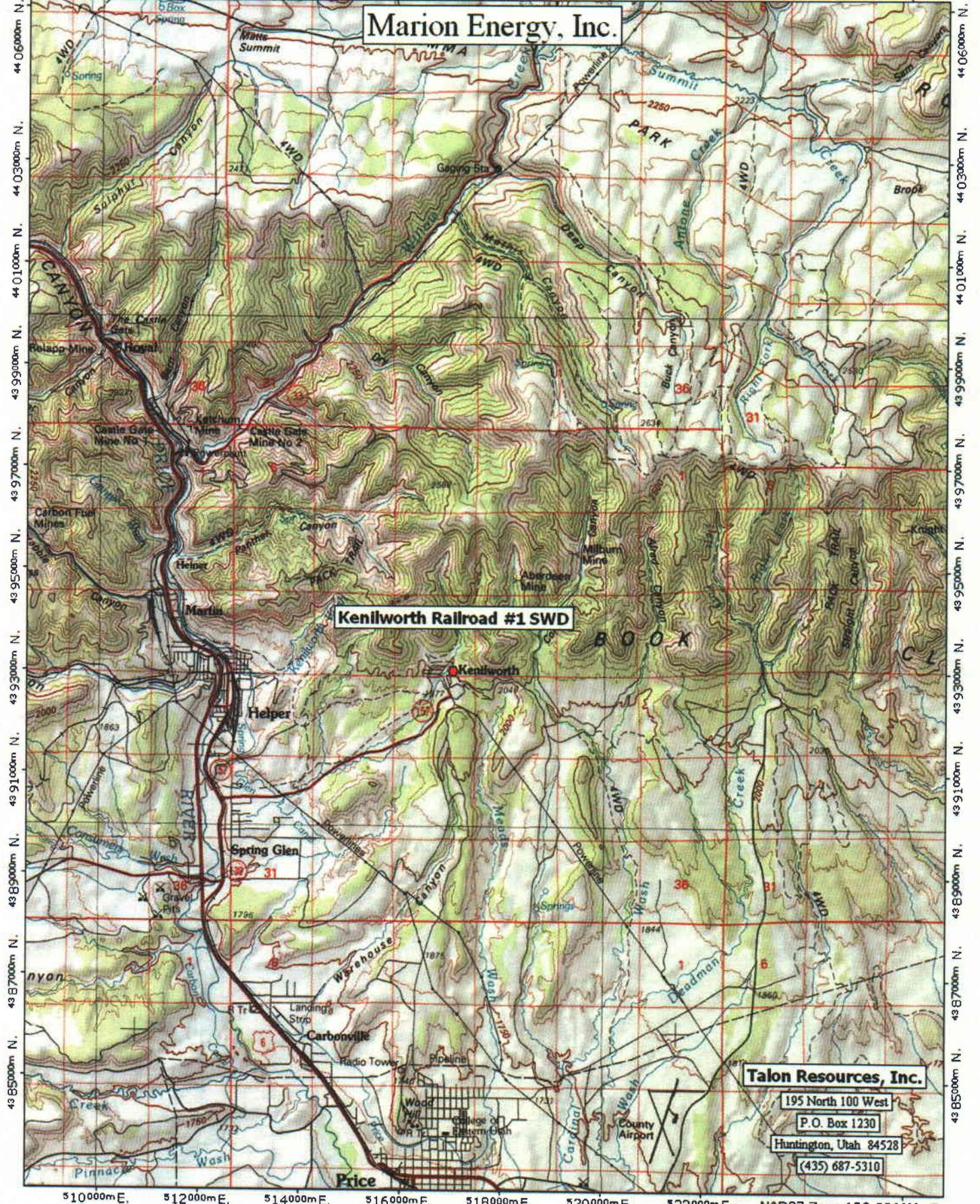
Kenilworth Railroad #1 SWD
 Section 16, T13S, R10E, S.L.B.&M.
 Carbon County, Utah

LEGEND:

- SURVEYED WELL
- TARGET LOCATION
- EXISTING ACCESS
- PROPOSED WELL

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 8/23/06
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 2546

510000m E. 512000m E. 514000m E. 516000m E. 518000m E. 520000m E. 522000m E. NAD27 Zone 12S 526000m E.



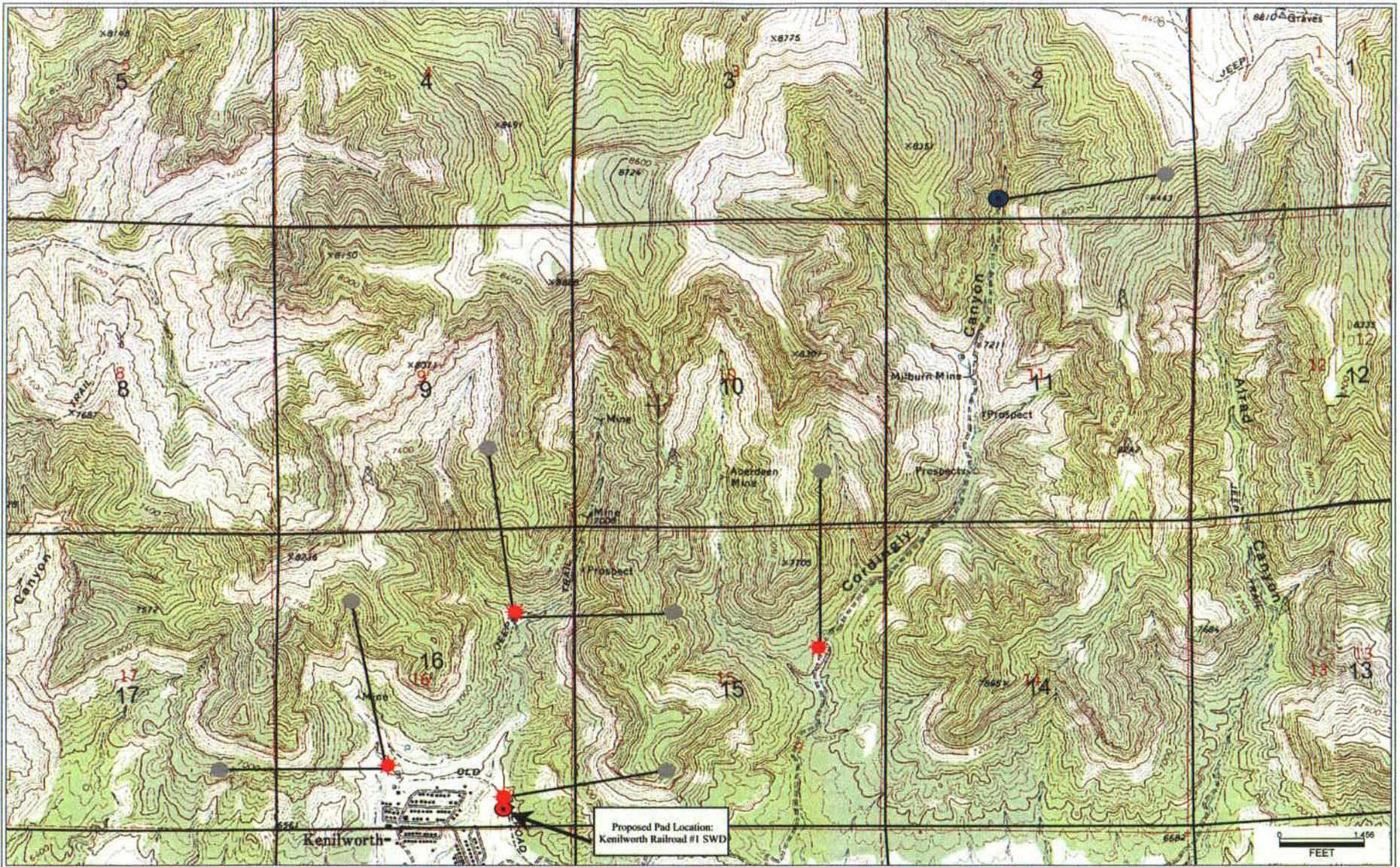
43 85000m N. 43 87000m N. 43 89000m N. 43 91000m N. 43 93000m N. 43 95000m N. 43 97000m N. 43 99000m N. 44 01000m N. 44 03000m N. 44 05000m N. 44 06000m N.

510000m E. 512000m E. 514000m E. 516000m E. 518000m E. 520000m E. 522000m E. NAD27 Zone 12S 526000m E.

TN MN
12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
 0 1 2 3 4 5 km

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



PETRA 3/24/2006 10:27:23 AM

LEGEND

- Proposed Target Location
- Proposed Pad Location
- Proposed Vertical Location
- ★ Existing Pad
- ★ Existing Directional Target Location



Marion Energy Inc.

Vertical Well -Kenilworth Railroad #1 SWD
 NE Section 16 T. 13S., R 10 E., S.L.B.
 Surface Location: 304.71R FSL 1315.25R FEL /SE/4



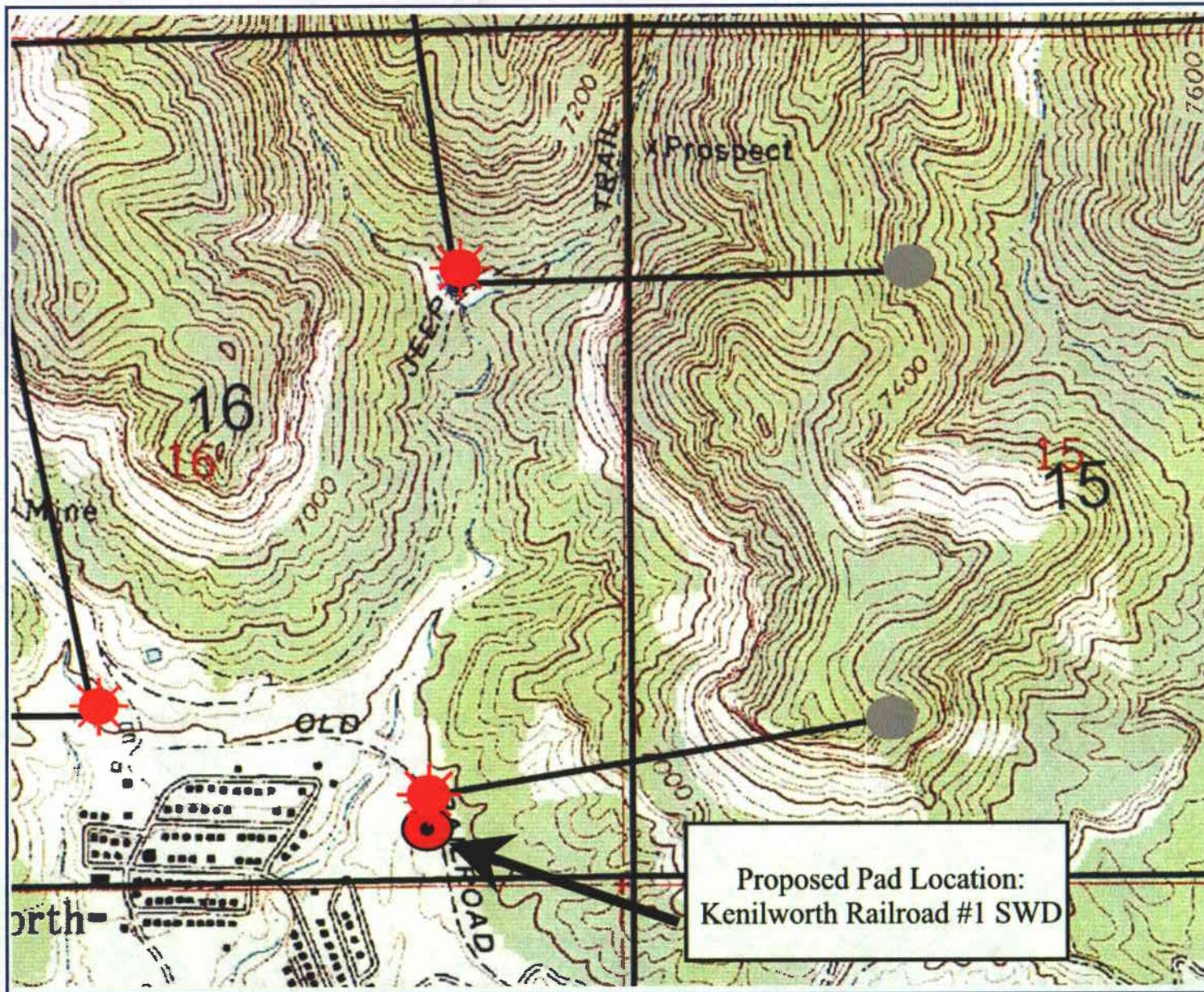
Marion Energy Inc.
 119. S. Tennessee Suite 200
 McKinney, TX, 75069
 Tel: (972) 540-2967
 Fax: (972) 547-0442

Topographic Map

Created on August 16th 2006

Created by John Pinkerton

Revised: MM-DD-YY



LEGEND

- Proposed Target Location
- Proposed Pad Location
- Existing Pad
- Existing Directional Target Location
- Proposed Vertical Location



Marion Energy Inc.

Vertical Well - Kenilworth Railroad #1 SWD
 NE Section 16 T. 13S., R 10 E., S.L.B.
 Surface Location: 304.71R FSL 1315.25R FEL /SE/4



Marion Energy Inc.

119, S. Tennessee Suite 200
 McKinney, TX, 75069
 Tel: (972) 540-2967
 Fax: (972) 547-0442

Topographic Map

Created on August 16th 2006

Created by John Pinkerton

Revised: MM-DD-YY

Marion Energy Inc.

August 24, 2006

Mr. Nelson L. Kidder
American Electric Power
248 South Lake Drive
Prestonsburg, KY, 41653

RE: Kenilworth Railroad #1 SWD (SE/4 Section 16 13S-10E, Carbon County, Utah)
Blackhawk Coal Lease Dated February 15th 2006.

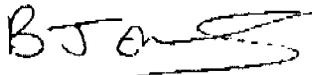
Dear Mr. Kidder

This letter is intended to seek your permission to commence drilling operations on the above referenced well. AEP is the surface owner at this location, and Marion Energy, Inc. as operator of the properties underlying the Blackhawk Lease, seeks your permission as soon as possible to begin the construction of this location so that Marion may commence drilling operations. The well referenced above is to be drilled from a new pad to be constructed just south of the existing Kenilworth Railroad #1 pad site.

Should you concur with our request to commence the construction of the above referenced well location, please signify your acceptance in the space provided below.

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.

Blackhawk Coal Company, as Lessor under the above referenced lease, hereby consents to allow Marion Energy Inc. to commence the construction of the Kenilworth Railroad #1 SWD well location.

By: Nelson L. Kidder

Name: Nelson Kidder

Date: Sept. 5, 2006

Title: Vice President
AEP Coal, Inc.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/25/2006

API NO. ASSIGNED: 43-007-31229

WELL NAME: KENILWORTH RR 1 SWD
 OPERATOR: MARION ENERGY INC (N2740)
 CONTACT: BENJAMIN EVANS

PHONE NUMBER: 972-540-2967

PROPOSED LOCATION:

SWSE 16 130S 100E
 SURFACE: 0304 FSL 1315 FEL
 BOTTOM: 0304 FSL 1315 FEL
 COUNTY: CARBON
 LATITUDE: 39.68903 LONGITUDE: -110.8016
 UTM SURF EASTINGS: 517013 NORTHINGS: 4393052
 FIELD NAME: HELPER (18)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKC	11/1/06
Geology		
Surface		

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

PROPOSED FORMATION: WINGT
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. B001617)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS:

Needs Permit (10-11-06)

STIPULATIONS:

*1- Spacing 1/2 sp
2- STATEMENT OF BASIS*

T13S R10E

HELPER FIELD

BHL
16-2X(RIGSKID)

KENILWORTH RAILROAD 9-1
KENILWORTH RAILROAD 15-4
KENILWORTH RR #2

16

BHL
17-2

BALLPARK CYN 16-2X(RIGSKID)
BALLPARK CANYON #1
BALLPARK CYN 17-2
BALLPARK CYN 16-2

KENILWORTH
RAILROAD 15-3
KENILWORTH
RR #1
KENILWORTH
RR 1 SWD

BLACKHAWK A-4

OPERATOR: MARION ENERGY (N2740)

SEC: 16 T.13S R.10E

FIELD: HELPER (18)

COUNTY: CARBON

SPACING: R649-3-3 / EXCEPTION LOCATION

Wells Status

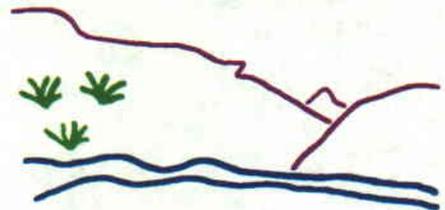
- ⊕ GAS INJECTION
- ⊕ GAS STORAGE
- ⊕ LOCATION ABANDONED
- ⊕ NEW LOCATION
- ⊕ PLUGGED & ABANDONED
- ⊕ PRODUCING GAS
- ⊕ PRODUCING OIL
- ⊕ SHUT-IN GAS
- ⊕ SHUT-IN OIL
- ⊕ TEMP. ABANDONED
- ⊕ TEST WELL
- ⊕ WATER INJECTION
- ⊕ WATER SUPPLY
- ⊕ WATER DISPOSAL
- ⊕ DRILLING

Field Status

- ⊕ ABANDONED
- ⊕ ACTIVE
- ⊕ COMBINED
- ⊕ INACTIVE
- ⊕ PROPOSED
- ⊕ STORAGE
- ⊕ TERMINATED

Unit Status

- ⊕ EXPLORATORY
- ⊕ GAS STORAGE
- ⊕ NF PP OIL
- ⊕ NF SECONDARY
- ⊕ PENDING
- ⊕ PI OIL
- ⊕ PP GAS
- ⊕ PP GEOTHERML
- ⊕ PP OIL
- ⊕ SECONDARY
- ⊕ TERMINATED



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 31-AUGUST-2006

Application for Permit to Drill

Statement of Basis

10/25/2006

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
114	43-007-31229-00-00		WD	P	No
Operator	MARION ENERGY INC	Surface Owner-APD			
Well Name	KENILWORTH RR 1 SWD	Unit			
Field	HELPER	Type of Work			
Location	SWSE 16 13S 10E S 0 FL 0 FL GPS Coord (UTM) 517013E 4393052N				

Geologic Statement of Basis

It is unlikely that significant volumes of high quality ground water will be encountered at this location. A poorly to moderately permeable soil is most likely to be developed on Quaternary/Tertiary Pediment Mantle covering the Upper part of the Blue Gate Member of the Mancos Shale. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. No underground water right has been filed within a mile of the location.

Chris Kierst
APD Evaluator

10/25/2006
Date / Time

Surface Statement of Basis

The staked location is directly east of the town of Kenilworth, Carbon County, Utah ~ .25 mile. The Railroad #1 well and pad sits north of and adjacent to the proposed disposal well and pad. The location is located at the base of the cliffs to the east and gradually sloped terrain and drainages to the west. Dry wash drainages are located throughout the immediate and surrounding area. With its proximity to the town of Kenilworth and the rocky composition of the soil a liner in the reserve pit will be required. Storm runoff drainage will be diverted away from the pad and access road.

Mark Jones
Onsite Evaluator

10/11/2006
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator MARION ENERGY INC
Well Name KENILWORTH RR 1 SWD
API Number 43-007-31229-0 APD No 114 Field/Unit HELPER
Location: 1/4,1/4 SWSE Sec 16 Tw 13S Rng 10E 0 FL 0 FL
GPS Coord (UTM) 517009 4393055 Surface Owner

Participants

Mark Jones (DOGM), Tonya Hammond (surface rep.), Gayla Williams (Carbon County), Keri Clarke, Ben Evans, Eric Norton (Marion).

Regional/Local Setting & Topography

The staked location is directly east of the town of Kenilworth, Carbon County, Utah ~ .25 mile. The Railroad #1 well and pad sits north of and adjacent to the proposed disposal well and pad. The location is located at the base of the cliffs to the east and gradually sloped terrain and drainages to the west. Dry wash drainages are located throughout the immediate and surrounding area.

Surface Use Plan

Current Surface Use

Mining

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0	Width 200 Length 270	Onsite	

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Pinion-Juniper / sagebrush community.

Soil Type and Characteristics

gravelly clay

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

drainage diversion away from location required.

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N

Paleo Potential Observed? N

Cultural Survey Run? N

Cultural Resources? Y

Reserve Pit

Site-Specific Factors

Distance to Groundwater (feet)	>200	Site Ranking	0
Distance to Surface Water (feet)	>1000		0
Dist. Nearest Municipal Well (ft)	>5280		0
Distance to Other Wells (feet)	<300		20
Native Soil Type	Mod permeability		10
Fluid Type	Air/mist		0
Drill Cuttings	Normal Rock		0
Annual Precipitation (inches)	10 to 20		5
Affected Populations	>50		10
Presence Nearby Utility Conduits	Not Present		0

Final Score 45 1 **Sensitivity Level**

Characteristics / Requirements

Dugout earthen (130' x 50' x 10'). Liner req.

Closed Loop Mud Required? N

Liner Required? Y

Liner Thickness 12

Pit Underlayment Required? N

Other Observations / Comments

Mark Jones
Evaluator

10/11/2006
Date / Time

[utah.gov](#) [Online Services](#) [Agency List](#) [Business](#)

[Google](#)

Search Utah.gov [GO](#)

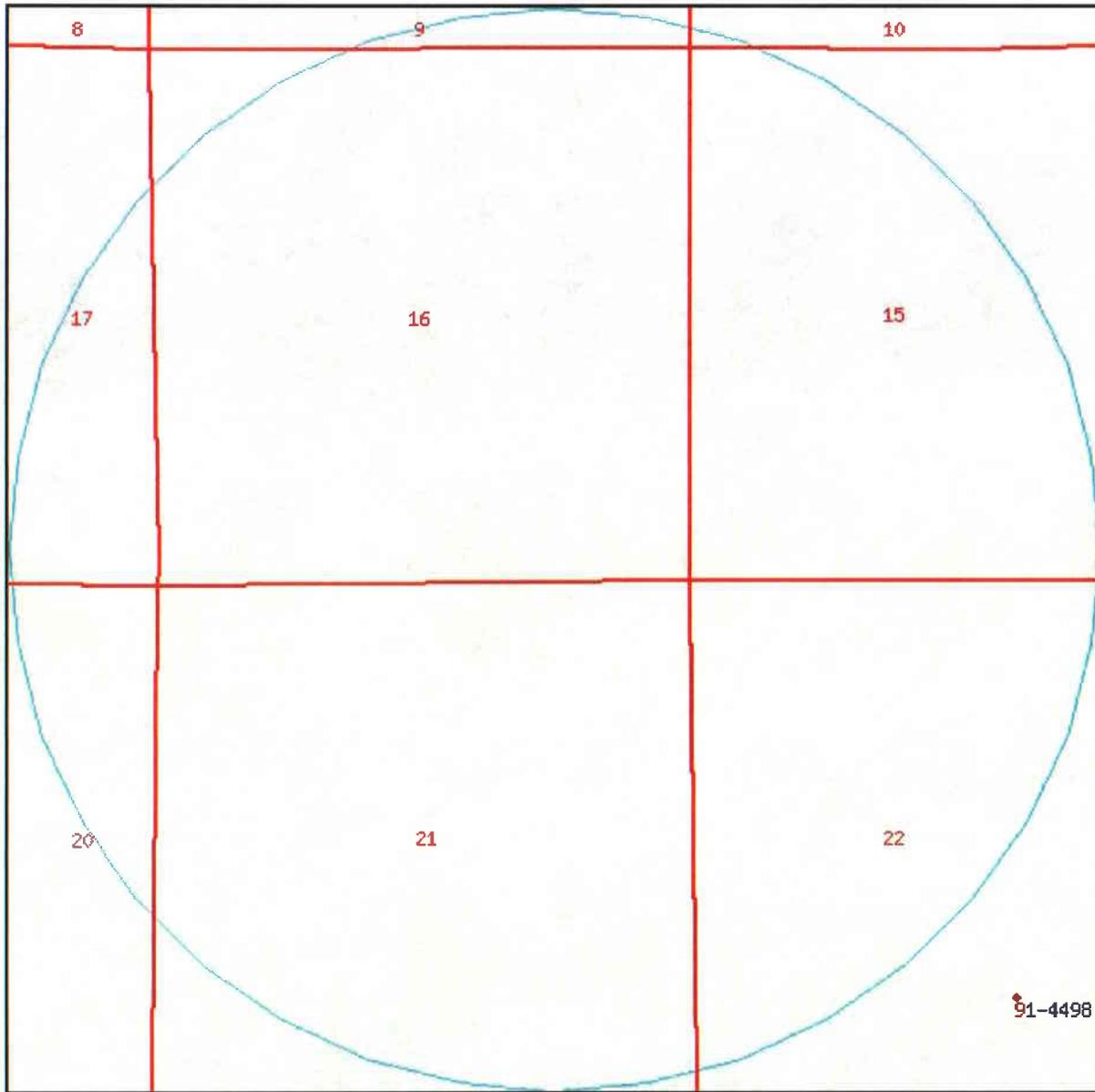


Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 10/25/2006 03:00 PM

Radius search of 5280 feet from a point N305 W1315 from the SE corner, section 16, Township 13S, Range 10E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp status=U,A,P usetypes=all



0 700 1400 2100 2800 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>91-4498</u>	Surface N1210 W2370 SE 22 13S 10E SL		P	19860625	OS	0.000	0.100	PRICE FIELD OFFICE USA BUREAU OF LAND MANAGEMENT PRICE DISTRICT

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

Casing Schematic

Surface

BHP Int.
 $0.052(4450)9.2 = 2129 \text{ psi}$
 15-3/8"
 MW 8.4
 Frac 19.3

gas
 $0.12(4450) = 534$
 $2129 + 534 = 1595 \text{ psi, MASP}$

BOPE - 3M ✓
 Burst - surf. csg
 $3090, 70\% = 2163 \text{ psi}$

Max P@ surf csg shoe
 $0.22(3950) = 869$
 $2129 + 869 = 1260 \text{ psi}$
 test to 1260 psi ✓
 (± 1000 psi surf. press.)

BHP Prod. liner
 $0.052(8803)8.4 = 3845 \text{ psi}$
 anticipate 2400 psi??
 8-5/8"
 MW 9.2
 Frac 19.3

gas
 $0.12(8803) = 1056$
 $3845 + 1056 = 2788 \text{ psi}$
 MASP
 3000 psi w/ 9ppg
 EMW press. o.k.

BOPE 3M ✓
 Burst Int. shoe
 $3930, 70\% = 2751$

Max P@ Int. csg shoe
 $0.22(4503) = 991$
 $3845 + 991 = 2854 \text{ psi}$
 5-1/2"
 MW 8.4

Test to 2751 psi ✓
 (± 800 psi surf. press.)

✓ Adequate DWD 11/1/06

15%
 18%
 TOC @ 0. ✓
 TOC @ 44. ✓
 Upper Blue Gate Shale
 to surf w/15% w/o ✓
 Surface
 500. MD

-1602' Emery "equivalent"
 -2168' Lower Blue Gate Shale

12%
 TOL @ 4300. ✓
 TOC @ 4300. ✓
 Intermediate
 4450. MD
 TOC 4306 w/16% w/o

-3810 TOC Tail
 -4177' Ferron
 -4437' Turnuck Shale
 -6806' Entrada
 -7437' Carmel
 -7634' TOC tail w/12% w/o
 -8143' Navajo
 -8606' Wingate
 Production Liner
 8803. MD

Well name:

2006-11 Marion Kenilworth RR 1 SWD

Operator: **Marion Energy, Inc**

String type: **Surface**

Project ID:

43-007-31229

Location: **Carbon County**

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: 44 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: 437 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,450 ft
Next mud weight: 8.400 ppg
Next setting BHP: 1,942 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	427.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1540	7.058 ✓	500	3090	6.18 ✓	31	595	19.51 J ✓

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

Phone: 801/538-5357
FAX: 801/539-3940

Date: November 1, 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:

2006-11 Marion Kenilworth RR 1 SWDOperator: **Marion Energy, Inc**

String type: Intermediate

Project ID:

43-007-31229

Location: Carbon County

Design parameters:**Collapse**Mud weight: 9.200 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: 127 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 600 ft

Cement top: Surface

BurstMax anticipated surface
pressure: 1,905 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 2,884 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: 3,842 ft**Non-directional string.****Re subsequent strings:**Next setting depth: 8,803 ft
Next mud weight: 8.400 ppg
Next setting BHP: 3,841 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 4,450 ft
Injection pressure: 4,450 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	4450	8.625	32.00	J-55	LT&C	4450	4450	7.875	1522.8
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	2127	2530	1.190 ✓	2884	3930	1.36 ✓	142	417	2.93 J ✓

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: 801/538-5357
FAX: 801/539-3940Date: November 1, 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 4450 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

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

Well name:

2006-11 Marion Kenilworth RR 1 SWDOperator: **Marion Energy, Inc**String type: **Production Liner**

Project ID:

43-007-31229

Location: **Carbon County****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: 188 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 4,300 ft

Liner top: 4,300 ft

Non-directional string.**Burst**Max anticipated surface
pressure: 1,905 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 3,841 psi.
9 ppg 4120 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: 8,229 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	4503	5.5	17.00	N-80	LT&C	8803	8803	4.767	587.7
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	3841	6290	1.638 ✓	3841	7740	2.02 ✓	77	348	4.55 J ✓
9 ppg	4120		1.527	4120		1.88			

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: 801/538-5357
FAX: 801/539-3940Date: November 1, 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 8803 ft, a mud weight of 8.4 ppg. The Burst strength is not adjusted for tension.

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



Marion Energy Inc.

August 31, 2006

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

RE: Exceptional Location Letter (Rule R649-3-3) Exception to Location and Siting of Wells
Kenilworth Rail Road SWD #1 (304.71ft FSL 1315.25ft FEL / SE/4 S16 13S-10E)
Helper Prospect, 13S-10E, Carbon County, Utah

Dear Ms. Whitney

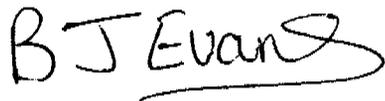
The Kenilworth Rail Road SWD #1 well is to be drilled as a Salt Water Disposal well in which Marion Energy Inc. will dispose of its produced water, similar to other disposal wells in the area, in the Navajo and Wingate formations at depths of 8143ft and 8606ft respectively.

Marion Energy Inc. respectfully seeks your permission and requests that this well is drilled at the aforementioned exceptional location due to the following reasons:

1. The well will be drilled just south of our existing Kenilworth Railroad #1 location which enables Marion Energy Inc. to minimize any further environmental impacts to the area which would arise from building further access roads as all access to this location has been established.
2. Marion Energy Inc. also seeks your permission to drill this well at the aforementioned location due to the topographical issues encountered and the limiting spatial restraints we experience when drilling in and around topographically challenging areas such as this.
3. Marion Energy Inc. is the only operator in the area, and there are no additional owners within 460ft of the proposed location.

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.



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

November 2, 2006

Marion Energy, Inc.
119 S Tennessee
McKinney, TX 75069

Re: Kenilworth Railroad #1 SWD Well, 304' FSL, 1315' FEL, SW SE, Sec. 16,
T. 13 South, R. 10 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31229.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor

Operator: Marion Energy, Inc.
Well Name & Number Kenilworth Railroad #1 SWD
API Number: 43-007-31229
Lease: Fee

Location: SW SE **Sec.** 16 **T.** 13 South **R.** 10 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. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

Page 2

43-007-31229

November 2, 2006

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

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: FEE-BH-61504
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 type="checkbox"/> OTHER <u>SWD</u>		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Marion Energy, Inc.		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste. 200 CITY McKinney STATE TX ZIP 75069		9. API NUMBER: 4300731229
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4		10. FIELD AND POOL, OR WILDCAT: Helper Field
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		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: 1/3/2007	<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>Change Casing</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<u>Sundry</u>

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

Marion Energy proposes to change intermediate and production casing for the Kenilworth Railroad #1 Salt Water Disposal Well as follows:

Intermediate casing will be changed to a 12 1/4" hole and 9 5/8", K-55, 36# will be run and cemented with 655 sx Prem. Lite cement w/ a 3.82 cuft/sk yield followed by 276 sx, 50/50 Poz with a yield of 1.41 cuft/sk.

Production string will be changed to a 8 3/4" hole and 7" N-80, 23# run to surface and cemented with 537 sx Prem. Lite with a 3.82 cuft/sk yield followed by 187 sx, 50/50 Poz with a yield of 1.41 cuft/sk as a tail.

*3/26/07
Rm*

NAME (PLEASE PRINT) <u>Charlotte Parker</u>	TITLE <u>Secretary</u>
SIGNATURE <u><i>Charlotte Parker</i></u>	DATE <u>1/3/2007</u>

(This space for State use only)

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

DATE: 3/22/07

BY: *[Signature]* (See Instructions on Reverse Side)

RECEIVED

JAN 08 2007

DIV. OF OIL, GAS & MINING

Well name:	2006-11 Marion Kenilworth RR 1 SWDrev.	
Operator:	Marion Energy, Inc	Project ID:
String type:	Production	43-007-31229
Location:	Carbon County	

Design parameters:

Collapse

Mud weight: 9.500 ppg
 Internal fluid density: 2.310 ppg

Minimum design factors:

Collapse:

Design factor 1.125

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 188 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Burst:

Design factor 1.00

Cement top: Surface

Burst

Max anticipated surface pressure: 2,408 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 4,344 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)

Non-directional string.

No backup mud specified.

Tension is based on air weight.
 Neutral point: 7,546 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	8803	7	23.00	N-80	LT&C	8803	8803	6.25	1945.7
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	3288	3830	1.165	4344	6340	1.46	202	442	2.18 J

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

Phone: 801/538-5357
 FAX: 801/539-3940

Date: March 22, 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 8803 ft, a mud weight of 9.5 ppg. An internal gradient of .12 psi/ft was used for collapse from TD to
 Burst strength is not adjusted for tension.

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

Well name:	2006-11 Marion Kenilworth RR 1 SWDrev.		Project ID:
Operator:	Marion Energy, Inc		43-007-31229
String type:	Intermediate		
Location:	Carbon County		

Design parameters:

Collapse

Mud weight: 9.200 ppg
 Internal fluid density: 2.210 ppg

Burst

Max anticipated surface pressure: 2,270 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 3,249 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: 3,844 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 127 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 600 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 8,803 ft
 Next mud weight: 9.200 ppg
 Next setting BHP: 4,207 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 4,450 ft
 Injection pressure: 4,450 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	4450	9.625	36.00	K-55	ST&C	4450	4450	8.765	1931.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1616	2020	1.250	3249	3520	1.08	160	423	2.64 J

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

Phone: 801/538-5357
 FAX: 801/539-3940

Date: March 22, 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 4450 ft, a mud weight of 9.2 ppg. An internal gradient of .115 psi/ft was used for collapse from TD to Burst strength is not adjusted for tension.

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

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: MARION ENERGY, INC

Well Name: KENILWORTH RR 1 SWD

Api No: 43-007-31229 Lease Type: FEE

Section 16 Township 13S Range 10E County CARBON

Drilling Contractor ROCKY MOUNTAIN DRLG RIG # RATHOLE

SPUDDED:

Date 10/09/07

Time 6:00 AM

How DRY

Drilling will Commence: _____

Reported by R L TATMAN

Telephone # (801) 842-1391

Date 10/10/07 Signed CHD

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

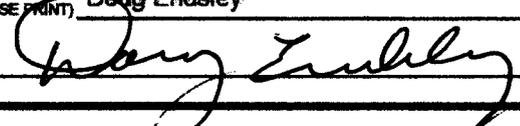
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>SWD</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
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:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4 COUNTY: Carbon		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
5. PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731229
6. QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Helper Field

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: <u>10/14/2007</u>	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <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.
Unit Drilling Rig # 132 spudded the Kenilworth Railroad # 1 SWD Well on 10-14-2007.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>10/15/2007</u>

(This space for State use only)

RECEIVED
OCT 23 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: FEE-BH-61504
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 type="checkbox"/> OTHER <u>SWD</u>		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Marion Energy, Inc.		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste. 200 CITY McKinney STATE TX ZIP 75069		9. API NUMBER: 4300731229
		10. FIELD AND POOL, OR WILDCAT: Helper Field
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		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: _____	<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 Change</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.
 As of 5:00 am 10-16-2007 13 3/8" casing had been run to +/- 900' and cementing operations were on going. Casing was run to 900' instead of 500' as per the APD in order to get at least 10% of the proposed total depth of the well covered.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE	DATE <u>10/16/2007</u>

(This space for State use only)

RECEIVED
OCT 23 2007

Marion Energy inc.

119 S Tennessee, Ste
Mckinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE October 15, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	days from spud 1	
TOTAL DEPTH 733'	Rot. Hrs 16.5	Cum Rot. Hrs 16.5	FOOTAGE DRILLED 668'	LAST CASING SIZE, WEIGHT, GRADE 20" Conductor		SET @ 65' RKB	Report No. 8
ACTIVITY AT REPORT TIME Drilling Actual W/ 17-1/2" Hammer						REPORTED BY C.E. Crow/ R.M. Crow	
REMARKS Stuck Drill String Attempting To Dust Per Hammer Hands Request						KB TO GL. 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	7:00	1.00	Drill Actual/ 65'-82'
7:00	7:30	0.50	Dry Out Hole To Dust
7:30	8:00	0.50	Lay Down 8" DC PU 6" Drill Collar
8:00	8:30	0.50	Drill Actual/ 82'-97' Hit Water/ Packed Off/ Stuck Pipe
8:30	9:30	1.00	Work pipe Free/ Start Misting/ Clean Well Bore Up
9:30	10:00	0.50	Rig Service/ Tighten Swivel Packing
10:00	13:00	3.00	Drill Actual/ 97'-175'
13:00	15:00	2.00	Circ Hole Clean/ TOOH/ MU 8" DC/ TIH
15:00	16:00	1.00	Drill Actual/ 175'-204'
16:00	16:30	0.50	Survey/ Mis-Run
16:30	17:00	0.50	Drill Actual/ 204'-235'
17:00	19:00	2.00	Survey/ 3- Mis-Runs W/ 7degree Clock/ 3/4 Degree With 14 Degree Clock @ 226'
19:00	1:00	6.00	Drill Actual/ 235'-516'
1:00	1:30	0.50	Survey @ 477' 1/2 Degree
1:30	6:00	4.50	Drill Actual/ 516'-733'

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	229/ Gallons	Boiler Hours	NA	UP 38K
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours		360 In	0 Out	DOWN 36K
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE 38K

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	1
TIME			Poly Plus	SIZE	17-1/2"
WEIGHT			Fed Seal	MFG	Atlas Copco
VIS			AL. Sterate	TYPE	Q12RDYY
WE			DAPP	TFA	Open
PV/YP			Fed-Zan	JET	Open
MBT			K-600	SERIAL NO.	121
CA			Fed 744	DEPTH OUT	733
GELS			Duragel	DEPTH IN	65
ALK			C-325	TOTAL FEET	668
PH			Max Gel	HRS	16.50
CAKE			Cotton seed hulls	T/B/G	
CL		DAILY COST	\$0.00	WT. ON BIT	8-12K
DAPP		PREVIOUS COST	\$0.00	RPM	68-70
%SOLIDS		CUMULATIVE COST	\$0.00	ROP(fph)	40.5

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	17-1/2" Hammer	6.72	MAKE	Nat	Nat	226'	3/4 Degree
1	Bit Sub	2.00	MODEL	8P80	8P80	477'	1/2 Degree
2	8" DC'S	59.91	STROKE	8.50	8.50		
1	Y/O Sub	2.62	STROKE	6.25	6.25		

RECEIVED
OCT 23 2007
DIV. OF OIL, GAS & MINING

ENTITY ACTION FORM

Operator: Marion Energy Inc. Operator Account Number: N 2740
Address: 119 S. Tennessee, Ste. 200
city McKinney
state TX zip 75069 Phone Number: (972) 540-2967

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4301530680	Ridge Runner #1-30		NESW	20	14S	7E	Emery
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<i>KB</i>	99999	<i>2550</i>	9/11/2007		<i>10/31/07</i>		
Comments: <i>FRSD BHL = Sec 30 NESW</i>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731229	Kenilworth Railroad #1 SWD		SWSE	16	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<i>A</i>	99999	<i>16456</i>	10/9/2007		<i>10/31/07</i>		
Comments: <i>WINGT</i>							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

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

Benjamin Evans

Name (Please Print)

Benjamin Evans

Signature

Landman

10/31/2007

Title

Date

(52000)

RECEIVED

OCT 31 2007

DIV. OF OIL, GAS & MINING

Kenilworth RR 1SWD
43-007-31229
16 BS 10e
SWSE

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE October 19, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 5	
TOTAL DEPTH 922'	Rot. Hrs 0	cum Rot. Hrs 21	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 54.5# STC J-55		SET @ 905' RKB	Report No. 12
ACTIVITY AT REPORT TIME Picking up tools and rigging up power swivel to wash over Kelly shuck.						REPORTED BY Richard L Tatman	
REMARKS Kelly Cemented In Rat Hole,						KB TO GL. 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	8:30	2.50	Nipple up BOP
8:30			Rig up Bop testers and test BOPE, test Inside Bop valve, Full open safety Valve, Pipe rams, Blind rams, Kill line valves, feliefe line Valves choke line and Choke Manifold to 250 PSI for 5 minutes then 3000 PSI for 10 minutes./ tested Annular preventer to 250 psi for 5 minutes then 1500 PSI for 10 minutes. / Tested Surface casing to 80% of internal burst at the shoe (1100 PSI) for 10 minutes.
	14:00	5.50	Function tested accumulator
14:00			Latch up Kelly and try to pull kelly out of Cement and Failed used Jack hammer to try to drill 1" holes
	18:00	4.00	Around kelly sock to break it free from cement, Break swivel and kelly spinner off of kelly and lay them dwn
18:00			Cut Bell off top of Kelly Sock and remove drive bushings from kelly. / Lay down 1 stand of drill collars from
	22:00	4.00	Derrick / Set in pipe racks / Unload 10 3/4" wash over pipe and all related equipment.
22:00			Pick up 2 joints of 10 3/4" wash pipe and cross overs to Power Swivel, Rig up power swivel and power Unit
	6:00	8.00	Air compressor on power swivel broken / rig up rig air to power unit for throttel and controle air.

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS				STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	340 Gallons	Boiler Hours	12hrs	UP	
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours		0 In	0 Out	DOWN	
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	TIME	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	SIZE
			Poly Plus		
			Fed Seal		
			AL. Sterate		
			DAPP		
			Fed-Zan		
			K-600		
			Fed 744		
			Duragel		
			C-325		
			Max Gel		
			Cotton seed hulls		
		DAILY COST	\$0.00		
		PREVIOUS COST	\$0.00		
		CUMULATIVE COST	\$0.00		

RECEIVED
NOV 02 2007

DIV. OF OIL, GAS & MINING

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	226'	3/4 Degree
			MODEL	8P80	8P80	477'	1/2 Degree
			STROKE	8.50	8.50	871'	1/2 Degree

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE October 27, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTRY Carbon Utah		STATE Utah	
				days from spud 13			
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 13-3/8" 54.5# STC J-55		SET @ 905' RKB	Report No. 20
ACTIVITY AT REPORT TIME Wash Casing down at 3980'						REPORTED BY Richard L Tatman	
REMARKS						KB TO GL 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	6:30	0.50	Circulate for logs
6:30	7:00	0.50	Trip in hole /Stage in (Kelly up and mist hole at 1500', 2500', 3500'. Tag up at 4057'
7:00	11:30	4.50	Pull out of hole for Loggs
11:30	12:00	0.50	Rug up loggers
12:00	13:30	1.50	First run - Triple Combo / neutron interfeared wiyh GL because no fluid in hole.
13:30	16:30	3.00	Second Run - CCL / Temp-Nose
16:30	18:30	2.00	Rig up Weatherford Casing crew.
18:30	19:00	0.50	Make up shoe and float Torque them to 4470 ft/lbs.
19:00	23:30	4.50	Run Casing to 4300' Rig up circulating equipment torque all connections to OPT. 3870 ft/lbs
23:30	1:30	2.00	Fill casing and load hole
1:30	6:00	4.50	Wash down casing from 4235 to 4340'

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS				STRING WT	
Hrs. Rig Repair	0.50	FUEL USED	1050 Gallons	Boiler Hours	24	UP	
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours		0 In	0 Out	DOWN	
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	3
TIME			Poly Plus	SIZE	12 1/4
WEIGHT			Fed Seal	MFG	Security
VIS			AL Sterate	TYPE	EBXS5245
WL			DAPP	TFA	
PV/YP			Fed-Zan	JET	OPEN
MBT			K-600	SERIAL NO.	1039401
CA			Fed 744	DEPTH OUT	4470
GELS			Duragel	DEPTH IN	4153
ALK			C-325	TOTAL FEET	317
pH			Max Gel	HRS	11.50
CAKE			Cotton seed hulls	T/B/G	
CL			DAILY COST	WT. ON BIT	18-35 K
DAPP			PREVIOUS COST	RPM	80-40
%SOLIDS			CUMULATIVE COST	ROP(fph)	27.6

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	8" PDM	42.67	MAKE	Nat	Nat	226'	3/4 Degree
2	8" DC'S	59.91	MODEL	8P80	8P80	477'	1/2 Degree
1	X/O Sub	2.62	STROKE	8.50	8.50	871'	1/2 Degree
11	16" DC'S	270.17	STROKE	6.75	6.75	1780'	0.5°

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

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

43-007-31229
16 136 10e

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE October 30, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 16	
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 23
ACTIVITY AT REPORT TIME Clean Stuffing Hole						REPORTED BY Richard Crow/Cecil Crow	
REMARKS						KB TO GL 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	08:00	2.00	Drill Out Cement Float, Shoe
08:00	9:30	1.50	Change Over To Aired Fluid
9:30	10:30	1.00	Wash And Ream F/4393 T/4470 No Fill
10:30	17:30	7.00	Actual Drill F/4470 T4581
17:30	18:00	0.50	Survey @4558' -2 Degrees
18:00	23:00	5.00	Actual Drill F4581 T/4720
23:00	0:00	1.00	Hole Pack Off /Clean Cir./ Hole
0:00	2:00	2.00	Actual Drill F/4720 T/4767
2:00	6:00	4.00	Hole Pack Off /Clean Cir./ Hole
0:00			
0:00			
0:00			

RECEIVED
NOV 08 2007
DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	1050 Gallons	Boiler Hours	24	UP 130K T/
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours		0	Out	DOWN 121K
TOTAL DAYWORK	24.00	Total H2O used on well & road		Barrels	ROTATE	98K

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	4643	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME			Poly Plus	SIZE	8 3/4
WEIGHT	8.5		Fed Seal	MFG	Smith
VIS	26		AL. Sterate	TYPE	M616
WL		80-Sks.	K.C.L.	TFA	
PV/YP			Fed-Zan	JET	18-Jun
MBT			K-600	SERIAL NO.	JX1408
CA			Fed 744	DEPTH OUT	
GELS			Duragel	DEPTH IN	4178
ALK	.4/.6		C-325	TOTAL FEET	582'
pH	10.5		Max Gel	HRS	19.00
CAKE			Cotton seed hulls	T/B/G	
CL		DAILY COST	\$0.00	WT. ON BIT	4/8K
DAPP	0.0	PREVIOUS COST	\$0.00	RPM	45/60
%SOLIDS		CUMULATIVE COST	\$0.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.23	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Stabilizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE October 31, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 17
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB
ACTIVITY AT REPORT TIME Hole Stuffing In Mixing Mud /Cir.					REPORTED BY Richard Crow/Cecil Crow	
REMARKS						KB TO GL 15

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	10:30	4.50	Hole Pack Off -Cir./Clean Hole
10:30	11:00	0.50	2 Jts. Drill Pipe
11:00	14:00	3.00	Cir. Mud Up To/30 Vis. To Get Back To Btm.
14:00	15:00	1.00	T.O.O.H. 5 Stds. To Wt./ Mud up
15:00	18:00	3.00	Cir. Mud Up To/ 60Vis./ 10 + Mud Wt.
18:00	5:00	11.00	Con. Mud / Cir. Hole
5:00	0.6.00	1.00	T.I.H. 1 Std. Cir. Hole
0.6.00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 08 2007
DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	987 Gallons	Boiler Hours	24	UP 130K T/
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours		0	Out	DOWN 121K
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE 98K

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	4643	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME		1	Poly Plus	SIZE	8 3/4
WEIGHT	8.5	30 Sks.	Fed Seal	MFG	Smith
VIS	26	2 Sks.	Dris Pack	TYPE	M616
WL		4Sks.	caustic	TFA	
PV/YP		48Sks.	Fed-Zan	JET	18-Jun
MBT		6 Sks.	platinum Pac.	SERIAL NO.	JX1408
CA		800 Sks.	Bar	DEPTH OUT	
GELS		60 Sks.	Duragel	DEPTH IN	4178
ALK	.4/.6		C-325	TOTAL FEET	582'
pH	10.5	180	Max Gel	HRS	24.00
CAKE			Cotton seed hulls	T/B/G	
CL		DAILY COST	\$5,086.00	WT. ON BIT	
DAPP	0.0	PREVIOUS COST	\$1,800.00	RPM	
%SOLIDS		CUMULATIVE COST	\$6,886.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.23	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Stabilizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 1, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 17	
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 24
ACTIVITY AT REPORT TIME Hole Sluffing In Mixing Mud /Cir.						REPORTED BY Richard Crow/Cecil Crow	
REMARKS Jarred Pipe Free @ 4725' Bring Mud Up To 11ppg & 80+vis							KB TO GL 15

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	7:30	1.50	Staging In 1 Std. At A Time Cir. /Cleaning Hole
7:30	8:00	0.50	Staging In 1 Std. At A Time Cir. /Cleaning Hole
8:00	10:30	2.50	Condition Mud & Circulate Hole Clean
10:30	11:30	1.00	TIH 3-Stds. Circ. Down
11:30	18:00	6.50	Con. Mud / Cir. Hole/ Stuck @ Bit 4725' Jarred Free/ Losing Hole
18:00	3:30	9.50	Cond. Mud & Circ./ Brought Mud Up To 10.7ppg 80+vis
3:30	6:00	2.50	Stroke Pipe To Free Up Wellbore/ Making Progress/ Gaining Back On Well/Reaming Depth 4725'
6:00			
0:00			
8:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 08 2007
DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT		
Hrs. Rig Repair	0.00	FUEL USED	987 Gallons	Boiler Hours	24	UP	130K T/
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours		0	Out	DOWN	121K
TOTAL DAYWORK	24.00	Total H2O used on well & road		Barrels		ROTATE	98K

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	4643	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME		10sks.	Lignite	SIZE	8 3/4
WEIGHT	8,5	35sks.	Fed Seal	MFG	Smith
VIS	26		Dris Pack	TYPE	M616
WL		4sks.	caustic	TFA	
PV/YP		31sks.	Fed-Zan	JET	18-Jun
MBT		6sks.	platinum Pac.	SERIAL NO.	JX1408
CA		840sks.	Bar	DEPTH OUT	
GELS			Duregel	DEPTH IN	4178
ALK	.4/.6		C-325	TOTAL FEET	582'
pH	10.5	165sks,	Max Gel	HRS	24.00
CAKE		4sks.	myacide	T/B/G	
CL			DAILY COST	\$17,763.00	WT. ON BIT
DAPP	0.0	KCL	PREVIOUS COST	\$6,886.00	RPM
%SOLIDS			CUMULATIVE COST	\$24,649.00	ROP(fph)

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.23	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Stabilizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree
1	6"	20 OR	INNER SIZE	6 7/8	6 7/8	1380'	0 5°

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 2, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 18	
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 25
ACTIVITY AT REPORT TIME Hole Sluffing In Mixing Mud /Cir.						REPORTED BY Richard Crow/Cecil Crow	
REMARKS Jarred Pipe Free @ 4725' Bring Mud Up To 11ppg & 80+vis							KB TO GL 15

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	10:00	4.00	Con. Mud /Cir. Work Pipe
10:00	10:30	0.50	Rig Service
10:30	18:00	7.50	Con. Mud /Cir. Work Pipe
18:00	12:30	6.50	Con. Mud /Cir. Work Pipe
12:30			TripOut Hole To Change Air Motor To Mud Motor
0:00			
0:00			
0:00			
0:00			
8:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 08 2007
DIV. OF OIL, GAS & MINING

Total Hours	18.50	FUEL AND WATER USE / BOILER HOURS			STRING WT		
Hrs. Rig Repair	0.00	FUEL USED	987 Gallons	Boiler Hours	24	UP	130K T/
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours	160 Bbls.		0 Out	DOWN	121K
TOTAL DAYWORK	24.00	Total H2O used on well & road	160	Barrels		ROTATE	98K

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	47676	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME	18:00	10sks.	Lignite	SIZE	8 3/4
WEIGHT	11.8	5/boxes	supersweep	MFG	Smith
VIS	84	2/5 gal.	polyswell	TYPE	M616
WL		3sks.	caustic	TFA	
PV/YP	60/80	50sks.	Fed-Zan	JET	18-Jun
MBT		8sks.	platinum Pac.	SERIAL NO.	JX1408
CA		360sks.	Bar	DEPTH OUT	4760
GELS	40/120	25sks.	asphasol	DEPTH IN	4178
ALK	.4/.6	1/5gal.	C-325	TOTAL FEET	582'
pH	9.5	104sks.	Max Gel	HRS	24.00
CAKE	2/32	5sks.	myacide	T/B/G	
CL			DAILY COST	\$22,804.00	WT. ON BIT
DAPP	0.0	KCL	PREVIOUS COST	\$17,763.00	RPM
%SOLIDS			CUMULATIVE COST	\$40,567.00	ROP(fph)

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.23	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Stablizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree
1	1 1/2" PVC	20.00	THREADED SIZE	6.75	6.75	1280'	0.5°

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 3, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	days from spud 19	
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 26
ACTIVITY AT REPORT TIME Trip Out Hole						REPORTED BY Richard Crow/Cecil Crow	
REMARKS T/O/H. Break Ever Joint Due To Over Torqued						KB TO GL. 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	14:00	8.00	T.OH./Break Every JT. Due To Over Torqued
14:00	14:30	0.50	Rig Service
14:30	17:30	3.00	T.OH./Break Every JT. Due To Over Torqued
17:30	18:00	0.50	W/O pins For Tongs
18:00	18:30	0.50	Rig Service
18:30	23:30	5.00	W/O pins For Tongs
23:30	0.6:00	6.50	T.OH./Break Every JT. Due To Over Torqued
0.6:00			
0:00			
8:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 08 2007
DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS				STRING WT & MINING	
Hrs. Rig Repair	0.00	FUEL USED	850 24hrs	Boiler Hours	24	UP	56,000
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours	0	24	0	DOWN	
TOTAL DAYWORK	24.00	Total H2O used on well & road	0	Barrels		ROTATE	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	47676	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	4
TIME	7:30am	1sks	pac-r	SIZE	8 3/4
WEIGHT	12.1	1box	supersweep	MFG	Smith
VIS	133	2sks	polyswell	TYPE	M616
WL		1sks	caustic	TFA	
PV/YP	52/30		Fed-Zan	JET	18-Jun
MBT		1sks	platinum Pac.	SERIAL NO.	JX1408
CA		440	Bar	DEPTH OUT	4760
GELS	18/65	125sks	asphasol	DEPTH IN	4178
ALK	4/6		C-325	TOTAL FEET	582'
pH	10		Max Gel	HRS	24.00
CAKE	2/32		1-5gal	myacide	T/B/G
CL			DAILY COST	\$14,648.00	WT. ON BIT
DAPP	0.0	KCL	PREVIOUS COST	\$40,567.00	RPM
%SOLIDS	0.75		CUMULATIVE COST	\$62,101.00	ROP(fph)

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.23	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Stabilizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree
1	6" DC	20 OR	INNER SIZE	6 7/8	6 7/8	1280'	0°

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 4, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 20
TOTAL DEPTH 4470'	Rot. Hrs 0	cum Rot. Hrs 74.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		Report No. 22
ACTIVITY AT REPORT TIME Trip In Hole					SET @ 4306' RKB	27
REMARKS Check Torque On Drill Pipe to 2950/ Collars To 3900+						REPORTED BY Richard Crow/Cecil Crow
						KB TO GL 15

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	12:30	6.50	T.O.H. Break Ever Joint/ Layed Stabilizer & Mud Motor
12:30	16:30	4.00	T.I.H. With Mud Motor/Bit/ B.H.A. & 1Std. Drill Pipe
16:30	18:00	1.50	Cut Off 120' Of Drill Line
18:00	21:00	3.00	Slip Drill Line Adjust Brakes
21:00	23:30	2.50	Trip In Hole Check Torque On Every Joint To 2950 Ft./Lbs.
23:30	0:30	1.00	Clean L.C.M. Out Mud Pumps
0:30	3:30	3.00	Trip In Hole Check Torque On Every Joint To 2950 Ft./Lbs.
3:30	6:00	2.50	Wash Ream To Bottom
6:00			
8:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 08 2007
DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT.	
Hrs. Rig Repair	0.00	FUEL USED	975	24hrs	Boiler Hours	24
Hrs. Mob./Demol	0.00	Bbls. Water hauled last 24 hours		300	0	Out
TOTAL DAYWORK	24.00	Total H2O used on well & road		100	Barrels	ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	4760	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	3
TIME	7:30am		pac-r	SIZE	8 3/4
WEIGHT	12.1		supersweep	MFG	Smith
VIS	133		polywell	TYPE	M616
WL			caustic	TFA	
PV/YP	52/30		Fed-Zan	JET	18-Jun
MBT			platinum Pac.	SERIAL NO.	JX1408
CA			Bar	DEPTH OUT	4760
GELS	18/65		asphasol	DEPTH IN	4178
ALK	.4/6		C-325	TOTAL FEET	582'
pH	10		Max Gel	HRS	24.00
CAKE	2/32		myacide	T/B/G	
CL		DAILY COST	\$0.00	WT. ON BIT	5/12K
DAPP	0.0	KCL	PREVIOUS COST	\$140,567.00	RPM
%SOLIDS	0.75		CUMULATIVE COST	\$62,101.00	ROP(fph)
					60

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.00	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Stabilizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree
12	6" DC	330.47	LINER SIZE	6.25	6.25	1389'	0.5°
1	Jars	29.02	SPM	92		1877'	1°

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

43-007-31229

16 135 10e

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 6, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 22	
TOTAL DEPTH 4968'	Rot. Hrs 49	cum Rot. Hrs 123.5	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 29
ACTIVITY AT REPORT TIME Trip Out Of Hole/ Pick Up P.D.C. Bit						REPORTED BY Richard Crow/Cecil Crow	
REMARKS						KB TO GL. 15	

TIME LOG			ACTIVITY DETAIL
FROM		HOURS	
6:00	15:00	9.00	Actual Drill F/ 4823 T/4887
15:00	15:30	0.50	Rig Service
15:30	18:00	2.50	Actual Drill 4887 T/4898'
18:00	3:00	9:00	ACTUAL Drill 4898' T/4968'
3:00	4:30	1.50	Cir. To Trip out Hole Set Kelly Back
4:30	6:00	1.50	T.O.H./ To Pick Up PDC Bit.
6:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 19 2007

DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS				STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	1095	24hrs	Boiler Hours	24	UP
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours			500	0	DOWN
TOTAL DAYWORK	24.00	Total H2O used on well & road			250	Barrels	ROTATE
							65/70 R.P.M.

MUD RECORD		MUD MATERIALS USED		BIT RECORD			
DEPTH	4887'	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	3	4	
TIME	15:00	2sks	pac-r	SIZE	8 3/4	8 3/4	
WEIGHT	11	8	reho	MFG	Smith		
VIS	57+	196sks	Kcl	TYPE	M616	HP53	
WL	6.6	1sks	caustic	TFA			
PV/YP	35/30	10sks	Fed-Zan	JET	18-Jun	28-Mar	
MBT		1sks	platinum Pac.	SERIAL NO.	JX1408	DA3768	
CA		2	superlo	DEPTH OUT	4760	4968'	
GELS	8/24			DEPTH IN	4178	4760	
ALK	.15/.6	1	C-325	TOTAL FEET	582'	207'	
pH	9	10sks	Sawdust	HRS	24.00	49.00	
CAKE	2/32	4bks	myacide	T/B/G			
CL	3,600	DAILY COST		WT. ON BIT		12/35 K.	
KCL	0.1	PREVIOUS COST		RPM		65/70	
%SOLIDS	15.00	CUMULATIVE COST		ROP(fph)		5/20'	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.00	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91 ##	MODEL	8P80	8P80	477'	1/2 Degree
1	Stabilizer	5.71	STROKE	8.50	8.50	871'	1/2 Degree
12	6" DC	330.47	LINER SIZE	6.25	6.25	1389'	0.5°
1	Jars	29.02	SPM	120		1877'	1°

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 7, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 23	
TOTAL DEPTH 4968'	Rot. Hrs 0	cum Rot. Hrs 125	FOOTAGE DRILLED 0	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 30
ACTIVITY AT REPORT TIME Bringing Vis & Wt. Back UP						REPORTED BY Richard Crow/Cecil Crow	
REMARKS Hole Sluffing In /Lost Control Of Water Zone Cuting Vis / Weight Down. Am At Present Gaining On It.							KB TO GL. 15

TIME LOG			ACTIVITY DETAIL
FROM		HOURS	
6:00	8:00	2.00	Trip Hole Pick UP PDC Bit
8:00	9:30	1.50	Rig Service Changed Oil On Floor Motors
9:30	13:30	4.00	Wait On Shock Sub
13:30	18:00	4.50	Trip In Hole
18:00	20:30	2.50	Trip In Hole Hit Bridge /90' From Bottom Lost Cir.
20:30	21:00	0.50	Trip Out 6 Stands
21:00	0:00	3.00	Condition Mud /Circulate Hole / Regain Cir.
0:00	1:30	1.50	Trip In 4 Stands /Reaming To Bottom
1:30	2:30	1.00	LD 6-Jts DP/ TIH 2-Stds
2:30	3:30	1.00	Reaming & Circulating
3:30	6:00	2.50	Circulate & Condition Mud/ Mixing LCM & Bringing Wt. & Vis Up To Hold Back Sluffing Shales
6:00			
0:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 19 2007

DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT		
Hrs. Rig Repair	0.00	FUEL USED	785 24hrs	Boiler Hours	24	UP	127k
Hrs. Mob./Demob	0.00	Bbbs. Water hauled last 24 hours	0		0 Out	DOWN	98k
TOTAL DAYWORK	24.00	Total H2O used on well & road	300	Barrels		ROTATE	65/70 R.P.M.

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	4980'	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	5
TIME	10:00	1sks	pac-r	SIZE	8 3/4
WEIGHT	11.3	4sks	reho	MFG	Smith
VIS	60	49sks	Kcl	TYPE	M616VSPX
WL	6.6	1sks	caustic	TFA	
PV/YP	40/32	5sks	Fed-Zan	JET	3x16/ 3x20
MBT			aspitasol	SERIAL NO.	JW7325
CA		1sks	superlo	DEPTH OUT	
GELS	11/28	10sks	Durogel	DEPTH IN	
ALK	.15/.6	40	barite	TOTAL FEET	4968'
pH	8.5	2sks	Soda Ash	HRS	
CAKE	2/32	1/5gal.	myacide	T/B/G	
CL	3,600	DAILY COST	\$4,377.00	WT. ON BIT	
KCL	0.1	PREVIOUS COST	\$85,929.00	RPM	
%SOLIDS	17.00	CUMULATIVE COST	\$90,306.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.00	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.91	MODEL	8P80	8P80	477'	1/2 Degree
1	Shock Sub	7.88	STROKE	8.50	8.50	871'	1/2 Degree
1	IBS	5.71	LINER SIZE	6.25	6.25	1389'	0.5°
12	6" Drill Collars		SPM			1877'	1°
1	Jars	31.80	GPM			2196'	1°
6	6" Drill Collars		SURF PRESSURE			2810'	1°

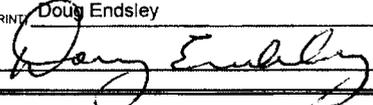
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT 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.		
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>SWD</u>	8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD	
2. NAME OF OPERATOR: Marion Energy, Inc.		9. API NUMBER: 4300731229
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste. 200 McKinney TX 75069		10. FIELD AND POOL, OR WILDCAT: Helper Field
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4 COUNTY: Carbon		
OTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E 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"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <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"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/21/2007	<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>Report</u>	

12 DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Currently tripping for bit @ 6540' KB at the base of the Morrison formation. Intermediate casing was run as follows: Ran 104 jts, 9 5/8", 36 #, J-55, ST & C set @ 4340' KB. Cement w/ 600 sx, 11 ppg, 3.82 yeild as lead followed with 300 sks, 14.2 ppg, 1.26 yeild. Floats held. Circulated 20 bbls to surface.

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

(This space for State use only)

(5/2000)

(See instructions on Reverse Side)

RECEIVED
NOV 23 2007
DIV. OF OIL, GAS & MINING

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 15, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 31	
TOTAL DEPTH 5882	Rot. Hrs 5	cum Rot. Hrs 227	FOOTAGE DRILLED 20"	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. 38
ACTIVITY AT REPORT TIME Bumping mud weight up to 11.9+ to pull out of hole						REPORTED BY Richard L Tatman	
REMARKS The well is still flowing when we try to tri out / flirs are getting smaller as we increase the weight.							KB TO GL 15

TIME LOG			ACTIVITY DETAIL
FROM		HOURS	
6:00	10:30	4.50	Drilling 8 3/4" hole with mud motor from 5862' to 5878'
10:30	12:00	1.50	Rig repairs / Work on Pump #2 Swabbs / Pump #1 will not idle up enough to allow us enough stk to drill
12:00	13:00	1.00	Drilling 8 3/4" hole with mud motor from 5878' to 5882' bring mud weight up to 11.7+ ppg from 11.5
13:00	13:30	0.50	Condition mud circulate pump pill.
13:30			Set kelly back / drop Survey / Work pipe while waiting for survey/ Pull out of hole 1 stand/ well flowing 15 to
	14:30	1.00	20 Galons/minute Totaling 7 bbl gain / Stuck pipe.
14:30	18:00	3.50	Work stuck pipe / Jar Down with 45 K keep 1300 psi on drill string / free pipe obtain circulation work hole
18:00			Condition mud and Circulate Weight mud up to 11.8+-11.9 ppg / we saw 12 to 15 fot flair while circulating
	3:00	9.00	To weight up Bottoms up gas.
3:00	5:00	2.00	Single out of hole with kelly / pump out 9 joints / Check for flow Well Flowing.
5:00	6:00	1.00	Condition mud circulate gas out and bump weight up to 11.9 to 11.9+

RECEIVED

NOV 23 2007

DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS				STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	1235	Boiler Hours	24	UP	138,000
Hrs. Mob./Demob	0.00	Ebls. Water hauled last 24 hours	200	In	0	DOWN	134,000
TOTAL DAYWORK	24.00	Total H2O used on well & road		Barrels		ROTATE	136,000

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	5797	NO. OF SACKS/LBS		BIT NO.	6
TIME	19:00		0	SIZE	8 3/4
WEIGHT	11.7+			MFG	Reed
VIS	45			TYPE	HP 52 XKPR
WL	4.4			TFA	
PV/YP	21/10		20	DET	open
MBT	8%			SERIAL NO.	MR1446
CA	30			DEPTH OUT	
GELS	2/9			DEPTH IN	5410
ALK	.15/.8			TOTAL FEET	452
pH	9			HRS	45.50
CAKE	2/32		400	T/B/G	
CL	24,000	DAILY COST	\$9,592.00	WT. ON BIT	18-40 K
RCL	5.5	PREVIOUS COST	\$136,272.00	RPM	80/40
%SOLIDS	20.00	CUMULATIVE COST	\$145,864.00	ROP(fph)	9.9

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.00	MAKE	Nat	Nat	226'	3/4 Degree
1	Mud Motor	32.07	MODEL	8P80	8P80	477'	1/2 Degree
1	Shock Sub	7.88	STROKE	8.50	8.50	871'	1/2 Degree
1	IBS	5.71	LINER SIZE	6.25	6.25	1389'	0.5°
12	6" Drill Collars	330.47	SPM	124		1877'	1°

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:
FEE-BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT 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.

1. TYPE OF WELL OIL WELL GAS WELL OTHER SWD

8. WELL NAME and NUMBER:
Kenilworth Railroad # 1 SWD

2. NAME OF OPERATOR:
Marion Energy, Inc.

9. API NUMBER:
4300731229

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 WILDCAT:
Helper Field

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **304.71 ft FSL 1315.25ft FEL /SE/4**

COUNTY: **Carbon**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SWSE 16 13S 10E**

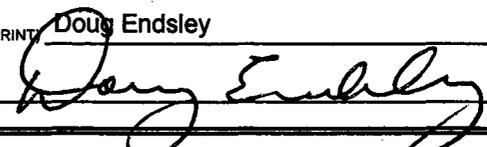
STATE: **UTAH**

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: 11/21/2007	<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>Report</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.

Currently tripping for bit @ 6540' KB at the base of the Morrison formation. Intermediate casing was run as follows: Ran 104 jts, 9 5/8", 36 #, J-55, ST & C set @ 4340' KB. Cement w/ 600 sx, 11 ppg, 3.82 yeild as lead followed with 300 sks, 14.2 ppg, 1.26 yeild. Floats held. Circulated 20 bbls 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

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 26, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 42	
TOTAL DEPTH 6518'	Rot. Hrs 0	cum Rot. Hrs 321	FOOTAGE DRILLED	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. . 49
ACTIVITY AT REPORT TIME Cir. Hole W/O/ Parts to repair rig					REPORTED BY Richard Crow /Cecil Crow		
REMARKS Code 8 for 18 hrs						KB TO GL. 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	HOURS	
6:00	6:00	12.00	Cir. Hole/ wait on parts to repair rig. Code 8.
6:00	00:00	6.00	Code 8
00:00	0.6.00	6.00	Trip in hole layed 24 jts./ Reaming to bottom
0.6.00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
NOV 30 2007

DIV. OF OIL, GAS & MINING

Total Hours	6.00	FUEL AND WATER USE / BOILER HOURS			STRING WT		
Hrs. Rig Repair	0.75	FUEL USED	695	Boiler Hours	24	UP	140,000
Hrs. Mob./Demob	0.00	Bbls. Water hauled last 24 hours	180		0 Out	DOWN	136,000
TOTAL DAYWORK	6.75	Total H2O used on well & road	90	Barrels		ROTATE	138,000

MUD RECORD		MUD MATERIALS USED		BIT RECORD		
DEPTH	4409'	NO. OF SACKS/LBS		BIT NO.	7	8
TIME	0.5.00am		10	SIZE	8 3/4	8 3/4
WEIGHT	12.2+			MFG	Security	Reed/Hycolog
VIS	60+			TYPE	EBXS30S	DSR616M-F1
WL	10.6			TFA		
PV/YP	26/18			JET	open	6x16
MBT	0%			SERIAL NO.	10771585	115839
CA	440		40	DEPTH OUT	6518'	
GELS	7/13			DEPTH IN	5882'	6518'
ALK	.0/.7		40	TOTAL FEET	636	0
pH	9			HRS	97.00	
CAKE	2/32		520	T/B/G	3,5,wt,a,e,1,fc,pr	
CL	27,000	DAILY COST	\$11,383.00	WT. ON BIT	30/45k	
KCL	5.0	PREVIOUS COST	\$222,139.00	RPM	60/70	
%SOLIDS	22.00	CUMULATIVE COST	\$230,886.00	ROP(fph)	6.6	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	Bit	1.00	MAKE	Nat	Nat	5790	1°
1	Mud Motor	36.50	MODEL	8P80	8P80		
1	Non Rotating Stab	6.09	STROKE	8.50	8.50		
12	6" Drill Collars	330.47	LINER SIZE	6.25	6.25		
1	Jars	31.72	SPM	124			
6	6" Drill Collars	181.84	GPM	412.00			

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE November 29, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 45	
TOTAL DEPTH 6518'	Rot. Hrs 0	cum Rot. Hrs 321	FOOTAGE DRILLED	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. . 52
ACTIVITY AT REPORT TIME Triping in hole/with mill & junk basket					REPORTED BY Richard Crow / Cecil Crow		KB TO GL. 15

TIME LOG			ACTIVITY DETAIL
FROM			
6:00	16:00	10.00	Reaming F5212 T5325
16:00	17:00	1.00	Mix&pump pill
17:00	18:00	1.00	Check flow & blow down kelly
18:00	23:00	5.00	T/O/O/H
23:00	0:00	1.00	Lay down tools
0:00	3:00	3.00	Test B.O.P.
3:00	5:00	2.00	P ick up tolls
5:00	6:00	1.00	Trip in hole
			B.O.P. Test 300 /3000psi -Ok
			Inside & outside choke line value 300 /3000 psi.--Ok
			Primary & Secondary values 300 /3000 psi.--Ok
			Hydrill 300 /1500 psi.--Ok
			choke manifold--300 / 3000psi.--Ok
			Upper kelly & Floor value 300 /3000psi --Ok
			Kill line 300 / 3000psi--Ok

RECEIVED

DEC 10 2007

DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS				STRING WT	
Hrs. Rig Repair		FUEL USED	655	Boiler Hours	24	UP	
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours	270		0	DOWN	
TOTAL DAYWORK		Total H2O used on well & road	175	Barrels		ROTATE	

MUD RECORD		MUD MATERIALS USED			BIT RECORD		
DEPTH	5179'	NO. OF SACKS/LBS	PRODUCT NAME		BIT NO.	8	9
TIME	8:30am	5	Reno		SIZE	8 3/4	8 3/4
WEIGHT	12.3	6	Pac-ul		MFG	Reed/Hycolog	Mill
VIS	62	2	Pac-r		TYPE	DSR616M-F1	
WL	6.8	5	caustic		TFA		
PV/YP	36/24	5	Fed-Zan		JET	16-Jun	open
MBT		8	aspitasol		SERIAL NO.	10771585	
CA	440	60	Durgel		DEPTH OUT		
GELS	7/13	10	maxGel		DEPTH IN	6518	
ALK	.2/1.2	2	Myacide		TOTAL FEET	0	0
pH	9.5	2	Soda Ash		HRS		
CAKE	2/32	830	Barite		T/B/G		
CL	29,000		DAILY COST	\$18,794.00	WT. ON BIT		
KCL	6.0		PREVIOUS COST	\$222,139.00	RPM		
%SOLIDS	22.00		CUMULATIVE COST	\$249,680.00	ROP(fph)		

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	mill	1.74	MAKE	Nat	Nat	5790	1°
1	junk basket	6.76	MODEL	8P80	8P80		
1	6"Drill Collar	30.98	STROKE		8.50		
1	Shock Sub	7.78	LINER SIZE		6.25		
1	5		SPM				
11	Drill Colla		GPM				

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
FEE-BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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 SWD

8. WELL NAME and NUMBER:
Kenilworth Railroad # 1 SWD

2. NAME OF OPERATOR:
Marion Energy, Inc.

9. API NUMBER:
4300731229

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 WILDCAT:
Helper Field

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **304.71 ft FSL 1315.25ft FEL /SE/4**

COUNTY: **Carbon**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SWSE 16 13S 10E**

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>12/23/2007</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 checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

In an effort to minimize potential damage from mud contamination to the Navajo section, Marion Energy proposes the following changes to the KRR #1 SWD. We plan to run 7", 23# P-110 casing to a depth of approx. 8085' just above the Navajo to surface, with a stage tool set at +/- 5400'. We will two stage cement the pipe as follows. First stage will be 600 sx, 50/50 poz, 1.25 yeild, 14#ppg slurry weight. The stage tool will be opened and circulated for 3 hours minimum. Second stage will consist of 295 sx, 50 50 poz, 1.25 yeild and 14 ppg slurry weight. Cement will be circulated into 400' into the 9 5/8" intermediate casing overlap. We will drill the Navajo with a 6 1/4" bit and an air foam or polymer system. We will then run 5 1/2", 17#, N-80 casing as a liner with 200' of overlap in the 7". The liner hangar will consist of a dual pack-off with tie-back assembly for pressure seal between casing strings.

COPY SENT TO OPERATOR
Date: 1-3-2008
Initials: ES

NAME (PLEASE PRINT) Doug Endsley

TITLE VP Operations

SIGNATURE Doug Endsley

DATE 12/19/2007

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
(See Instructions on Reverse Side)

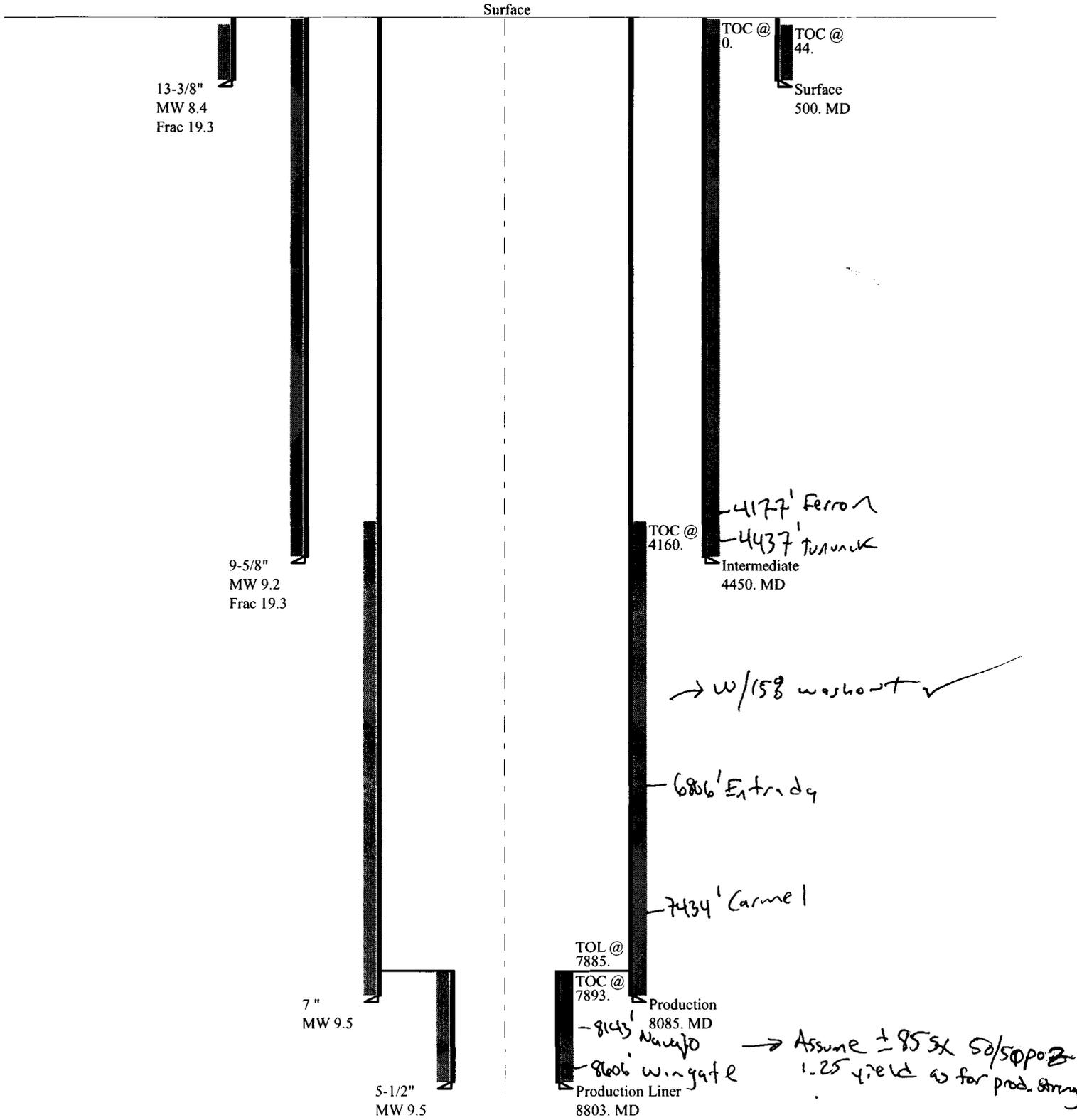
DATE: 12/27/07
BY: [Signature]
* Liner Cemented from TD to liner T8P

RECEIVED
DEC 27 2007

DEPT. OF OIL, GAS & MINING

2006-11 Marion Kenilworth RR 1 SWDrev.

Casing Schematic



Well name:	2006-11 Marion Kenilworth RR 1 SWDrev.	
Operator:	Marion Energy, Inc	Project ID:
String type:	Production	43-007-31229
Location:	Carbon County	

Design parameters:	Minimum design factors:	Environment:
<u>Collapse</u>	<u>Collapse:</u>	H2S considered? No
Mud weight: 9.500 ppg	Design factor 1.125	Surface temperature: 65 °F
Design is based on evacuated pipe.		Bottom hole temperature: 178 °F
		Temperature gradient: 1.40 °F/100ft
		Minimum section length: 1,500 ft
	<u>Burst:</u>	Cement top: 4,160 ft
	Design factor 1.00	
<u>Burst</u>		
Max anticipated surface pressure: 2,211 psi	<u>Tension:</u>	Non-directional string.
Internal gradient: 0.220 psi/ft	8 Round STC: 1.80 (J)	
Calculated BHP 3,990 psi	8 Round LTC: 1.80 (J)	
No backup mud specified.	Buttress: 1.60 (J)	
	Premium: 1.50 (J)	
	Body yield: 1.50 (B)	
	Tension is based on air weight.	
	Neutral point: 6,930 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	8085	7	23.00	P-110	LT&C	8085	8085	6.241	1787.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3990	4440	1.113	3990	8720	2.19	186	732	3.94 J

Not a common grade pipe @ this wt.
 Probably O.K. → expect some internal fluid

Prepared by: Helen Sadik-Macdonald Div of Oil, Gas & Minerals	Phone: 801/538-5357 FAX: 801/539-3940	Date: December 27, 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 8085 ft, a mud weight of 9.5 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:	2006-11 Marion Kenilworth RR 1 SWDrev.	
Operator:	Marion Energy, Inc	Project ID:
String type:	Production Liner	43-007-31229
Location:	Carbon County	

Design parameters:

Collapse

Mud weight: 9.500 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 3,288 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 4,344 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: 8,673 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 188 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 7,893 ft

Liner top: 7,885 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	903	5.5	17.00	N-80	LT&C	8803	8803	4.767	117.9
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	4344	6290	1.448	4344	7740	1.78	15	348	22.67 J

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

Phone: 801/538-5357
 FAX: 801/539-3940

Date: December 27, 2007
 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 8803 ft, a mud weight of 9.5 ppg. The Burst strength is not adjusted for tension.

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

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

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 <u>SWD</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
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:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		9. API NUMBER: 4300731229
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper Field
STATE: UTAH		

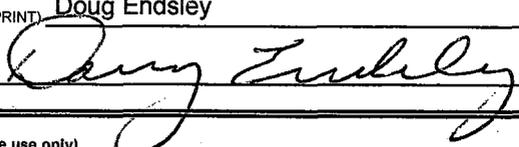
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>12/23/2007</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 checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

In an effort to minimize potential damage from mud contamination to the Navajo section, Marion Energy proposes the following changes to the KRR #1 SWD. We plan to run 7", 23#, P-110 casing to a depth of approx. 8085' just above the Navajo to surface, with a stage tool set at +/- 5400'. We will two stage cement the pipe as follows. First stage will be 600 sx, 50/50 poz, 1.25 yeild, 14#ppg slurry weight. The stage tool will be opened and circulated for 3 hours minimum. Second stage will consist of 295 sx, 50 50 poz, 1.25 yeild and 14 ppg slurry weight. Cement will be circulated into 400' into the 9 5/8" intermediate casing overlap. We will drill the Navajo with a 6 1/4" bit and an air foam or polymer system. We will then run 5 1/2", 17#, N-80 casing as a liner with 200' of overlap in the 7". The liner hangar will consist of a dual pack-off with tie-back assembly for pressure seal between casing strings.

COPY SENT TO OPERATOR
Date: 1-9-2008
Initials: KS

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>12/19/2007</u>

(This space for State use only)

Email copy approved 12/27/07 DUD

RECEIVED
DEC 31 2007

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 20, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 66	
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4306' RKB	Report No. . 73
ACTIVITY AT REPORT TIME Circulating condition mud.						REPORTED BY Richard L Tatman	
REMARKS Short trip went without any problems.						KB TO GL 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	Hours	
6:00	12:30	6.50	Drilling with Mud Motor from 7946' to 8016'.
12:30	13:00	0.50	Lubricate rig
13:00	20:00	7.00	Drilling with Mud Motor from 8016" to 8085'.
20:00	0:30	4.50	Circulate and condition
0:30	1:00	0.50	Set back kelly and blow down
1:00	6:00	5.00	Short trip to 4300' and back to bottom.
RECEIVED			
JAN 02 2008			
DIV. OF OIL, GAS & MINING			

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT		
Hrs. Rig Repair		FUEL USED	1325	Boiler Hours	24	UP	145,000
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours		300	0 Out	DOWN	130,000
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE	140,000

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	8085.00	NO. OF SACKS/LBS		BIT NO.	13
TIME	19:30		235	SIZE	8 3/4
WEIGHT	11.5		250	MFG	Smith
VIS	64		45	TYPE	FH40 VPS
WL	4.4		0	TFA	
PV/YP	19/9		28	JET	Open
MBT	15.00		0	SERIAL NO.	PG1602
CA	0		6	DEPTH OUT	8085
GELS	4/8		4	DEPTH IN	7468
ALK	.35/.5		75	TOTAL FEET	617
pH	9.5		19	HRS	73.00
CAKE	2/32		0	T/B/G	
CL	57,000	DAILY COST	\$18,784.00	WT. ON BIT	36 to 44 K
KCL	8.5	PREVIOUS COST	\$568,004.00	RPM	56/80
%SOLIDS	18.00	CUMULATIVE COST	\$586,788.00	ROP(fph)	8.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	8 3/4" Bit	1.50	MAKE	Nat	Nat	5790	1°
1	Mud Motor	33.08	MODEL	8P80	8P80	7316'	1.5°
1	Shock sub	6.89	STROKE	8.50	8.50		
17	6"Dc	512.50	LINER SIZE	6.25	6.25		
1	Jars	31.03	SPM	105			
12	4 1/2" HW/DND	366.27	CPM	3.22			

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 21, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 67	
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 9-5/8" 36# J-55 STC		SET @ 4335' RKB	Report No. . 74
ACTIVITY AT REPORT TIME Code 8 rig repair						REPORTED BY RM Crow/ CE Crow	
REMARKS						KB TO GL 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	Hours	
6:00	8:30	2.50	Cir. For logs
8:30	18:00	9.50	Trip out of hole
18:00	19:00	1.00	Rig up wireline for logs
19:00	0.12:30	5.50	Ran logs to 8073'
0.12:30	0.1.;00	1.00	Rig down loggers
0.1.;00	2:00	1.00	Rig service
2:00	6:00	4.00	Code 8 /working on brakes
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: auto;"> <p style="font-size: 24px; margin: 0;">RECEIVED</p> <p style="font-size: 20px; margin: 0;">JAN 02 2008</p> <p style="font-size: 16px; margin: 0;">DIV. OF OIL, GAS & MINING</p> </div>			

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS		STRING WT	
Hrs. Rig Repair	4;00	FUEL USED	37"	Boiler Hours	24
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours		0	Out
TOTAL DAYWORK	20.00	Total H2O used on well & road		Barrels	ROTATE
					145,000
					130,000
					140,000

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	13
TIME			Duragel	SIZE	8 3/4
WEIGHT			Gel	MFG	Smith
VIS			KCL	TYPE	FH40 VPS
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	Open
MBT			Pollyswell	SERIAL NO.	PG1602
CA			Soda Ash	DEPTH OUT	8085
GELS			Cotton seed	DEPTH IN	7468
ALK			Sawdust	TOTAL FEET	617
pH			Mica	HRS	73.00
CAKE			Barite	T/B/G	
CL		DAILY COST	\$0.00	WT. ON BIT	36 to 44 K
KCL		PREVIOUS COST	\$568,004.00	RPM	56/80
%SOLIDS		CUMULATIVE COST	\$568,004.00	ROP(fph)	8.0

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
1	8 3/4" Bit	1.50	MAKE	Nat	Nat	5790	1°
1	Mud Motor	33.08	MODEL	8P80	8P80	7316'	1.5°
1	Shock sub	6.89	STROKE	8.50	8.50		
17	6"Dc	512.50	LINER SIZE	6.25	6.25		
1	Jars	31.03	SPM	105			
12	4 1/2" HMDD	366.27	CPM	3.22			

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 24, 2007	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 70	
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 7" /23# /P110		SET @ 8031.39	Report No. 78
ACTIVITY AT REPORT TIME						REPORTED BY RM Crow/ CE Crow	
REMARKS						KB TO GL 15	

TIME LOG			ACTIVITY DETAIL
FROM	TO	Hours	
6:00	16:00	10.00	Ran 7" casing / Landed casing at 8031'
16:00	18:00	2.00	Rig casing crew /rig up circ. Swedge
18:00	4:30	10.50	Conditon mud/ build volume to kill well
4:30			Rig up cement head /Pressure test 3500psi./ pump 20 bbls fresh water/ pump 425 sks. 50/50poz
0:00		0.6:00	14.2ppg/ 1.26 yield/ 5.75 gal sk. Pump 95.1kcl disp./ 224 bbls. Mud
0:00			
0:00			
0:00			
0:00			

RECEIVED

JAN 02 2008

DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair		FUEL USED	40"	Boiler Hours	24	UP
Hrs. Mob./ Demob		Bbls. Water hauled last 24 hours		0	Out	DOWN
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME			Duragel	SIZE	
WEIGHT			Gel	MFG	
VIS			KCL	TYPE	
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	
MBT			Pollyswell	SERIAL NO.	
CA			Soda Ash	DEPTH OUT	
GELS			Cotton seed	DEPTH IN	
ALK			Sawdust	TOTAL FEET	
pH			Mica	HRS	
CAKE			Barite	T/B/G	
CL		DAILY COST	\$0.00	WT. ON BIT	
KCL		PREVIOUS COST	\$568,004.00	RPM	
%SOLIDS		CUMULATIVE COST	\$568,004.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	5790	1°
			MODEL	8P80	8P80	7316'	1.5°
			STROKE	8.50	8.50		
			LINER SIZE	6.25	6.25		
			SPM	105			
			GPM	322			

Marion Energy inc.

119 S Tennessee, Ste
Mckinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 25, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 71
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 7" /23# /P110		Report No. . 78
ACTIVITY AT REPORT TIME Wait on cement/ Set Pack-Off Tool					REPORTED BY RM Crow/ CE Crow	
REMARKS Well bore started flowing @12:00am						KB TO GL. 15

TIME LOG			
FROM	TO	Hours	
6:00	7:00	1.00	Drop D.V.tool bomb
7:00	8:30	1.50	Open DV tool with 700 to 1000psi.
8:30	12:00	3.50	Circulate 4to 6 hrs.let stage 1 set up
12:00	13:30	1.50	Rig up to pump 2nd stage 475 sks.,50/50 poz.wt. 14.2 ,yield 1.26 ,5.75 gal. sks. / 435sks. Hi fill type 5
13:30	18:00	4.50	wt.11, yield 3.82 / 23 gal. sks.Rig down cementers .Rig up to land pack-off in well head
18:00	6:00	12.00	Wait on cement / Landed pack-off tool
0:00			
0:00			
0:00			

RECEIVED

JAN 02 2008

DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair		FUEL USED	40"	Boiler Hours	24	UP
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours			0	DOWN
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH	8054'	NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME	13:00	334	Duragel	SIZE	
WEIGHT	11.2	2	Caustic	MFG	
VIS	54	12	Asphasol	TYPE	
WL	4.2		Super Sweep	TFA	
PV/YP	54/18	12	Fed-Zan	JET	
MBT	0.13		Pollyswell	SERIAL NO.	
CA		6	Soda Ash	DEPTH OUT	
GELS	3/8	10	Desco	DEPTH IN	
ALK	.45//.7		Sawdust	TOTAL FEET	
pH	10	2	Pack-r	HRS	
CAKE	2/32	200	Barite	T/B/G	
CL	51,000		DAILY COST	\$10,796.00	WT. ON BIT
KCL	0.1		PREVIOUS COST	\$568,004.00	RPM
%SOLIDS	17.00		CUMULATIVE COST	\$578,800.00	ROP(fph)

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	5790	1°
			MODEL	8P80	8P80	7316'	1.5°
			STROKE	8.50	8.50		
			LINER SIZE	6.25	6.25		
			SPM	105			
			GRM	3.22			

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 26, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 72
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 7" /23# /P110		Report No. . 79
ACTIVITY AT REPORT TIME Getting ready run CBL log					REPORTED BY RM Crow/ CE Crow	
REMARKS Well still flowing flowing have 2 2" lines runing to resivor pit						KB TO GL. 15

TIME LOG			
FROM	TO	Hours	
6:00	18:00	12.00	Wait on cement/ pack-off tool leaking / waiting on W.S.I. well head to replace
18:00	20:30	2.50	Wait on WSI tool hand.
20:30	2:00	5.50	Trying to get pack-off tool to set/ would not set WSI took tool to mechine shop to be mill down.
2:00	6:00	4.00	Wait on wire line truck to run CBL log to check cement to see why well want stop flowing.
6:00			
0:00			
0:00			
0:00			
0:00			

RECEIVED
JAN 02 2008
DIV. OF OIL, GAS & MIN.

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair		FUEL USED	40"	Boiler Hours	24	UP
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours			0	DOWN
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME			Duragel	SIZE	
WEIGHT			Caustic	MFG	
VIS			Asphasol	TYPE	
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	
MBT			Polyswell	SERIAL NO.	
CA			Soda Ash	DEPTH OUT	
GELS			Desco	DEPTH IN	
ALK			Sawdust	TOTAL FEET	
pH			Pack-r	HRS	
CAKE			Barite	T/B/G	
CL		DAILY COST	\$10,796.00	WT. ON BIT	
KCL		PREVIOUS COST	\$568,004.00	RPM	
%SOLIDS		CUMULATIVE COST	\$578,800.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	5790	1°
			MODEL	8P80	8P80	7316'	1.5°
			STROKE	8.50	8.50		
			LINER SIZE	6.25	6.25		
			SPM	105			
			CPM	3.22			

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 27, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 73
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 7" /23# /P110		Report No. . 80
ACTIVITY AT REPORT TIME Waiting on WSI wellhead to bring pack off					REPORTED BY RM Crow/ CE Crow	
REMARKS						KB TO GL. 15

TIME LOG			
FROM	TO	Hours	
6:00	8:30	2.50	Wait on loggers
8:30	9:00	0.50	Rig up loggers/ safety meeting
9:00	11:00	2.00	Ran bond log
11:00	14:00	3.00	Ran temp. log
14:00	14:30	0.50	Rig down loggers
14:30	18:00	1.50	Change ouy 4 1/2" to 3 1/2" pipe rams
18:00	6:00	12.00	Wait on WSI to bring pack-off tool from mechine shop
6:00			
0:00			
			BOND LOG /TOP OF CEMENT @ 774'
			TEMP./CCL LOG MAX TEMP. 137.4 5 At 5699'
			LOW TEMP. 70.8 AT 30'

RECEIVED
JAN 02 2008
DIV. OF OIL, GAS & MINING

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair		FUEL USED	32"	Boiler Hours	24	UP
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours			0	DOWN
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME			Duragel	SIZE	
WEIGHT			Caustic	MFG	
VIS			Asphasol	TYPE	
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	
MBT			Pollyswell	SERIAL NO.	
CA			Soda Ash	DEPTH OUT	
GELS			Desco	DEPTH IN	
ALK			Sawdust	TOTAL FEET	
pH			Pack-r	HRS	
CAKE			Barite	T/B/G	
CL		DAILY COST	\$10,796.00	WT. ON BIT	
KCL		PREVIOUS COST	\$568,004.00	RPM	
%SOLIDS		CUMULATIVE COST	\$578,800.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	5790	1°
			MODEL	8P80	8P80	7316'	1.5°
			STROKE	8.50	8.50		
			LINER SIZE	6.25	6.25		
			SPM	105			
			CPM	2.22			

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE December 27, 2007
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 73
TOTAL DEPTH 8085'	Rot. Hrs 13.5	cum Rot. Hrs 527	FOOTAGE DRILLED 139'	LAST CASING SIZE, WEIGHT, GRADE 7" /23# /P110		SET @ 8031.39
ACTIVITY AT REPORT TIME Waiting on WSI wellhead to bring pack off					REPORTED BY RM Crow/ CE Crow	
REMARKS					KB TO GL. 15	

TIME LOG			
FROM	TO	Hours	
6:00	8:30	2.50	Wait on loggers
8:30	9:00	0.50	Rig up loggers/ safety meeting
9:00	11:00	2.00	Ran bond log
11:00	14:00	3.00	Ran temp. log
14:00	14:30	0.50	Rig down loggers
14:30	18:00	1.50	Change ouy 4 1/2" to 3 1/2" pipe rams
18:00	6:00	12.00	Wait on WSI to bring pack-off tool from mechine shop
6:00			
0:00			
			BOND LOG /TOP OF CEMENT @ 774'
			TEMP./CCL LOG MAX TEMP. 137.4 5 At 5699'
			LOW TEMP. 70.8 AT 30'

JAN 02 2008

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS		STRING WT	
Hrs. Rig Repair		FUEL USED	32"	Boiler Hours	24
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours		0 Out	UP
TOTAL DAYWORK	24.00	Total H2O used on well & road		Barrels	DOWN
					ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME			Duragel	SIZE	
WEIGHT			Caustic	MFG	
VIS			Asphasol	TYPE	
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	
MBT			Pollyswell	SERIAL NO.	
CA			Soda Ash	DEPTH OUT	
GELS			Desco	DEPTH IN	
ALK			Sawdust	TOTAL FEET	
pH			Pack-r	HRS	
CAKE			Barite	T/B/G	
CL		DAILY COST	\$10,796.00	WT. ON BIT	
KCL		PREVIOUS COST	\$568,004.00	RPM	
%SOLIDS		CUMULATIVE COST	\$578,800.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH
			MAKE	Nat	Nat	5790
			MODEL	8P80	8P80	7316'
			STROKE	8.50	8.50	
			LINER SIZE	6.25	6.25	
			SPM	105		

Inclination / Azimuth
1°
1.5°

43-007-31229

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

RECEIVED

JAN 18 2008

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1			FIELD Kenilworth		DIV. OF OIL, GAS & MINING 9	
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132			COUNTY Carbon	STATE Utah	Days from spud 86	
TOTAL DEPTH 8085'	Rot. Hrs 29	cum Rot. Hrs 556	FOOTAGE DRILLED	LAST CASING SIZE, WEIGHT, GRADE 5.5 17 lb. flush jt.	SET @ 555.22	Report No. 94
ACTIVITY AT REPORT TIME RIGGING DOWN				REPORTED BY Richard Crow		
REMARKS					KB TO GL 15	

TIME LOG			
FROM	TO	Hours	
6:00	6:30	0.50	Ran 5 jts. Of 5.5 casing with cross over/ packer /and liner 5.5
6:30	9:30	3.00	Pick up 24 Jts. 3 1/2" drill p
9:30	14:00	4.50	Trip in hole to set liner & cement
14:00	15:30	1.50	Install cement head & broke circ.
15:30	17:00	1.50	Hung hanger & release setting tool
17:00	18:00	1.00	Cement 5.5 casing
18:00	6:00	12.00	Laying down drill pipe
			Bump Plug with 1100 PSI. then agin with 2000PSI float held
			Slurry wt. 14.2 / Slurry yield 1.26 / Water gal. sk. 5.75
			Cement w/ 50sks. 50/50 poz/ 18 sks. poz./12 lbs. cfl/ 8 lbs cdi-33/240 lbs. salt/ 1 sk. Gel.

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT	
Hrs. Rig Repair	0.00	FUEL USED	852	Boiler Hours	24	UP 148,000
Hrs. Mob./Demob		Bbls. Water hauled last 24 hours		0	Out	DOWN
TOTAL DAYWORK	24.00	Total H2O used on well & road			Barrels	ROTATE

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME			Duragel	SIZE	
WEIGHT			Caustic	MFG	
VIS			Asphasol	TYPE	
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	
MBT			Polyswell	SERIAL NO.	
CA			Soda Ash	DEPTH OUT	
GELS			Desco	DEPTH IN	
ALK			Sawdust	TOTAL FEET	
pH			Pack-r	HRS	
CAKE			KCL	T/B/G	
CL		DAILY COST		WT. ON BIT	
KCL		PREVIOUS COST	\$568,004.00	RPM	
%SOLIDS		CUMULATIVE COST	\$568,004.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA			DEVIATION RECORD	
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	7316'	1.5°
			MODEL	8P80	8P80		
			STROKE	8.50	8.50		
			LINER SIZE	6.25	6.25		
			SPM				
			CPM				

RECEIVED

JAN 18 2008

Marion Energy inc.

119 S Tennessee, Ste
McKinney, Texas 75069

DIV. OF OIL, GAS & MINING

DAILY DRILLING REPORT

LEASE NAME & WELL NO. Railroad SWD 1				FIELD Kenilworth		DATE January 10, 2008
RIG NAME AND NUMBER Unit Drilling Corp. Rig 132				COUNTY Carbon	STATE Utah	Days from spud 87
TOTAL DEPTH 8085'	Rot. Hrs 29	cum Rot. Hrs 556	FOOTAGE DRILLED	LAST CASING SIZE, WEIGHT, GRADE 5.5 17 lb. flush jt.	SET @ 555.22	Report No. . 94
ACTIVITY AT REPORT TIME RIGGING DOWN					REPORTED BY Richard Crow	
REMARKS All Unit hands gave 110% running cas./setting liner &Cementing						KB TO GL. 15

TIME LOG			
FROM	TO	Hours	
6:00	18:00	12.00	Rig is released at 18:00 1/9/08
18:00	6:00	12.00	Rigging down to stack out y yard in Wellington Utah
6:00			
0:00			
0:00			
0:00			
0:00			

Total Hours	24.00	FUEL AND WATER USE / BOILER HOURS			STRING WT		
Hrs. Rig Repair	0.00	FUEL USED	568	Boiler Hours	24	UP	148,000
Hrs. Mob./Demob	12.00	Bbls. Water hauled last 24 hours			0	Out	DOWN
TOTAL DAYWORK	12.00	Total H2O used on well & road			Barrels	ROTATE	

MUD RECORD		MUD MATERIALS USED		BIT RECORD	
DEPTH		NO. OF SACKS/LBS	PRODUCT NAME	BIT NO.	
TIME			Duragel	SIZE	
WEIGHT			Caustic	MFG	
VIS			Asphasol	TYPE	
WL			Super Sweep	TFA	
PV/YP			Fed-Zan	JET	
MBT			Pollyswell	SERIAL NO.	
CA			Soda Ash	DEPTH OUT	
GELS			Desco	DEPTH IN	
ALK			Sawdust	TOTAL FEET	
pH			Pack-r	HRS	
CAKE			KCL	T/B/G	
CL		DAILY COST		WT. ON BIT	
KCL		PREVIOUS COST	\$568,004.00	RPM	
%SOLIDS		CUMULATIVE COST	\$568,004.00	ROP(fph)	

DRILLING ASSEMBLY			PUMP DATA		DEVIATION RECORD		
NO.	DESCRIPTION	LENGTH - FT	PUMP NO.	1	2	DEPTH	Inclination / Azimuth
			MAKE	Nat	Nat	7316'	1.5°
			MODEL	8P80	8P80		
			STROKE	8.50	8.50		
			LINER SIZE	6.25	6.25		
			SPM				
			CPM				

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.

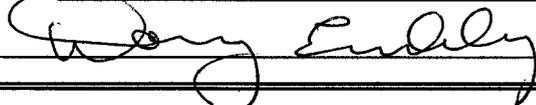
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>SWD</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste. 200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (972) 540-2967		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4		9. API NUMBER: 4300731229
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		10. FIELD AND POOL, OR WILDCAT: Helper Field
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: 10/28/2007	<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>First String</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<u>Intermediate Casing</u>

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

Cement 4340' 9-5/8" 36# J-55 STC W/ Lead 600sks 11ppg 3.82yeild 23gal/sk H2O, Tail 300sks 14.2ppg 1.26yeild 5.75gal/sk H2O
Displace W/ 322bbls H2O Plug Did Not Hit/ Pump 4-bbls Over Displacement Floats Held/ Cement To Surface

NAME (PLEASE PRINT) Doug Endsley TITLE VP Operations
SIGNATURE  DATE 2/6/2008

(This space for State use only)

RECEIVED
FEB 13 2008
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: FEE-BH-61504
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 type="checkbox"/> OTHER <u>SWD</u>		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Marion Energy, Inc.		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste. 200 CITY <u>McKinney</u> STATE <u>TX</u> ZIP <u>75069</u>		9. API NUMBER: 4300731229
		10. FIELD AND POOL, OR WILDCAT: Helper Field
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		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: <u>12/25/2007</u>	<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>Second Intermediate Casing</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.

Ran 198 jts 7", P110, 23# csg set @ 8031'. DV tool @ 5700'. Pumped 1st stage cement w/ 425 sx, 50/50 poz, 14.2 ppg, 1.26 yeild. Open DV tool and circulate 6 hours. Pump 2nd stage w/ 435 sks, Premium Lite, 11 ppg, 3.82 yeild followed by 475 sx, 50/50 poz 14.2 ppg, 1.26 yeild. Circulate 3 bbls cement to surface. Close DV tool.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE	DATE <u>2/6/2008</u>

(This space for State use only)

RECEIVED
FEB 13 2008

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 type="checkbox"/> OTHER <u>SWD</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
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:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4 QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731229
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper Field
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: 10/17/2007	<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>Surface Casing</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.

Cement 21 Jts 905' 13 3/8" 54.5# STC J-55 Csg With 1100sks 632.88cu/ft Class-G Cmt 2% ca 1/4# flocele 1.15yeild 5-gal/sk
Pumped 100% excess per permit/ Pumped 125bbls H2O Ahead/ 20bbls Mud Flush/ 225bbls Class-G Cmt/ 129.7bbls Displacement
360psi Lift/ Bumped Plug @ 880psi/ Floats Did Not Hold/ Shut In Cmt Head With 80psi For 1-Hour Floats Held

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE	DATE <u>2/6/2008</u>

(This space for State use only)

RECEIVED
FEB 13 2008
DIV. OF OIL, GAS & MINING

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 _____

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: **304.71 ft FSL 1315.25 ft FEL**
AT TOP PRODUCING INTERVAL REPORTED BELOW: **304.71 ft FSL 1315.25 ft FEL**
AT TOTAL DEPTH: **304.71 ft FSL 1315.25 ft FEL**

5. LEASE DESIGNATION AND SERIAL NUMBER:
Fee-BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:
Kenilworth Railroad # 1A

9. API NUMBER: **4033731229** *43-007-31229*

10. FIELD AND POOL, OR WILDCAT
Helper Field

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
SWSE 16 13S 10E

12. COUNTY **Carbon** 13. STATE **UTAH**

14. DATE SPUDDED: **10/10/2007** 15. DATE T.D. REACHED: **1/9/2008** 16. DATE COMPLETED: **2/25/2008** ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):
6585 KB

18. TOTAL DEPTH: MD **8,095** 19. PLUG BACK T.D.: MD **8,045** 20. IF MULTIPLE COMPLETIONS, HOW MANY? *

21. DEPTH BRIDGE MD **5,650** PLUG SET: **5,650**

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
Compensated Photo Density, Compensated Dual Nuetron, Dual Laterolog and CBL, MICRO RESV, TRIPLE COMBO

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 (#/R.)	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	54.5 #	0	905		"G" 1,325		Surface	
12 1/4	9 5/8 J-55	36#	0	4,340		Lite 600		Surface	
						50/50 300			
8 3/4	7" P110	26#	0	8,031	5,700	Lite 435		Surface	
						50/50 900			
6 1/4	5 1/2 N-80	17#	7,870	8,095		50/50 50		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 7/8"	5,530	5,530						

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Cedar Mountain			4,752	5,581
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
5,538 5,550	.43	48	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
5,556 5,566	.43	40	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
5538-5566	2,000 gals 7 1/2 % HCL

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:

SI

RECEIVED

MAR 04 2008

DIV. OF OIL, GAS & MINING

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE: 2/22/2008		HOURS TESTED: 24		TEST PRODUCTION RATES: →		OIL – BBL:	GAS – MCF: 300	WATER – BBL: 125	PROD. METHOD: Flowing
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF: 300	WATER – BBL: 125	INTERVAL STATUS: SI	

INTERVAL B (As shown in item #26)

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

INTERVAL C (As shown in item #26)

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

INTERVAL D (As shown in item #26)

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

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

33. SUMMARY OF POROUS ZONES (Include Aquifers):

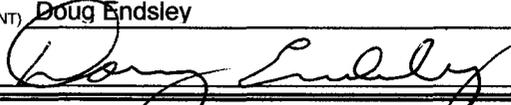
Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Ferron	4,155	4,411	Sand, Coal, Water, & Gas	Ferron	4,155
Cedar Mountain	4,752	5,581	Sand, Shale, Water & Gas	Tunuck	4,411
Entrada	6,781	7,688	Sand, Water	Dakota	4,698
Navajo	8,144	8,481	Sand, Water	Cedar Mountain	4,752
				Morrison	5,581
				Summerville	6,245
				Curtis	6,617
				Entrada	6,781
				Carmel	7,688
				Navajo	8,144

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) Doug EndsleyTITLE VP OperationsSIGNATURE DATE 2/27/2008

This report must be submitted within 30 days of

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

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

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

Send to: Utah Division of Oil, Gas and Mining
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:

FEE-BH-61504

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT 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.

1. TYPE OF WELL

OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:

Kenilworth Railroad # 1A

2. NAME OF OPERATOR:

Marion Energy, Inc.

9. API NUMBER:

4300731229

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 WILDCAT:

Helper Field

4. LOCATION OF WELL

FOOTAGES AT SURFACE: **304.71 ft FSL 1315.25ft FEL /SE/4**

COUNTY: **Carbon**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SWSE 16 13S 10E**

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>2/25/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> 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:	<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>Test New Zone</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. encountered a gas bearing sand from 5536'-5580' KB. We perforated from 5538'-5550' and 5556'-5566' w/ 4 shots per foot. We had 2100 psi at surface immediately after perforating. We flow tested the well to clean up drilling. The well was acidized w/ mud acid to help clean the damage. We did this under a packer and flowed the well back. We feel the results indicate a commercial discovery in the Cedar Mountain formation.

NAME (PLEASE PRINT) Doug Endsley TITLE VP Operations
SIGNATURE *Doug Endsley* DATE 2/27/2008

(This space for State use only)

RECEIVED

MAR 04 2008

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 type="checkbox"/> OTHER <u>SWD</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste. 200 CITY <u>McKinney</u> STATE <u>TX</u> ZIP <u>75069</u>		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: <u>(972) 540-2967</u>		8. WELL NAME and NUMBER: Kenilworth Railroad # 1 SWD
4. LOCATION OF WELL FOOTAGES AT SURFACE: 304.71 ft FSL 1315.25ft FEL /SE/4		9. API NUMBER: 4300731229
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 16 13S 10E		10. FIELD AND POOL, OR WILDCAT: Helper Field
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>2/25/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input 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"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input checked="" 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. originally intended to drill this well for the purpose of future produced water disposal. While drilling, a gas bearing zone was encountered that we believe is the Cedar Mountain formation, a Jurassic aged sandstone. We encountered slightly higher than normal pressures as demonstrated by the need to circulate 11 ppg drilling mud to contain the zone. We intend to attempt to determine commerciality of this zone and would request a name change to the Kenilworth Railroad 1-A and a status change to gas well.

COPY SENT TO OPERATOR

Date: 3.10.2008

Initials: KS

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>2/27/2008</u>

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 3/5/08
BY: [Signature]

(5/2000)

(See Instructions on Reverse Side)

RECEIVED
MAR 04 2008
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 31229
Kenilworth RR 1-A
13S 16E 16

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	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

12/9/2010
Postmark Here

Total Post

Sent To **MR KERI CLARKE**
MARION ENERGY INC
 Street, Apt. or PO Box | **119 SOUTH TENNESSEE SUITE 200**
 City, State, | **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
 x *BCDati* Agent Addressee

B. Received by (Printed Name) *Betu Dati* 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



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

April 14, 2011

CERTIFIED MAIL NO.: 7005 1820 0001 5562 9023

Mr. Keri Clarke
Marion Energy Inc.
119 South Tennessee, Ste 200
McKinney, TX 75069

43 007 3/229
Kenilworth RR 1-A
135 10E 14

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Clarke:

As of January 2011, Marion Energy Inc. (Marion) has four (4) Fee Lease Wells and two (2) State Lease Wells (see Attachment A) that have been added to Marion's non-compliance list concerning the requirements for extended shut-in or temporarily abandoned (SI/TA) status. These wells are in addition to those currently under the stipulated order in Clear Creek. Wells SI/TA beyond twelve (12) consecutive months requires the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining (Division) approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

This is also a **reissuance of a SECOND NOTICE** for the Ballpark CYN 16-2X well (Attachment A). This well had a first notice sent via certified mail on August 26, 2008, and a second notice sent certified mail on May 04, 2009. To date the Division has not received any of the required information to bring said well into compliance with aforementioned rules. Please submit the required information for extended SI/TA status within 30 days of this notice or further actions will be initiated.

For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT



Page 2
Marion Energy Inc.
April 14, 2011

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Compliance File
Well File
LaVonne Garrison, SITLA

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
Reissuance of 2ND NOTICE				
1	BALLPARK CYN 16-2X	43-007-31207	FEE	4 Years 7 Months
1ST NOTICE				
2	CORDINGLY CYN 10-1	43-007-31173	FEE	4 Years 6 Months
3	ALPINE SCHOOL DIST 6-17	43-007-31181	ML-1257	2 Years 1 Month
4	OMAN 10-29	43-007-31210	ML-1256	2 Years 5 Months
5	BALLPARK CYN 17-2	43-007-31169	FEE	4 Years 8 Months
→ 6	KENILWORTH RR 1-A	43-007-31229	FEE	1 Year 2 Months

MARION ENERGY

May 5, 2011

State of Utah
Department of Natural Resources
1594 West North Temple
Suite 1210
Salt Lake City, Utah 84114

Attention: Dustin Doucet

Re: Notice – Extended SI/TA Well Leases

Dear Dustin

In response to your certified letter of April 14, 2011, we are providing you with information for wells that are currently structured as shut in or temporarily abandoned wells (SI/TA) by DOGM. Each well has individual information and is listed below.

Ballpark Canyon 16-2X 43 007 31207 13S 10E 14

This well is currently only drilled to 500 feet on the Ballpark site, with surface casing set. This well is planned to be drilled in the future to develop the Helper field. The casing is 18" above the ground and it has a cap welded on the casing. This well was a replacement for the Ballpark Canyon well 16-2 where the drilling was lost on the well while drilling surface pipe. As far as DOGM is concerned this well has not been sufficiently drilled but will be this year.

Cordingly Canyon 10-1 43 007 31173 13S 10E 15

This well was drilled to the Ferron but the Ferron portion of the hole collapsed and the well was cased through the lower Mancos. We have provided a wellbore diagram for your use. There is currently no pressure on the casing with no tubing in the hole. We currently plan to develop this into a Mancos well in the near future. We do not have a casing pressure and fluid level on this well.

Ballpark Canyon 17-2 43 007 31169 13S 10E 14

This well is the same as the 16-2X well, and has been only drilled to 500 feet with surface casing set. It is currently capped on the surface.

Kenilworth RR 1-A 43 007 31229 13S 10E 16

There is a wellbore diagram attached for this well. We had drilled this well to be a SWD well for Kenilworth. However we had positive response from the Cedar Mountain formation in the Buckhorn Conglomerate. Because of this we decided not to make it a SWD well at that time. We are currently waiting for a third party engineering report to advise us how to sidetrack the well to make it productive. We do not have a casing pressure test and fluid level on this well.

RECEIVED

MAY 09 2011

DIV. OF OIL, GAS & MINING

MARION ENERGY

Alpine School District 6-17 43 007 31181 13S 7E 17

In February of this year we met with the Oil and Gas board to present a SWD proposal to convert the wells 3-17 and 6-17 on the Alpine School District site. This was approved. We have performed an MIT on the 3-17 and have converted it into a SWD well. We have not done the MIT on the 6-17 well, though we will probably do it this summer. There is a wellbore diagram attached for your perusal.

Oman 10-29 43 007 31210 13S 7E 29

This well was drilled two years ago in Clear Creek to the Ferron formation. The well was perforated but has never been stimulated for production. There is a plan to complete this well this summer as part of our plan to bring Clear Creek onto full production. There is a wellbore diagram attached for your perusal. We do not have a casing pressure test and fluid level on this well.

We respectfully request that DOGM extend the SI/TA status on these wells. We hope this answers some of your concerns regarding the wells in your notice. Please contact me should you need anything further,

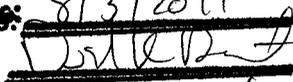
Yours Sincerely



Keri Clarke
Vice President Land
Marion Energy Inc.

Cc: Jim Hansen
LaVonne Garrison - SITLA

REQUEST DENIED
Utah Division of
Oil, Gas and Mining

Date: 8/3/2011
By: 

* insufficient information provided - see requirements of rule R649-3-36.
Note: No attachments were provided in package

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT

To the following operator:

Name: MARION ENERGY INC.

135 10E 16

- Well(s) or Site(s): 1.) BALLPARK CYN 16-2X API #: 43-007-31207
2.) CORDINGLY CYN 10-1 43-007-31173
3.) BALLPARK CYN 17-2 43-007-31169
4.) KENILWORTH RR 1-A 43-007-31229
5.) ALPINE SCHOOL DISTRICT 6-17 43-007-31181
6.) OMAN 10-29 43-007-31210



Date and Time of Inspection/Violation: August 24, 2011

Mailing Address: Attn: Keri Clarke
901 N McDonald St, Ste 601
McKinney, TX 75069-2157

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells - According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

The Division has initiated several contacts with Marion Energy Inc. (Marion) requesting required documents and action per R649-3-36. A first notice of non-compliance was sent out via certified mail on April 26, 2011 to Marion concerning these wells. This notice also served as a re-issuance of a second notice for well #1 listed above. Marion responded with a letter dated May 5, 2011, and received by the Division on May 9, 2011. All requests were denied by the Division on August 3, 2011, due to insufficient information provided by Marion. In this letter Marion addressed the above wells as follows: Well #1 was stated as being drilled to 500' with surface casing set and a cap welded on the casing. Well #2 was said to have future plans of being developed into the Mancos, and lacked any information supporting integrity. Well #3 was stated to be the same as well #1 also being capped at surface. Well #4 was planned for sidetrack, also lacking any information showing integrity. Well #5 stated the plan to do an MIT this summer. Well #6 was planned to complete this summer. The Division recently conducted inspections on each well listed above and found the claims of wells 1 and 3 to be inaccurate as far as being capped at surface. Wells 1 and 3 were found with only plastic thread protectors at surface. Well #4 shows signs of wellhead leaking and also fluid tank leaking outside of containment.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

These findings cause concern that the casing or equipment condition may make the well a risk to public health and safety or the environment (R649-3-36-1.3). To date our records indicate that no further work has been done as planned or requests submitted by Marion to move these wells into compliance. These wells need to be secured properly.

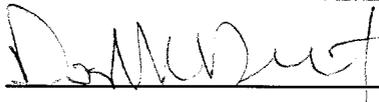
Action: For the wells subject to this notice, Marion Energy Inc. shall secure these wells properly and either submit the information required by R649-3-36, plug and abandon or place the wells on production.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: October 15, 2011

Date of Service Mailing: August 25, 2011

CERTIFIED MAIL NO: 7011 0110 0001 3568 1212



Division's Representative

Operator or Representative

(If presented in person)

cc: Compliance File
Well Files

6/2005

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT

To the following operator:

Name: MARION ENERGY INC.

- Well(s) or Site(s): 1.) BALLPARK CYN 16-2X API #: 43-007-31207
2.) CORDINGLY CYN 10-1 43-007-31173
3.) BALLPARK CYN 17-2 43-007-31169
4.) KENILWORTH RR 1-A 43-007-31229 BS IOE 16
5.) ALPINE SCHOOL DISTRICT 6-17 43-007-31181
6.) OMAN 10-29 43-007-31210
7.) BALLPARK CANYON #1 43-007-31015
8.) CORDINGLY CYN 15-5 43-007-31167
9.) KENILWORTH RR #1 43-007-31006
10.) KENILWORTH RR#2 43-007-31007
11.) CORDINGLY CYN 15-2 43-007-31064
12.) CORDINGLY CYN 15-1 43-007-31065
13.) CORDINGLY CYN 11-1 43-007-31070

Date and Time of Inspection/Violation: December 10, 2012

Mailing Address: Attn: Keri Clarke
3580 Orr Road
Allen, TX 75002

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells - According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36., Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

Rule R649-3-4.4.1. Bonding - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has initiated several contacts with Marion Energy Inc. (Marion) requesting required documents and action per R649-3-36. Wells 1 - 6 have previously been issued SI/TA Notices and Notices of Violation without anything being accomplished to move these wells out of violation. Wells 7 and 8 have also been issued a SI/TA Notice without having met the requirements of R649-3-36. Wells 9 - 13 are also in violation of R649-3-36 having been added to Marion's SI/TA violation list. All wells listed above are currently under a Division Order for individual well bonding.

There has not been any evidence of effort being made to bring these wells into compliance. These wells are in violation of R-649-3-36 as listed above. The Division requires Marion to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Marion submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

Immediate Action: For the wells subject to this notice, Marion shall fulfill full cost bonding requirements for each well. Marion shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

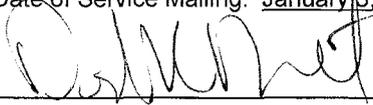
- * **Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A. 40-6-11, part 4.**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

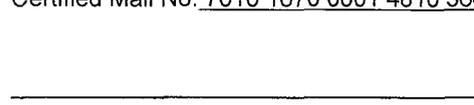
Compliance Deadline: February 8, 2013

Date of Service Mailing: January 3, 2013

Certified Mail No: 7010 1670 0001 4810 3645



Division's Representative



Operator or Representative

(If presented in person)

cc: Compliance File
Well Files
SITLA

6/2005



January 18, 2013

Department of Natural Resources
Division of Oil and Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

43 007 31229
Kenilworth RR 1-A
13S 10E 16

Attention: Dustin Doucet

Re: Notice of Violation – Clear Creek and Helper Fields

Dear Dustin,

In response to your certified letter of January 3, 2013, we are providing you with information for wells that are currently structured as shut in or temporarily abandoned wells (SI/TA) by DOGM. Each well has individual information and is listed below.

As you know, for the last two and a half years Marion Energy Inc. (Marion) has been under financial stress that has not allowed active operations in the Clear Creek and Helper fields, beyond maintaining a field presence and taking some limited, preliminary actions to resuming operations. In the last few months, however, Marion has been able to improve its financial position to the point of resuming active operations in the Clear Creek field, with further financial improvement expected as that field is put back on production.

Marion explained these circumstances to DOGM and the Board of Oil, Gas and Mining at the October 26, 2012 hearing, where Marion sought and obtained Board approval to reinstitute active operations at Clear Creek. As discussed at the hearing, Marion's funding is currently limited to the monies needed to put the Clear Creek field back on production, beginning with the Orman 2-20 and Orman 10-29 wells, but once that occurs Marion expects its financial position to continue to improve to the point it can meet all of its obligations with respect to its SI/TA wells, and to move back into active operations at the Helper Field.

Consistent with discussions at the October Board hearing, we have now rehabilitated the water disposal (WD) system in the accessible portion of the Clear Creek field and we are actively working on restoring production at the two initially targeted wells, despite the extreme winter weather conditions that set in several weeks ago.

Helper

The wells listed in the NOV for the Helper Field are all modern wells, having been drilled in 2005 or later. This field was in production until October 2010, though the wells are now shut in. All of the Helper wells listed in the NOV are currently attached to a gas and water system (the Anadarko sales and SWD system). This system is controlled entirely by Anadarko. Marion conducted an inspection of the Helper Field on 1-16-13 and confirmed that there is no evidence of any gas or water leaks at any of the wells. We understand that DOGM has also recently inspected the Helper Field and reached the same conclusion. Marion plans to bring this field into operation soon, as finances allow. Please be advised that Marion has already provided wellbore diagrams of all of the wells referenced below.



Ballpark Canyon 16-2X

This well is only drilled to 500 feet on the Ballpark site with surface casing set. The casing is 18" above the ground and it has a cap welded on the casing. This well was a replacement for the Ballpark Canyon 16-2 where the drilling was lost on the well while drilling surface pipe. Marion plans to drill this well to the Ferron in the future.

Ballpark Canyon 17-2

This well is the same as the 16-2X well, and has been only drilled to 500 feet with surface casing set. It is currently capped on the surface.

Ballpark Canyon #1

This well is drilled as a Ferron well and has been completed. It has been producing in the past though it is currently shut in. There is a pumping unit on the well. Among the Helper Field wells, this well is the one that has the closest proximity to occupied structures. We closely inspected this well on 1-16-13 and confirmed that there are no issues.

Cordingly Canyon 10-1

This well was drilled as a Ferron producer. However because of hole issues in the deeper section it was expected to be completed as a Mancos well. Marion plans to complete the well, and produce the well in the future.

Kenilworth RR#1A

We had originally drilled this well to be a SWD well for Helper. However we had positive response from the Buckhorn Conglomerate and we completed the well in that zone. The well has produced in the past and we will plan to bring it back online soon. A situation regarding the wellhead leaking at the site was handled by our operations people and the well site is now clean of this spill.

Kenilworth RR#1

This well was producing until it was shut in. There is a pumping unit on the well. Marion plans to bring this well into production soon.

Kenilworth RR#2

This well was producing until it was shut in. There is a pumping unit on the well. Marion plans to bring this well into production soon.

Cordingly Canyon 15-5

This well was drilled to the Mancos formation and was completed. It did produce for a short time before being shut in. Marion plans to work on this well and to produce it soon.



Cordingly Canyon 15-2

This well was drilled to the Ferron formation and was completed. This well was producing until it was shut in. There is not currently a hydraulic pumping unit on the well. Marion plans to work on the well, replace the pumping unit and bring it back into production soon.

Cordingly Canyon 15-1

This well was drilled to the Ferron formation and was completed. This well was producing until it was shut in. It currently has a pumping unit on the well. Marion plans to bring this well into production soon.

Cordingly Canyon 11-1

This well was drilled to the Ferron formation and was completed. This well was producing until it was shut in. There is not currently a hydraulic pumping unit on the well. Marion plans to work on the well, replace the pumping unit and bring it into production soon.

Clear Creek

The NOV lists two wells in the Clear Creek Field, the ASD 6-17 and the Oman 10-29. Both of these are modern wells drilled after 2005. The Clear Creek Field came off production in July 2011 due to financial issues and a rupture in the water disposal line. We have inspected both of these wells in the last few weeks and neither has any leaks or other problems.

Following the Board hearing in late October, Marion has re-commenced operations in the Clear Creek Field. It has done an MIT on the current SWD well (the ASD 3-17). It has replaced several Air Vacs on the water line in the field, and tested the whole system. It has commenced operations in the field on two wells, the Oman 2-20 and the Oman 10-29. Given its financial situation improving, Marion plans to expand operations to additional Clear Creek wells in the near future. Please be advised that Marion has provided wellbore diagrams on these wells in the past.

ASD 6-17

This well was drilled as a Ferron well and was completed. Marion submitted applications to convert this well and the ASD 3-17 well into WD wells, to ensure that at least one WD well was permitted. After the ASD 3-17 was approved, it was determined that it would suffice and another WD well was not needed at that time. The well currently has a rotaflex pumping unit on it. Marion plans to commence operations on this well and bring it on to production soon.

Oman 10-29

This well was drilled to the Ferron but was not completed. Since resuming operations in the Clear Creek field in November, Marion has sent in a completion form for the well, and has done a flow test on the well. Recent operations in the last month have seen a production pump placed on the well. As weather improves in the area Marion will produce the well.



Bonding

Marion does not currently have the financial wherewithal to undertake full cost bonding of all of the wells listed in the NOV, and will not be in a condition to do so until its financial situation further improves. We note, however, that Marion currently is bonded with DOGM for \$451,500 (\$421,500 surety bond and \$30,000 cash bond), and DOGM holds an additional \$184,000 of cash for reclamation of Marion wells, meaning there is over \$630,000 in place with DOGM for reclamation. When added to Marion's federal and SITLA bonds, there is just under \$1,000,000 currently available for Marion reclamation.

Based on the above information, Marion respectfully requests that DOGM extend the SI/TA status on these wells, and withhold further enforcement action while Marion brings the Clear Creek Field back on production and continues to improve its financial condition to the point it can put move back into the Helper field and put those wells back into production as well, thereby removing the wells from SI/TA status.

We would be happy to meet with you to further discuss this matter. In the meantime, feel free to contact us should you need anything further.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Keri Clarke", with a stylized flourish at the end.

Keri Clarke



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

DIVISION ORDER

February 22, 2013

Certified Mail #7010 1670 0001 4810 3898

Marion Energy
Attn: Keri Clarke
3580 Orr Road
Allen, TX 75002

135 10E 16

RE: Division Order to Comply with the Notice of Violation Issued to Marion Energy on January 3, 2013

The Division of Oil, Gas and Mining (Division) memorializes the actions Marion Energy (Marion) is required to perform in order to return the wells listed below to compliance under Utah Admin. Code R649-3-36.

- | | |
|--------------------------------|--------------------|
| 1) BALLPARK CYN 16-2X | API # 43-007-31207 |
| 2) CORDINGLY CYN 10-1 | API # 43-007-31173 |
| 3) BALLPARK CYN 17-2 | API # 43-007-31169 |
| 4) KENILWORTH RR 1-A | API # 43-007-31229 |
| 5) ALPINE SCHOOL DISTRICT 6-17 | API # 43-007-31181 |
| 6) OMAN 10-29 | API # 43-007-31210 |
| 7) BALLPARK CYN #1 | API # 43-007-31015 |
| 8) CORDINGLY CYN 15-5 | API # 43-007-31167 |
| 9) KENILWORTH RR #1 | API # 43-007-31006 |
| 10) KENILWORTH RR #2 | API # 43-007-31007 |
| 11) CORDINGLY CYN 15-2 | API # 43-007-31064 |
| 12) CORDINGLY CYN 15-1 | API # 43-007-31065 |
| 13) CORDINGLY CYN 11-1 | API # 43-007-31070 |

The Division requires the following actions to be completed by Marion Energy by the prescribed dates listed below:

- 1) Provide the following monthly readings for each well listed above on the first of every month beginning on April 1, 2013.
 - a. Surface Pressure
 - b. Casing Pressure
 - c. Fluid Levels



February 22, 2013

Subject: Division Order to Comply with Notice of Violation

2) Plug and abandon the following wells by:

- | | |
|-----------------------|--------------|
| a. BALLPARK CYN 16-2X | July 1, 2013 |
| b. BALLPARK CYN 17-2 | July 1, 2013 |
| c. CORDINGLY CYN 10-1 | July 1, 2013 |

3) Return the remaining wells not listed in Paragraph 2 to compliance by production, a MIT and plan in accordance with U.A.C. R649-3-36, or plug and abandon by July 1, 2013.

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 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 the Division Order by the dates listed above, the Division will file for a formal hearing before the Board of Oil, Gas and Mining, as described in the U.A.C. R641, requesting a Board Order to plug and restore the well sites. Should this matter be brought before the Board, the Division will seek bond forfeiture (R649-3-36), liability for plugging costs in excess of bond forfeiture amounts (R649-3-1-4) and civil penalties of up to \$10,000 per day for each day of violation (Utah Code Ann. § 40-6-11).

Questions regarding this order may be directed to Clinton Dworshak, Compliance Manager at (801)-538-5280 or Dustin Doucet, Engineer, at (801) 538-5281.

Sincerely,


Clinton Dworshak
Compliance Manager

CLD/js

Exhibit

cc: John Rogers, Associate Director
Cameron Johnson, Assistant Attorney General
Dustin Doucet, Engineer
Compliance File
Well Files

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT

To the following operator:

Name: MARION ENERGY INC.

Table with 2 columns: Well(s) or Site(s) and API #: 1.) BALLPARK CYN 16-2X 43-007-31207, 2.) CORDINGLY CYN 10-1 43-007-31173, 3.) BALLPARK CYN 17-2 43-007-31169, 4.) KENILWORTH RR 1-A 43-007-31229, 5.) ALPINE SCHOOL DISTRICT 6-17 43-007-31181, 6.) OMAN 10-29 43-007-31210, 7.) BALLPARK CANYON #1 43-007-31015, 8.) CORDINGLY CYN 15-5 43-007-31167, 9.) KENILWORTH RR #1 43-007-31006, 10.) KENILWORTH RR#2 43-007-31007, 11.) CORDINGLY CYN 15-2 43-007-31064, 12.) CORDINGLY CYN 15-1 43-007-31065, 13.) CORDINGLY CYN 11-1 43-007-31070

Date and Time of Inspection/Violation: December 10, 2012

Mailing Address: Attn: Keri Clarke
3580 Orr Road
Allen, TX 75002

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells - According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36, Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

Rule R649-3-4.4.1, Bonding - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has initiated several contacts with Marion Energy Inc. (Marion) requesting required documents and action per R649-3-36. Wells 1 - 6 have previously been issued SI/TA Notices and Notices of Violation without anything being accomplished to move these wells out of violation. Wells 7 and 8 have also been issued a SI/TA Notice without having met the requirements of R649-3-36. Wells 9 - 13 are also in violation of R649-3-36 having been added to Marion's SI/TA violation list. All wells listed above are currently under a Division Order for individual well bonding.

There has not been any evidence of effort being made to bring these wells into compliance. These wells are in violation of R-649-3-36 as listed above. The Division requires Marion to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Marion submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

Immediate Action: For the wells subject to this notice, Marion shall fulfill full cost bonding requirements for each well. Marion shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

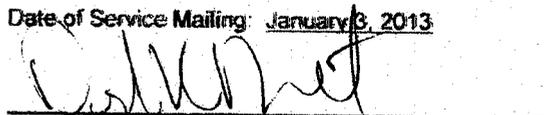
- * Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A. 40-6-11, part 4.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: February 8, 2013

Date of Service Mailing: January 8, 2013

Certified Mail No: 7010 1670 0001 4810 3645



Division's Representative

Operator or Representative
(if presented in person)

cc: Compliance File
Well Files
SITLA

6/2005



February 5, 2013

Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Price, Utah 84114

43 067 31229
Kenilworth RR 1-A
B5 10E 16

Attention: Dustin Doucet
Petroleum Engineer

Re: Notification of Violation January 3, 2013
Operation Plan

Dear Dustin,

Following up on our earlier (Jan. 18, 2013) letter to the Division, and subsequent discussions between Marion, Michael Malmquist of Parsons Behle, and Cameron Johnson, attorney for the Division of Oil Gas and Mining, Marion has been asked to put together a plan of operation for the wells mentioned on the referenced violation. As the Division is aware Marion is currently improving its financial situation. This will allow Marion to operate the fields in Utah fully, as it has done so in the past. From this situation Marion will plan to do the following;

Helper

Currently all the wells in Helper are connected to the Anadarko gas and water disposal system. Each of the wells on the Kenilworth and Cordingly sides of the field are connected by a closed gas and water pipeline system to the Anadarko connection point, through a Marion right of way. This system is currently shut down. Marion will have to contact Anadarko to set the system operational again. Marion currently has a gas purchase and water disposal agreement in place with Anadarko. Prior to resuming operations Marion will need to inspect each well to determine whether equipment is missing (due to scavenging) or otherwise in need of replacement or rehabilitation before the wells can be turned back on.

Ballpark Canyon 16-2X

This well is currently drilled to 500' with surface casing set in the shallow hole. This well will need a rig set to allow Marion to set cement in the hole, reduce the surface casing, cap the well and abandon the well. This well will be abandoned by the date of the June Board hearing being June 26, 2013.

Ballpark Canyon 17-2

This well is currently drilled to 500' with surface casing set in the shallow hole. This well will need a rig set to allow Marion to set cement in the hole, reduce the surface casing, cap the well and abandon the well. This well will be abandoned by the date of the June Board hearing being June 26, 2013.



Cordingly Canyon 10-1

This well has not been completed in the Mancos section of the well. Because of downhole well problems Marion plans to set a rig, plug the well with cement and abandon the well. This well will be abandoned by the date August 8, 2013.

Kenilworth Railroad #1A

This well was last produced in February 2009. It is a Buckhorn Conglomerate well and is capable of production. This well currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Ballpark Canyon #1

This well was last produced in July 2010. It is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Kenilworth Railroad #1

This well was last produced in September 2010. It is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Kenilworth Railroad #2

This well was last produced in September 2010. It is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Cordingly Canyon 15-5

This well was last produced in April 2010. It is a Mancos well, though it does not currently have a pumping unit on the well. Marion will replace the equipment needed and will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Cordingly Canyon 15-1

This well was last produced in September 2010. This is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Cordingly Canyon 15-2

This well was last produced in September 2010. This is a Ferron well, though it does not have a hydraulic pumping unit on the well. Marion will replace the equipment needed, and will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.



Cordingly Canyon 11-1

This well was last produced in September 2010. This is a Ferron well, though it does not have a hydraulic pumping unit on the well. Marion will replace the equipment needed, and will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Clear Creek

Oman 10-29.

This well was drilled to the Ferron formation but was not completed. Recent operations in the last month have seen a production pump placed on the well. As weather improves in the area Marion will attempt to produce the well.

Alpine School District 6-17

This well was drilled as a Ferron well and was completed. Marion submitted applications to convert this well and the ASD 3-17 well into water disposal wells. After the ASD 3017 was approved, it was determined that one well was needed, and another WD well was not needed at that time. The well currently has a rotaflex pumping unit on it. Marion plans to attempt production from the well by the end of 2013. If the well is not producing an MIT will be done.

Marion is proposing this plan to address the January 3, 2013 Notice of Violation. Given the constraints of Marion's financial situation, we believe the plan contains reasonable time frames for conducting work either to abandon or put back on production the wells listed in the NOV. We look forward to hearing from you regarding this matter.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Keri Clarke", with a stylized flourish at the end.

Keri Clarke



February 13, 2013

Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

Attention: Cameron Johnson, Assistant Attorney General

Re: Notification of Violation January 3, 2013
Operation Plan

Dear Cameron,

This responds to the email you sent to Mike Malmquist on behalf of the Division on February 8, 2013.

Anadarko Gas Purchase and Water Disposal Agreements

Marion has in place a Gas Purchase Agreement with Anadarko to purchase all gas produced in the field. Anadarko has historically purchased gas from the field and will continue to do so in the future. Marion also has a Water Disposal System Agreement with Anadarko for all water produced in the Helper field. Currently, Marion owes Anadarko of \$47,500 for water disposal fees from historical production. As its financial situation improves Marion will settle the account. Beyond settling its account, Marion does not anticipate any commercial issues with Anadarko that could interfere with gas sales or water disposal.

Water Disposal and Gas Gathering System

Once Marion completed its initial drilling program in the Helper Field and established that the wells were productive, two separate HDPE trunk lines were laid, one for gas and one for water. Each of the wells was tied in to the trunk lines utilizing HDPE pipe. The tie lines and trunk lines are owned by Marion. The trunk lines terminate at a facility built and operated by Anadarko near Kenilworth. A free water knock-out was set to drop out any water in suspension with the gas before delivery into Anadarko. The system is a closed system. Natural gas production at the Helper field was suspended when Marion ran into financial issues. This decision to suspend production was made by Marion due to the cash and human resource issues, not by Anadarko locking the company out of the system. Each well was isolated from the gas and water lines by shutting the respective valves at each wellhead. Additionally, at the time the field was shut-in

Anadarko was made aware of the Marion situation. Subsequently, Anadarko field personnel secured the aforementioned equipment. The Helper pipeline system was fully operational and problem free when it was shut down. We would not anticipate any problems with the pipe itself, but here maybe some wellhead valves that will need to be examined before recommencing field operations.

Financial Situation

Marion does not believe that these negotiations are in vain due to its financial condition. Marion has reason to believe that its financial situation will improve within a time frame that accommodates the compliance schedule addressed in this and prior letters. More specifically, Marion expects to have



access to additional funding during the first half of March 2013 that will allow it to begin the work in the Helper field, with another infusion in May 2013.

Produce or MIT Wells

Marion does not believe that it can produce the wells by April 1, 2013. Marion accepts the Division's proposal to divide the wells into Pods with associated MIT completion dates, but proposes that an additional month be added to the proposed MIT completion date for each pod, as well as the full cost bonding and backup date. This timing is more consistent with Marion's expectation of when it will have the available financial resources.

Pod 1: Ballpark Canyon #1, Kenilworth Railroad #1A, #1, #2: The MIT date for this pod of wells would be June 1, 2013. The work would begin on the Kenilworth Railroad #1A. The backup date for full cost bonding and showing of well integrity would be July 1, 2013.

Pod 2: Cordingly Canyon 15-5, 15-2, 15-1, 11-1: The MIT date for this pod of wells would be August 1, 2013. The backup date for full cost bonding and showing of well integrity would be September 1, 2013.

Pressure and Fluid Level Information

With regard to DOGM's request for information on pressures and fluid levels in the Helper wells, we would like to make the following comments. First, any field data that was acquired while the field was operational will only show what the operating pressure of the system was. Typically, Anadarko was able to keep enough compression operating field-wide to maintain 25-30 psi on our gas system. Second, the water system in essence gravity fed into the Anadarko system, and as such, there was negligible pressure on this line at all times. Third, since the mechanical integrity of the casing is the concern, the tubing pressure would not provide meaningful information.

We are not sure if the sentence is supposed to read "production pressures" and if so what that would mean exactly. As stated before, the field pressure was 25-30 psi when the field was in operation. Since the field is currently shut in there is no production or "production pressure." All previous production has been reported. Concerning the last part of the sentence dealing with surface pressures, fluid levels etc., we see no definitive correlation between those items and casing integrity. Gathering such information now, and particularly given Marion's need to be as efficient as possible with money and personnel, would not appear to be a productive expenditure of resources. Marion proposes that this request be withdrawn, and that we be allowed to focus on putting ourselves in a position to undertake MITs, which are the true measure of well integrity, on the schedule proposed above. We would expect that when Marion enters the Helper field to begin the MIT process the fluid levels and surface wellhead pressure data will be gathered for reservoir engineering reasons, and we would be happy to provide that information to the Division as it is obtained.

Marion hopes this letter addresses the comments and requirements outlined by the Oil and Gas Division in your email from February 8, 2013.

We look forward to hearing from you.

Yours Sincerely

Keri Clarke

3580 Orr Road,
Allen, Texas, 75002



January 18, 2013

Department of Natural Resources
Division of Oil and Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

43 007 31229
Kenilworth RR 1-A
13S 10E 16

Attention: Dustin Doucet

Re: Notice of Violation – Clear Creek and Helper Fields

Dear Dustin,

In response to your certified letter of January 3, 2013, we are providing you with information for wells that are currently structured as shut in or temporarily abandoned wells (SI/TA) by DOGM. Each well has individual information and is listed below.

As you know, for the last two and a half years Marion Energy Inc. (Marion) has been under financial stress that has not allowed active operations in the Clear Creek and Helper fields, beyond maintaining a field presence and taking some limited, preliminary actions to resuming operations. In the last few months, however, Marion has been able to improve its financial position to the point of resuming active operations in the Clear Creek field, with further financial improvement expected as that field is put back on production.

Marion explained these circumstances to DOGM and the Board of Oil, Gas and Mining at the October 26, 2012 hearing, where Marion sought and obtained Board approval to reinstitute active operations at Clear Creek. As discussed at the hearing, Marion's funding is currently limited to the monies needed to put the Clear Creek field back on production, beginning with the Orman 2-20 and Orman 10-29 wells, but once that occurs Marion expects its financial position to continue to improve to the point it can meet all of its obligations with respect to its SI/TA wells, and to move back into active operations at the Helper Field.

Consistent with discussions at the October Board hearing, we have now rehabilitated the water disposal (WD) system in the accessible portion of the Clear Creek field and we are actively working on restoring production at the two initially targeted wells, despite the extreme winter weather conditions that set in several weeks ago.

Helper

The wells listed in the NOV for the Helper Field are all modern wells, having been drilled in 2005 or later. This field was in production until October 2010, though the wells are now shut in. All of the Helper wells listed in the NOV are currently attached to a gas and water system (the Anadarko sales and SWD system). This system is controlled entirely by Anadarko. Marion conducted an inspection of the Helper Field on 1-16-13 and confirmed that there is no evidence of any gas or water leaks at any of the wells. We understand that DOGM has also recently inspected the Helper Field and reached the same conclusion. Marion plans to bring this field into operation soon, as finances allow. Please be advised that Marion has already provided wellbore diagrams of all of the wells referenced below.



Ballpark Canyon 16-2X

This well is only drilled to 500 feet on the Ballpark site with surface casing set. The casing is 18" above the ground and it has a cap welded on the casing. This well was a replacement for the Ballpark Canyon 16-2 where the drilling was lost on the well while drilling surface pipe. Marion plans to drill this well to the Ferron in the future.

Ballpark Canyon 17-2

This well is the same as the 16-2X well, and has been only drilled to 500 feet with surface casing set. It is currently capped on the surface.

Ballpark Canyon #1

This well is drilled as a Ferron well and has been completed. It has been producing in the past though it is currently shut in. There is a pumping unit on the well. Among the Helper Field wells, this well is the one that has the closest proximity to occupied structures. We closely inspected this well on 1-16-13 and confirmed that there are no issues.

Cordingly Canyon 10-1

This well was drilled as a Ferron producer. However because of hole issues in the deeper section it was expected to be completed as a Mancos well. Marion plans to complete the well, and produce the well in the future.

Kenilworth RR#1A

We had originally drilled this well to be a SWD well for Helper. However we had positive response from the Buckhorn Conglomerate and we completed the well in that zone. The well has produced in the past and we will plan to bring it back online soon. A situation regarding the wellhead leaking at the site was handled by our operations people and the well site is now clean of this spill.

Kenilworth RR#1

This well was producing until it was shut in. There is a pumping unit on the well. Marion plans to bring this well into production soon.

Kenilworth RR#2

This well was producing until it was shut in. There is a pumping unit on the well. Marion plans to bring this well into production soon.

Cordingly Canyon 15-5

This well was drilled to the Mancos formation and was completed. It did produce for a short time before being shut in. Marion plans to work on this well and to produce it soon.



Cordingly Canyon 15-2

This well was drilled to the Ferron formation and was completed. This well was producing until it was shut in. There is not currently a hydraulic pumping unit on the well. Marion plans to work on the well, replace the pumping unit and bring it back into production soon.

Cordingly Canyon 15-1

This well was drilled to the Ferron formation and was completed. This well was producing until it was shut in. It currently has a pumping unit on the well. Marion plans to bring this well into production soon.

Cordingly Canyon 11-1

This well was drilled to the Ferron formation and was completed. This well was producing until it was shut in. There is not currently a hydraulic pumping unit on the well. Marion plans to work on the well, replace the pumping unit and bring it into production soon.

Clear Creek

The NOV lists two wells in the Clear Creek Field, the ASD 6-17 and the Oman 10-29. Both of these are modern wells drilled after 2005. The Clear Creek Field came off production in July 2011 due to financial issues and a rupture in the water disposal line. We have inspected both of these wells in the last few weeks and neither has any leaks or other problems.

Following the Board hearing in late October, Marion has re-commenced operations in the Clear Creek Field. It has done an MIT on the current SWD well (the ASD 3-17). It has replaced several Air Vacs on the water line in the field, and tested the whole system. It has commenced operations in the field on two wells, the Oman 2-20 and the Oman 10-29. Given its financial situation improving, Marion plans to expand operations to additional Clear Creek wells in the near future. Please be advised that Marion has provided wellbore diagrams on these wells in the past.

ASD 6-17

This well was drilled as a Ferron well and was completed. Marion submitted applications to convert this well and the ASD 3-17 well into WD wells, to ensure that at least one WD well was permitted. After the ASD 3-17 was approved, it was determined that it would suffice and another WD well was not needed at that time. The well currently has a rotaflex pumping unit on it. Marion plans to commence operations on this well and bring it on to production soon.

Oman 10-29

This well was drilled to the Ferron but was not completed. Since resuming operations in the Clear Creek field in November, Marion has sent in a completion form for the well, and has done a flow test on the well. Recent operations in the last month have seen a production pump placed on the well. As weather improves in the area Marion will produce the well.



Bonding

Marion does not currently have the financial wherewithal to undertake full cost bonding of all of the wells listed in the NOV, and will not be in a condition to do so until its financial situation further improves. We note, however, that Marion currently is bonded with DOGM for \$451,500 (\$421,500 surety bond and \$30,000 cash bond), and DOGM holds an additional \$184,000 of cash for reclamation of Marion wells, meaning there is over \$630,000 in place with DOGM for reclamation. When added to Marion's federal and SITLA bonds, there is just under \$1,000,000 currently available for Marion reclamation.

Based on the above information, Marion respectfully requests that DOGM extend the SI/TA status on these wells, and withhold further enforcement action while Marion brings the Clear Creek Field back on production and continues to improve its financial condition to the point it can put move back into the Helper field and put those wells back into production as well, thereby removing the wells from SI/TA status.

We would be happy to meet with you to further discuss this matter. In the meantime, feel free to contact us should you need anything further.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Keri Clarke", with a stylized flourish at the end.

Keri Clarke



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

DIVISION ORDER

February 22, 2013

Certified Mail #7010 1670 0001 4810 3898

Marion Energy
Attn: Keri Clarke
3580 Orr Road
Allen, TX 75002

135 10E 16

RE: Division Order to Comply with the Notice of Violation Issued to Marion Energy on January 3, 2013

The Division of Oil, Gas and Mining (Division) memorializes the actions Marion Energy (Marion) is required to perform in order to return the wells listed below to compliance under Utah Admin. Code R649-3-36.

- | | |
|--------------------------------|--------------------|
| 1) BALLPARK CYN 16-2X | API # 43-007-31207 |
| 2) CORDINGLY CYN 10-1 | API # 43-007-31173 |
| 3) BALLPARK CYN 17-2 | API # 43-007-31169 |
| 4) KENILWORTH RR 1-A | API # 43-007-31229 |
| 5) ALPINE SCHOOL DISTRICT 6-17 | API # 43-007-31181 |
| 6) OMAN 10-29 | API # 43-007-31210 |
| 7) BALLPARK CYN #1 | API # 43-007-31015 |
| 8) CORDINGLY CYN 15-5 | API # 43-007-31167 |
| 9) KENILWORTH RR #1 | API # 43-007-31006 |
| 10) KENILWORTH RR #2 | API # 43-007-31007 |
| 11) CORDINGLY CYN 15-2 | API # 43-007-31064 |
| 12) CORDINGLY CYN 15-1 | API # 43-007-31065 |
| 13) CORDINGLY CYN 11-1 | API # 43-007-31070 |

The Division requires the following actions to be completed by Marion Energy by the prescribed dates listed below:

- 1) Provide the following monthly readings for each well listed above on the first of every month beginning on April 1, 2013.
 - a. Surface Pressure
 - b. Casing Pressure
 - c. Fluid Levels



Page 2

February 22, 2013

Subject: Division Order to Comply with Notice of Violation

- 2) Plug and abandon the following wells by:
 - a. BALLPARK CYN 16-2X July 1, 2013
 - b. BALLPARK CYN 17-2 July 1, 2013
 - c. CORDINGLY CYN 10-1 July 1, 2013

- 3) Return the remaining wells not listed in Paragraph 2 to compliance by production, a MIT and plan in accordance with U.A.C. R649-3-36, or plug and abandon by July 1, 2013.

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 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 the Division Order by the dates listed above, the Division will file for a formal hearing before the Board of Oil, Gas and Mining, as described in the U.A.C. R641, requesting a Board Order to plug and restore the well sites. Should this matter be brought before the Board, the Division will seek bond forfeiture (R649-3-36), liability for plugging costs in excess of bond forfeiture amounts (R649-3-1-4) and civil penalties of up to \$10,000 per day for each day of violation (Utah Code Ann. § 40-6-11).

Questions regarding this order may be directed to Clinton Dworshak, Compliance Manager at (801)-538-5280 or Dustin Doucet, Engineer, at (801) 538-5281.

Sincerely,


Clinton Dworshak
Compliance Manager

CLD/js

Exhibit

cc: John Rogers, Associate Director
Cameron Johnson, Assistant Attorney General
Dustin Doucet, Engineer
Compliance File
Well Files

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT

To the following operator:

Name: MARION ENERGY INC.

Table with 2 columns: Well(s) or Site(s) and API #. Lists 13 wells/sites including BALLPARK CYN 16-2X, CORDINGLY CYN 10-1, BALLPARK CYN 17-2, KENILWORTH RR 1-A, ALPINE SCHOOL DISTRICT 6-17, OMAN 10-29, BALLPARK CANYON #1, CORDINGLY CYN 15-5, KENILWORTH RR #1, KENILWORTH RR#2, CORDINGLY CYN 15-2, CORDINGLY CYN 15-1, and CORDINGLY CYN 11-1.

Date and Time of Inspection/Violation: December 10, 2012

Mailing Address: Attn: Keri Clarke
3580 Orr Road
Allen, TX 75002

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells - According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36, Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

Rule R649-3-4.4.1, Bonding - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has initiated several contacts with Marion Energy Inc. (Marion) requesting required documents and action per R649-3-36. Wells 1 - 6 have previously been issued SI/TA Notices and Notices of Violation without anything being accomplished to move these wells out of violation. Wells 7 and 8 have also been issued a SI/TA Notice without having met the requirements of R649-3-36. Wells 9 - 13 are also in violation of R649-3-36 having been added to Marion's SI/TA violation list. All wells listed above are currently under a Division Order for individual well bonding.

There has not been any evidence of effort being made to bring these wells into compliance. These wells are in violation of R-649-3-36 as listed above. The Division requires Marion to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Marion submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

Immediate Action: For the wells subject to this notice, Marion shall fulfill full cost bonding requirements for each well. Marion shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

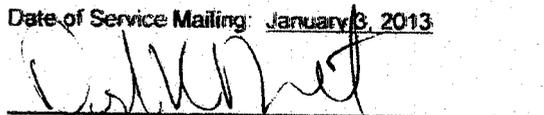
- * Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A. 40-6-11, part 4.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: February 8, 2013

Date of Service Mailing: January 8, 2013

Certified Mail No: 7010 1670 0001 4810 3645



Division's Representative



Operator or Representative

(If presented in person)

cc: Compliance File
Well Files
SITLA

6/2005



February 5, 2013

Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Price, Utah 84114

43 067 31229
Kenilworth RR 1-A
BS 10E 16

Attention: Dustin Doucet
Petroleum Engineer

Re: Notification of Violation January 3, 2013
Operation Plan

Dear Dustin,

Following up on our earlier (Jan. 18, 2013) letter to the Division, and subsequent discussions between Marion, Michael Malmquist of Parsons Behle, and Cameron Johnson, attorney for the Division of Oil Gas and Mining, Marion has been asked to put together a plan of operation for the wells mentioned on the referenced violation. As the Division is aware Marion is currently improving its financial situation. This will allow Marion to operate the fields in Utah fully, as it has done so in the past. From this situation Marion will plan to do the following;

Helper

Currently all the wells in Helper are connected to the Anadarko gas and water disposal system. Each of the wells on the Kenilworth and Cordingly sides of the field are connected by a closed gas and water pipeline system to the Anadarko connection point, through a Marion right of way. This system is currently shut down. Marion will have to contact Anadarko to set the system operational again. Marion currently has a gas purchase and water disposal agreement in place with Anadarko. Prior to resuming operations Marion will need to inspect each well to determine whether equipment is missing (due to scavenging) or otherwise in need of replacement or rehabilitation before the wells can be turned back on.

Ballpark Canyon 16-2X

This well is currently drilled to 500' with surface casing set in the shallow hole. This well will need a rig set to allow Marion to set cement in the hole, reduce the surface casing, cap the well and abandon the well. This well will be abandoned by the date of the June Board hearing being June 26, 2013.

Ballpark Canyon 17-2

This well is currently drilled to 500' with surface casing set in the shallow hole. This well will need a rig set to allow Marion to set cement in the hole, reduce the surface casing, cap the well and abandon the well. This well will be abandoned by the date of the June Board hearing being June 26, 2013.



Cordingly Canyon 10-1

This well has not been completed in the Mancos section of the well. Because of downhole well problems Marion plans to set a rig, plug the well with cement and abandon the well. This well will be abandoned by the date August 8, 2013.

Kenilworth Railroad #1A

This well was last produced in February 2009. It is a Buckhorn Conglomerate well and is capable of production. This well currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Ballpark Canyon #1

This well was last produced in July 2010. It is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Kenilworth Railroad #1

This well was last produced in September 2010. It is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Kenilworth Railroad #2

This well was last produced in September 2010. It is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Cordingly Canyon 15-5

This well was last produced in April 2010. It is a Mancos well, though it does not currently have a pumping unit on the well. Marion will replace the equipment needed and will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Cordingly Canyon 15-1

This well was last produced in September 2010. This is a Ferron well and currently has a pumping unit on the well. We will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Cordingly Canyon 15-2

This well was last produced in September 2010. This is a Ferron well, though it does not have a hydraulic pumping unit on the well. Marion will replace the equipment needed, and will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.



Cordingly Canyon 11-1

This well was last produced in September 2010. This is a Ferron well, though it does not have a hydraulic pumping unit on the well. Marion will replace the equipment needed, and will attempt to bring the well on production prior to the end of 2013. If the well is not producing an MIT will be done.

Clear Creek

Oman 10-29.

This well was drilled to the Ferron formation but was not completed. Recent operations in the last month have seen a production pump placed on the well. As weather improves in the area Marion will attempt to produce the well.

Alpine School District 6-17

This well was drilled as a Ferron well and was completed. Marion submitted applications to convert this well and the ASD 3-17 well into water disposal wells. After the ASD 3017 was approved, it was determined that one well was needed, and another WD well was not needed at that time. The well currently has a rotaflex pumping unit on it. Marion plans to attempt production from the well by the end of 2013. If the well is not producing an MIT will be done.

Marion is proposing this plan to address the January 3, 2013 Notice of Violation. Given the constraints of Marion's financial situation, we believe the plan contains reasonable time frames for conducting work either to abandon or put back on production the wells listed in the NOV. We look forward to hearing from you regarding this matter.

Yours Sincerely

Keri Clarke



February 13, 2013

Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

Attention: Cameron Johnson, Assistant Attorney General

Re: Notification of Violation January 3, 2013
Operation Plan

Dear Cameron,

This responds to the email you sent to Mike Malmquist on behalf of the Division on February 8, 2013.

Anadarko Gas Purchase and Water Disposal Agreements

Marion has in place a Gas Purchase Agreement with Anadarko to purchase all gas produced in the field. Anadarko has historically purchased gas from the field and will continue to do so in the future. Marion also has a Water Disposal System Agreement with Anadarko for all water produced in the Helper field. Currently, Marion owes Anadarko of \$47,500 for water disposal fees from historical production. As its financial situation improves Marion will settle the account. Beyond settling its account, Marion does not anticipate any commercial issues with Anadarko that could interfere with gas sales or water disposal.

Water Disposal and Gas Gathering System

Once Marion completed its initial drilling program in the Helper Field and established that the wells were productive, two separate HDPE trunk lines were laid, one for gas and one for water. Each of the wells was tied in to the trunk lines utilizing HDPE pipe. The tie lines and trunk lines are owned by Marion. The trunk lines terminate at a facility built and operated by Anadarko near Kenilworth. A free water knock-out was set to drop out any water in suspension with the gas before delivery into Anadarko. The system is a closed system. Natural gas production at the Helper field was suspended when Marion ran into financial issues. This decision to suspend production was made by Marion due to the cash and human resource issues, not by Anadarko locking the company out of the system. Each well was isolated from the gas and water lines by shutting the respective valves at each wellhead. Additionally, at the time the field was shut-in

Anadarko was made aware of the Marion situation. Subsequently, Anadarko field personnel secured the aforementioned equipment. The Helper pipeline system was fully operational and problem free when it was shut down. We would not anticipate any problems with the pipe itself, but here maybe some wellhead valves that will need to be examined before recommencing field operations.

Financial Situation

Marion does not believe that these negotiations are in vain due to its financial condition. Marion has reason to believe that its financial situation will improve within a time frame that accommodates the compliance schedule addressed in this and prior letters. More specifically, Marion expects to have



access to additional funding during the first half of March 2013 that will allow it to begin the work in the Helper field, with another infusion in May 2013.

Produce or MIT Wells

Marion does not believe that it can produce the wells by April 1, 2013. Marion accepts the Division's proposal to divide the wells into Pods with associated MIT completion dates, but proposes that an additional month be added to the proposed MIT completion date for each pod, as well as the full cost bonding and backup date. This timing is more consistent with Marion's expectation of when it will have the available financial resources.

Pod 1: Ballpark Canyon #1, Kenilworth Railroad #1A, #1, #2: The MIT date for this pod of wells would be June 1, 2013. The work would begin on the Kenilworth Railroad #1A. The backup date for full cost bonding and showing of well integrity would be July 1, 2013.

Pod 2: Cordingly Canyon 15-5, 15-2, 15-1, 11-1: The MIT date for this pod of wells would be August 1, 2013. The backup date for full cost bonding and showing of well integrity would be September 1, 2013.

Pressure and Fluid Level Information

With regard to DOGM's request for information on pressures and fluid levels in the Helper wells, we would like to make the following comments. First, any field data that was acquired while the field was operational will only show what the operating pressure of the system was. Typically, Anadarko was able to keep enough compression operating field-wide to maintain 25-30 psi on our gas system. Second, the water system in essence gravity fed into the Anadarko system, and as such, there was negligible pressure on this line at all times. Third, since the mechanical integrity of the casing is the concern, the tubing pressure would not provide meaningful information.

We are not sure if the sentence is supposed to read "production pressures" and if so what that would mean exactly. As stated before, the field pressure was 25-30 psi when the field was in operation. Since the field is currently shut in there is no production or "production pressure." All previous production has been reported. Concerning the last part of the sentence dealing with surface pressures, fluid levels etc., we see no definitive correlation between those items and casing integrity. Gathering such information now, and particularly given Marion's need to be as efficient as possible with money and personnel, would not appear to be a productive expenditure of resources. Marion proposes that this request be withdrawn, and that we be allowed to focus on putting ourselves in a position to undertake MITs, which are the true measure of well integrity, on the schedule proposed above. We would expect that when Marion enters the Helper field to begin the MIT process the fluid levels and surface wellhead pressure data will be gathered for reservoir engineering reasons, and we would be happy to provide that information to the Division as it is obtained.

Marion hopes this letter addresses the comments and requirements outlined by the Oil and Gas Division in your email from February 8, 2013.

We look forward to hearing from you.

Yours Sincerely

Keri Clarke

3580 Orr Road,
Allen, Texas, 75002

RECEIVED

FORM 9

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

APR 04 2013

DIV. OF OIL, GAS & MINING

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:
Kenilworth/Cordingly Field

9. API NUMBER:

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
Marion Energy, Inc.

3. ADDRESS OF OPERATOR:
31 No. Main Street CITY Helper STATE Ut ZIP 84626 PHONE NUMBER: (435) 650-3923

10. FIELD AND POOL, OR WILDCAT:
Kenilworth/Cordingly Field

4. LOCATION OF WELL
FOOTAGES AT SURFACE: COUNTY: Carbon
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 type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input 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.

Kenilworth/Cordingly Field

Well pressures taken and documented. See attachment.

We are currently unable to get fluid levels but are working to correct the issue.

NAME (PLEASE PRINT) Dave Smith TITLE Construction/Maintenance

SIGNATURE *Dave Smith* DATE 4/1/2013

(This space for State use only)

Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only

Kenilworth/Cordingly

Pressures

15-1

Tubing	0	Casing	5
--------	---	--------	---

15-5

Tubing	0	Casing	0
--------	---	--------	---

15-2

Tubing	0	Casing	0
--------	---	--------	---

10-1

Tubing	0	Casing	15
--------	---	--------	----

Cordingly 11-1

Tubing	0	Casing	80
--------	---	--------	----

Kenilworth RR 1-A

Tubing	400	Casing	1400
--------	-----	--------	------

Kenilworth RR 1

Tubing	20	Casing	20
--------	----	--------	----

15-3

Tubing	20	Casing	50
--------	----	--------	----

Ball Park 1

Tubing	0	Casing	0
--------	---	--------	---

Kenilworth RR 2

Tubing	0	Casing	0
--------	---	--------	---

16-2 Not Drilled

17-2 Not Drilled

Kenilworth RR 15-4 Not Drilled

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

SEND Sundry Attachments to each of the well files
Listed Below:

- | | |
|--------------------------------|--------------------|
| 1) BALLPARK CYN 16-2X | API # 43-007-31207 |
| 2) CORDINGLY CYN 10-1 | API # 43-007-31173 |
| 3) BALLPARK CYN 17-2 | API # 43-007-31169 |
| 4) KENILWORTH RR 1-A | API # 43-007-31229 |
| 5) ALPINE SCHOOL DISTRICT 6-17 | API # 43-007-31181 |
| 6) OMAN 10-29 | API # 43-007-31210 |
| 7) BALLPARK CYN #1 | API # 43-007-31015 |
| 8) CORDINGLY CYN 15-5 | API # 43-007-31167 |
| 9) KENILWORTH RR #1 | API # 43-007-31006 |
| 10) KENILWORTH RR #2 | API # 43-007-31007 |
| 11) CORDINGLY CYN 15-2 | API # 43-007-31064 |
| 12) CORDINGLY CYN 15-1 | API # 43-007-31065 |
| 13) CORDINGLY CYN 11-1 | API # 43-007-31070 |
| 14) Kenilworth Railroad 15-3 | API # 43-007-31168 |
| 15) Kenilworth Railroad 15-4 | API # 43-007-31170 |

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:
2 NAME OF OPERATOR Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 31 No. Main St. CITY Helper STATE Ut ZIP 84526		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (435) 650-3923		8. WELL NAME and NUMBER: Kenilworth/Cordingly Canyon
4 LOCATION OF WELL FOOTAGES AT SURFACE _____ COUNTY Carbon		9. API NUMBER:
QTR/QTR. SECTION, TOWNSHIP, RANGE, MERIDIAN _____ STATE: UTAH		10 FIELD AND POOL OR WILDCAT Kenilworth

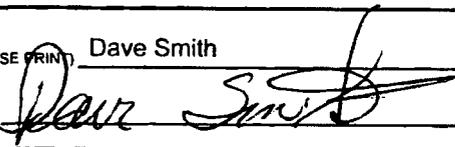
11 CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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: _____	<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.

See attached documents. Pressures and water and gas for April.

Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only

NAME (PLEASE PRINT) <u>Dave Smith</u>	TITLE <u>Construction/Maintenance</u>
SIGNATURE 	DATE <u>5/1/2013</u>

(This space for State use only)

RECEIVED

MAY 01 2013

DIV. OF OIL, GAS & MINING

Kenilworth/Cordingly

Pressures

15-1

Tubing	0	Casing	5
--------	---	--------	---

15-5

Tubing	0	Casing	0
--------	---	--------	---

15-2

Tubing	0	Casing	0
--------	---	--------	---

10-1

Tubing	0	Casing	15
--------	---	--------	----

Cordingly 11-1

Tubing	0	Casing	80
--------	---	--------	----

Kenilworth RR 1-A

Tubing	400	Casing	1400
--------	-----	--------	------

Kenilworth RR 1

Tubing	20	Casing	20
--------	----	--------	----

15-3

Tubing	20	Casing	50
--------	----	--------	----

Ball Park 1

Tubing	0	Casing	0
--------	---	--------	---

Kenilworth RR 2

Tubing	0	Casing	0
--------	---	--------	---

16-2 Not Drilled

17-2 Not Drilled

Kenilworth RR 15-4 Not Drilled

Clear Creek

10 29

Tubing	0	Casing	0
--------	---	--------	---

Oman 2-20

Tubing	110	Casing	90
--------	-----	--------	----

6-17

Tubing	0	Casing	0
--------	---	--------	---



GARY R. HERBERT
Governor

SPENCER J. COX
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 2, 2014

Certified Mail #7003 2260 0003 2358 7004

Jeff Clarke
Marion Energy, Inc.
3580 Orr Road
Allen, Texas 75002

16 13S 1DE

Subject: Notice of Violation for Shut-in and Temporarily Abandoned Wells

Dear Mr. Clarke:

The Division of Oil, Gas and Mining (Division) issued Marion Energy, Inc (Marion) a Shut-in and Temporarily Abandoned Notice of Violation (NOV), dated January 3, 2013, for the following thirteen (13) wells.

Ballpark Cyn 16-2X	43-007-31207	Plugged and Abandoned - June 2013
Cordingly Cyn 10-1	43-007-31173	Plugged and Abandoned - October 2012
Ballpark Cyn 17-2	43-007-31169	Plugged and Abandoned - June 2013
Kenilworth RR 1-A	43-007-31229	Last Production - November 2008
Alpine School District 6-17	43-007-31181	Last Production - November 2008
Oman 10-29	43-007-31210	Comp - November 2008, Never Produced
Ballpark Cyn #1	43-007-31015	Last Production - June 2010
Cordingly Cyn 15-5	43-007-31167	Last Production - April 2010
Kenilworth RR #1	43-007-31006	Last Production - August 2010
Kenilworth RR#2	43-007-31007	Last Production - August 2010
Cordingly Cyn 15-2	43-007-31064	Last Production - August 2010
Cordingly Cyn 15-1	43-007-31065	Last Production - August 2010
Cordingly Cyn 11-1	43-007-31070	Last Production - August 2010

Marion plugged and abandoned the Ballpark Cyn 16-2X, Cordingly Cyn 10-1 and Ballpark Cyn 17-2 wells. The other ten (10) wells are still in noncompliance with Rule R64-3-16 Shut-in and Temporarily Abandoned Wells. If work was done on the wells Marion has not submitted notice of intent or subsequent sundry notices to the Division. If any work has been done on the wells please submit sundries immediately for the well files.

The operator is responsible to file, yearly, for extended shut-in or temporary abandonment for wells shut-in or temporarily abandoned for a period of twelve (12) consecutive months. Marion must file a Sundry Notice providing the following information for each of the above ten noncompliance wells; reasons for shut-in or temporarily abandonment of the well, length of time the well is expected to be shut-in or temporarily abandoned and an explanation



Page 2
Marion Energy, Inc.
June 2, 2014

and supporting data showing the well has integrity (R649-3-36.1). After review the Division will either approve the continued shut-in or temporarily abandoned status or require remedial action (R649-3-36.2). After five (5) years of non-activity or non-productivity, the well shall be plugged in accordance with R649-3-24, unless approval for extended shut-in time is given by the Division upon a showing of good cause by the operator (R649-3-36.3). Please note, three (3) of the ten noncompliance wells listed above have been shut-in over five (5) years.

Marion has until **June 30, 2014** to submit sundries, for the subject wells, in accordance with **Oil and Gas Conservation General Rule 649-3-36 Shut-in and Temporarily Abandoned Wells**.

Should Marion not meet shut-in and temporarily abandoned well requirements, the Division is prepared to file a Notice of Agency Action (NAA) for Commencement of Informal Adjudicative Proceedings (R649-10-3) for this matter in accordance with Oil and Gas Conservation General Rule R649-10 Administrative Procedures.

If you have any questions or need further assistance, please feel free to contact me at clintondworshak@utah.gov or 801-538-5280 or Dustin Doucet, Petroleum Engineer, at dustindoucet@utah.gov or 801-538-5281.

Sincerely,



Clinton Dworshak
Oil and Gas Compliance Manager

CLD/js
cc: John Rogers, Oil & Gas Associate Director
Dustin Doucet, Petroleum Engineer
Well Files
Compliance File

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

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: FEE
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:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: KENILWORTH RR 1-A	
2. NAME OF OPERATOR: MARION ENERGY, INC.	9. API NUMBER: 43007312290000	
3. ADDRESS OF OPERATOR: 2150 South Central Expressway , McKinney, TX, 75070	PHONE NUMBER: 972 540-2967 Ext	9. FIELD and POOL or WILDCAT: HELPER
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0304 FSL 1315 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSE Section: 16 Township: 13.0S Range: 10.0E 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: 10/31/2014 <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 checked="" type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input checked="" type="checkbox"/> SI TA STATUS EXTENSION <input 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"/>
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
<p>The wells in the Helper field continue in temporary shut-in status due to Marion's financial circumstances. Marion recently was recapitalized with funds to put the Clear Creek field on production, when that is accomplished Marion will have income to put the Helper wells back on production. Currently Marion Energy is in the process of Studying the feasibility of sidetracking the Kenilworth Railroad #1-A. The feasibility study is being carried out to determine the viability of a completion in the Buckhorn Conglomerate. Work will be carried out on this well in October. This well now has a casing pressure of 1,600lbs which was taken on 7/12/2014.</p>		
<p>Accepted by the Utah Division of Oil, Gas and Mining</p> <p>FOR RECORD ONLY</p> <p><i>Please Review Attached Conditions of Approval</i> September 18, 2014</p>		
NAME (PLEASE PRINT) Ben Evans	PHONE NUMBER 214 592-8615	TITLE Landman
SIGNATURE N/A		DATE 7/14/2014



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 43007312290000

As discussed on our conference call in August, sundry's meeting the requirements of rule R649-3-36 should be submitted for all wells not in compliance with that rule. This sundry did not meet those requirements, but we do take note of the information provided.

Additional Sundry Information

Comparing tubing and casing pressures taken in April 2013 to July 2014 shows each of the four wells in question have had casing pressure increases. In most cases these increases were significant. Given the amount of time these wells have been shut-in, the observed increase in casing pressure would have been unlikely had there been casing integrity issues. The measured casing pressures are recorded at surface from the wellhead. None of the wells in Helper have packers in them. The pressures recorded in January are typical of build up pressures observed historically in this field assuming the wells haven't had recent workovers or haven't been vandalized by casing or tubing valves being opened by people other than Marion employees.

Marion has an employee that makes rounds through the field on a regular basis. Casing and tubing pressures will be submitted via sundry notice once a month

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"/> 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.

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: *Douglas Flanner*

Date: 6/1/15

Name: Douglas Flanner

Title: VP

Utah Gas Operating Solutions, LLC.

Signature: *Patrick W. Merritt*

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 *Patrick W. Merritt*

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

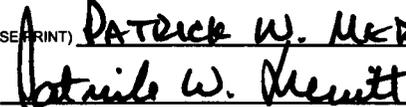
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>6/1/2015</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> 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.

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
--------------------------------	----	-----	----

