

Max Ralphs, Mayor
City of Ferron
P.O. Box 820
Ferron, Utah 84523

January 11, 1985

TO WHOM IT MAY CONCERN:

I, MAX RALPHS, as Mayor of the City of Ferron, hereby certify that the City of Ferron has reached an agreement to sell water to MOUNTAIN RESOURCE CORPORATION to be used in their oil and gas drilling activities for the Ferron-MRC #25, 26, 27, and 28 wells in Emery County, Utah.

Dated this 14 day of January, 1985



Max Ralphs, Mayor
City of Ferron

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

SUBMIT TRIPPLICATE*
(Other instructions on
reverse side)

APPLICATION FOR PERMIT TO DRILL
1a. Type of Work: DRILL [X] DEEPEN []
b. Type of Well: Oil Well [] Gas Well [X] Other []
2. Name of Operator: Mountain Resource Corporation
3. Address of Operator: Post Office Box 27444, Salt Lake City, Utah 84127
4. Location of Well: SW1/4NW1/4, Section 14, T20S, R7E (2540 FNL', 660' FWL)
15. Distance from proposed location to nearest property or lease line, ft.: 100' feet
16. No. of acres in lease: 160 acres
17. No. of acres assigned to this well: 160 acres
19. Proposed depth: 1000 feet
20. Rotary or cable tools: rotary
21. Elevations: 5825 feet GR

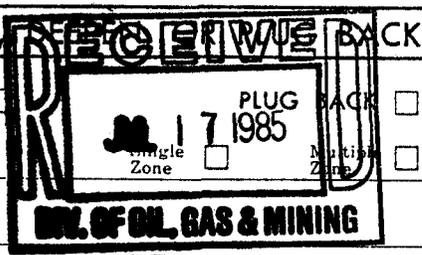


Table with 5 columns: Size of Hole, Size of Casing, Weight per Foot, Setting Depth, Quantity of Cement. Rows include 9 1/2" hole with 7 1/2" casing and 6 3/4" hole with 4 1/2" casing.

A. ESTIMATED TOPS: 1) MANCOS SHALE surface to Ferron Sandstone at 700 ft. 2) TUNIK SHALE (bottom of Ferron) at 900 ft. 3) Well T.D. at 1000 ft. B. GAS BEARING FORMATION: Natural Gas is anticipated at the top and throughout the Ferron Formation. C. PRESSURE CONTROL EQUIPMENT: The blowout preventer to be used is designed to control up to 3,000 psi working pressures. D. SUPPLEMENTARY INFORMATION: Anticipated pressure while setting surface casing to a depth of 100 feet is 40 psig. E. CIRCULATING MEDIUM: This well will be drilled using air as the circulating medium. F. LOGGING/TESTING PROGRAM: Well will be drilled to a depth sufficient to fully test and evaluate the Ferron formation. G. ANTICIPATED PRESSURES/HAZARDS: Bottom Hole pressure of 350 psig. H. OTHER: This well will be located on a 160 acre Spacing Unit (Order under Cause No. 7-11A as modified under Cause No. 7-13). Only one well will be drilled to the Ferron formation in this spacing unit (NW1/4 Section 14.)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

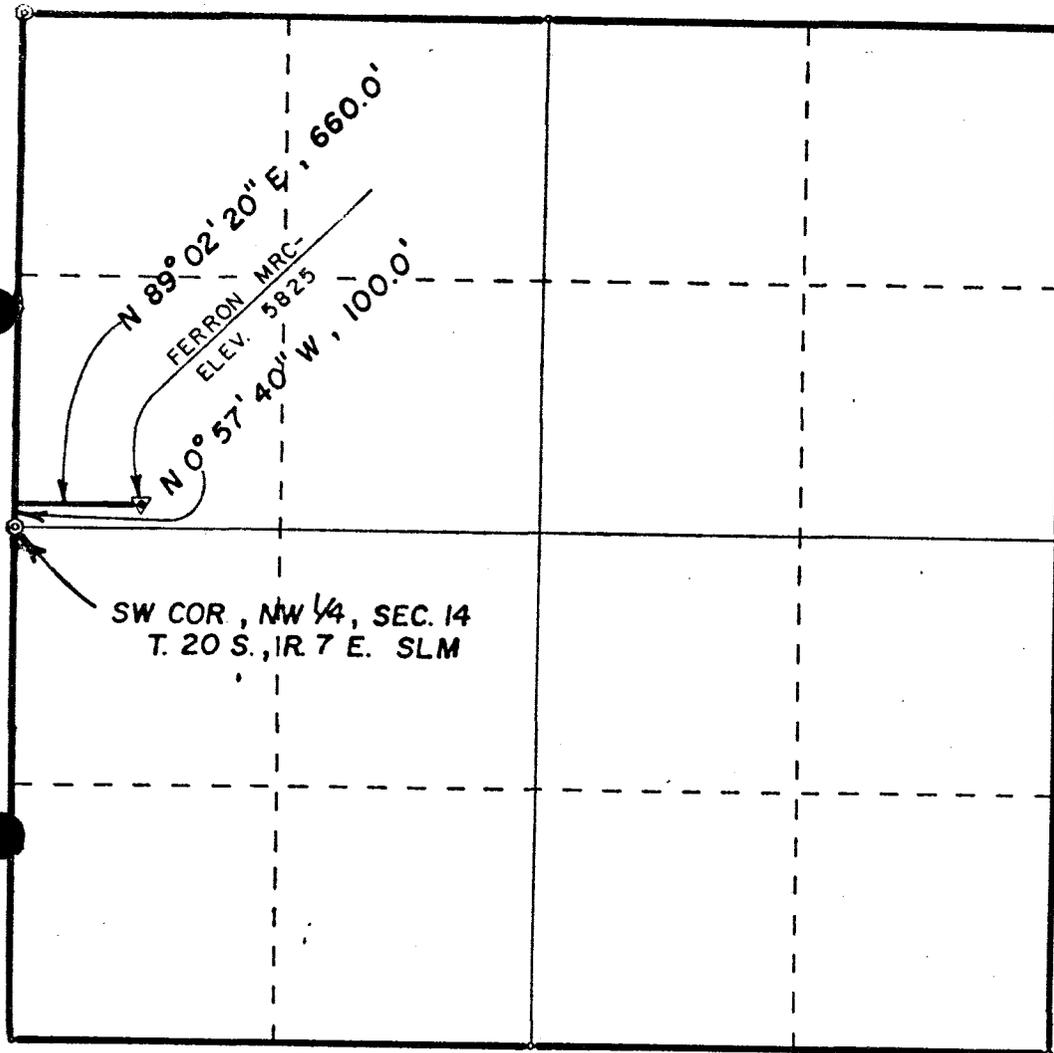
24. Signed: V. LeRoy Hansen Title: Vice President Date: 7/15/85

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING. DATE: 8/2/85 BY: [Signature] WELL SPACING: Cause 7-13 7/27/84

CERTIFICATE

I, Lee Mont Swasey A LICENSED SURVEYOR,
 Lee Mont Swasey
 HOLDING UTAH CERTIFICATE No. 6108, DO HEREBY CERTIFY
 THAT THE PLAT SHOWN HEREON HAS BEEN PREPARED FROM
 A FIELD SURVEY MADE UNDER MY DIRECTION AND CORRECTLY
 SHOWS THE DIMENSIONS AND MONUMENTS OF THE PROPERTY
 DESCRIBED TO THE BEST OF MY KNOWLEDGE AND BELIEF.

SECTION 14, T. 20 S., R. 7 E.



DESCRIPTION

FERRON MRC - LOCATED AT A POINT WHICH IS
 N 0° 57' 40" W, 100.0 FT. AND N 89° 02' 20" E, 660.0 FT.
 FROM THE SOUTHWEST CORNER OF THE NORTHWEST
 QUARTER OF SECTION 14, TOWNSHIP 20 SOUTH, RANGE
 7 EAST OF THE SALT LAKE MERIDIAN.

BASIS OF BEARING

N 0° 57' 40" W BETWEEN THE WEST QUARTER CORNER AND
 THE NORTHWEST SECTION CORNER OF SECTION 14, TOWNSHIP
 20 SOUTH, RANGE 7 EAST OF THE SALT LAKE MERIDIAN.

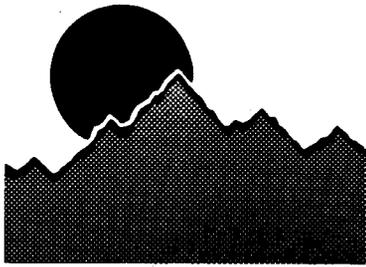
LEGEND

- DENOTES SECTION OR QUARTER CORNER
- ⊙ DENOTES LOCATED SECTION OR QUARTER CORNER
- △ DENOTES PROPOSED WELL LOCATION
 MONUMENTED BY No. 4 REBAR

SECTION	TOWNSHIP	RANGE	DATE	SCALE
14	20 S	7 E	3-1985	1"=1000'
BLOCK	PLAT	SURVEY		

LEE MONT SWASEY
 REGISTERED LAND SURVEYOR
 JOHANSEN & TUTTLE ENGR. INC. CASTLE DALE, UTAH

SURVEY FOR
MOUNTAIN RESOURCE CORP.
 P.O. BOX 27444
 SALT LAKE CITY, UTAH 84127



**MOUNTAIN
RESOURCE
CORPORATION**



July 17, 1985

Mr. John Baza
Petroleum Engineer
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center
Suite #350
Salt Lake City, Utah 84180-1203

Reference: Leasehold and Revenue Interests
Subject: Application to Drill Ferron-MRC #28 Well
Section 14, NW1/4, T20S, R7E

Dear John:

As discussed during our conversation, this letter is to verify that:

- A. A location 100' North 660' East of the W1/4 corner of Section 14 is requested for topographic and geological reasons. This area is covered with hayfields and very wet, grass fields. The location, pursuant to our application, is also requested by the farm operator farming these lands. A location in the center of the field (660' x 660') would place the well in a swampy bog making drilling, ingress and egress very difficult.
- B. The leases covering the W1/2 of section 14 are all owned by Celsius Energy Company.
- C. Mountain Resource Corporation, under the terms and conditions of our Farmout Agreement with Celsius Energy Company, is allowed and required to drill a well with in this 320 acre revenue sharing Unit.
- D. Revenues on any wells drilled within this 320 acre unit must be shared regardless of where the wells are located (pursuant to case 7-13).

If you have any additional questions please call me.

Thank you.

Sincerely,

Mountain Resource Corporation


V. LeRoy Hansen
Vice President

VLH/lt

OPERATOR Mountain Resources Corp. DATE 7-22-85

WELL NAME Furon - MRC 28

SEC SWNW 14 T 20S R 7E COUNTY Emery

43-015-30219
API NUMBER

Fee
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Caused 7-13 -
Water & - City of Furon

APPROVAL LETTER:

SPACING:

A-3

UNIT

c-3-a

7-13 7/27/84
CAUSE NO. & DATE

c-3-b

c-3-c

STIPULATIONS:

1- To be completed in the Furon Sandstone formation only.
2- As per discussion held at onsite predrill inspection,
the reserve pit need not be lined unless
excavation exposes sandy soil. In this event, the
operator shall notify the Division so an
inspection of the soil characteristics can be
performed.

ONSITE PREDRILL INSPECTION FORM

COMPANY MOUNTAIN RESOURCES CORP. WELL NO. FERRON MRC #28

LOCATION: SECTION 14 TOWNSHIP 20S RANGE 7E COUNTY EMERY

LEASE NO. FEE ONSITE INSPECTION DATE JULY 31, 1985

(A) PERSONS IN ATTENDANCE V. LEROY HANSEN, VICE PRESIDENT MRC CORPORATION
JEAN LESTER DOUTRE, FIELD SPECIALIST, Division of OIL, GAS, & MINING
WILLIAM MOORE, FIELD SPECIALIST, Division of OIL, GAS & MINING.

(B) SURFACE FORMATION AND CHARACTERISTICS The topsoil is good impervious clay with little sand, it has good water holding properties, and does not crumble when rolled
No pit liner would be necessary unless a strata of sand is found during formation of the Pit.

(C) BRIEF DESCRIPTION OF VEGETATION This area is typical Grassland hay farming land. The major grasses are Timothy, and Red Top, with other smaller grasses, ranging in height from 2 to three feet tall, there is little alfalfa in this field suggesting a higher moisture, and grass intrusion overcoming alfalfa growth.

(D) ARCHAEOLOGICAL CLEARANCE: YES OR NO No. This area has been cultivated for over 100 years, and any Archaeological finds would be very unlikely in the hay field.

(E) DESCRIPTION OF TOPOGRAPHY (drainages, slope, roads, etc.)
This land is relatively flat, but the site is higher and better drained than adjacent areas, and only Gas is likely to be found, so a roadway would be unnecessary except to bring in the drill rig, and take it out. The Pumper would likely walk into the well for most of his work. The meter site is to be piped away, and situated nearer the Compressor.
(F) CONDITIONS FOR APPROVAL:

PIT LINING (YES OR NO) No. unless a Sand strata is found during the excavation of
The pit TYPE OF LINING IF NEEDED would be Polyethylene sheeting secured at the top of the pit, and covered to hold it firmly in place, at the outer perimeter.

ADDITIONAL REQUIREMENTS Care should be taken not to pug the soil in wet weather, and destroy the good drainage that is present now. The present plan is to get the location completed during Summer weather.

SIGNATURE: Jean Lester Doutra TITLE Field Specialist Aug 2, 1985



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

August 2, 1985

Mountain Resource Corporation
P. O. Box 27444
Salt Lake City, Utah 84127

Gentlemen:

Re: Well No. Ferron-MRC 28 - SW NW Sec. 14, T. 20S, R. 7E
2540' FNL, 660' FWL - Emery County, Utah

Approval to drill the above-referenced gas well is hereby granted in accordance with the Order of Cause No. 7-13 dated July 27, 1984 subject to the following stipulations:

1. Well to be completed in the Ferron-Sandstone formation only.
2. As per discussion held at onsite predrill inspection, the reserve pit need not be lined unless excavation exposes sandy soil. In this event, the operator shall notify the Division so an inspection of the soil characteristics can be performed.

In addition, the following actions are necessary to fully comply with this approval:

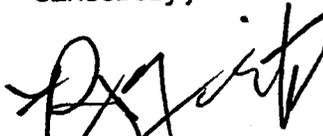
1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.

Page 2
Mountain Resource Corporation
Well No. Ferron-MRC 28
August 2, 1985

4. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-015-30219.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

as
Enclosures

w/ok

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

NAME OF COMPANY: MOUNTAIN RESOURCES CORPORATION

WELL NAME: FERRON M R C #28

SECTION SW NW 14 TOWNSHIP 20S RANGE 7E COUNTY EMERY

DRILLING CONTRACTOR FRONTIER DRILLING CO. GRAND JUNCTION, COLORADO.

RIG # _____

SPUDDED: DATE September 4, 1985

TIME 7:00 am.

HOW Drilling rig.

DRILLING WILL COMMENCE September 4, 1985

REPORTED BY V. LeRoy Hansen

TELEPHONE # 487-1773

DATE SEPTEMBER 4, 1985

SIGNED Jean Lester Centre

9/9/85 D
OB/S hrs.

Mountain Resources Corp.

Ferron MRC #28

Sec. 14, T20S, R7E, Emery Co.

TD = 828'

165' of 7" csg. cemented to surf.

Landowner waives PxA marker.

- ① 828' - 670' w/ cement.
- ② 50' plug at surface

Reported by Roy Hansen
Verbally approved by John Baza

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

SUBMIT IN DUPLICATE
(See other instructions
on reverse side)

5866-01
CONFIDENTIAL
WELL STATUS

5

5. LEASE DESIGNATION AND SERIAL NO.
INDIAN, ALIOTT BROTHER TRUB NAME
7. UNIT AGREEMENT NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

RECEIVED

SEP 30 1985

DIVISION OF OIL
& MINING

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

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLEUG BACK DIFF. RESVR. Other P & A

2. NAME OF OPERATOR
Mountain Resource Corporation

3. ADDRESS OF OPERATOR
P. O. Box 27444, Salt Lake City, Utah 84127

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 14, T20S, R7E (2540 FNL', 660 FWL)
At top prod. interval reported below same as above
At total depth same as above

8. FARM OR LEASE NAME
Celsius - MRC

9. WELL NO.
Ferron-MRC #28 Well

10. FIELD AND POOL, OR WILDCAT
Ferron

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section 14, T20S, R7E

14. PERMIT NO. 43-015-30219
DATE ISSUED 8/2/85

12. COUNTY OR PARISH Emery
13. STATE Utah

15. DATE SPUDDED 9/4/85
16. DATE T.D. REACHED 9/6/85
17. DATE COMPL. (Ready to prod.) 9/9/85
18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5825 Feet GR
19. ELEV. CASINGHEAD 5822 Feet Gr.

20. TOTAL DEPTH, MD & TVD 828 Feet
21. PLUG, BACK T.D., MD & TVD --
22. IF MULTIPLE COMPL., HOW MANY* --
23. INTERVALS DRILLED BY --
24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)* P&A Ferron Sands 695' to 828'

ROTARY TOOLS Yes
CABLE TOOLS --

25. WAS DIRECTIONAL SURVEY MADE
No

26. TYPE ELECTRIC AND OTHER LOGS RUN
Compensated Density Dual Spaced Neutron and Dual Induction Laterlog
27. WAS WELL CORED
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
7" 0 Hole (6 $\frac{1}{4}$ " to T.D. @ 828 ft.)	22 lbs./ft	165 ft	9 7/8	50 sacks to surface	none

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
-	None			

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)

None - P&A

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Surface-25 Feet	5 sacks cement
115-215 Feet	16 sacks cement
640-740 Feet	16 sacks cement
728-828 Feet	16 sacks cement

33.* PRODUCTION

DATE FIRST PRODUCTION None
PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump) P&A
WELL STATUS (Producing or shut-in) P&A

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL--BBL.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
TEST WITNESSED BY

35. LIST OF ATTACHMENTS

Logs

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

SIGNED V. L. Hansen TITLE Vice President DATE 9/23/85

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formations and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.
Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TRUE VERT. DEPTH
Ferron Sandstone			very slight gas show	Blue Gate (mancos)	Surface	690 ft.
				Ferron Sandstone	690 ft	800 ft.
				Blue Gate (mancos)	800 ft	810 ft.

37. SUMMARY OF POROUS ZONES:
 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

38. GEOLOGIC MARKERS: