

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. Lease Designation and Serial No.
ML 46717

6. If Indian, Alottee or Tribe Name

7. Unit Agreement Name

8. Farm or Lease Name
ATCHEE RIDGE STATE

9. Well No.
#32-12-25

10. Field and Pool, or Wildcat
WILDCAT

11. QQ, Sec., T., R., or Blk and Survey or Area
SE/NW, SEC 32, T12S, R25E

12. County or Parrish
UINTAH

13. State
UTAH

14. Distance in miles and direction from nearest town or post office*
APPROX 25 MILES SOUTHEAST OF BONAZA, UTAH

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig, line, if any)
1980'

16. No. of acres in lease
640

17. No. of acres assigned to this well
640

18. Distance from proposed location* to nearest well, drilling, completed, or applied for, on this lease, ft.
N/A

19. Proposed Depth
4000'

20. Rotary or cable tools
ROTARY

21. Elevations (Show whether DF, RT, GR, etc.)
6946' GR

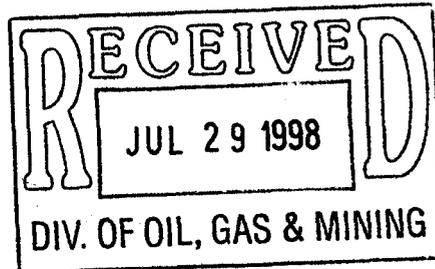
22. Approx. date work will start*
UPON APPROVAL

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12 1/4"	9 5/8"	36#	500'	146sxs + 100% excess
7 7/8"	5 1/2"	17#	4,000'	758sxs, the actual amount will be calculated off caliper log.

Drill and complete the Mesaverde and or the Wasatch formations using 3M BOPE to drill and 5M BOPE for completion. A workover rig will be used for completion

*Verbal Change per Steve Lamb 8-20-98



659199.9
4400039.2

IN ABOVE SPACE DESCRIBE PROPOSE DRILLING 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. I hereby certify that this report is true and complete to the best of my knowledge.

SIGNED Steve Lamb TITLE FIELD SUPERINTENDENT DATE 7/27/98

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE.)

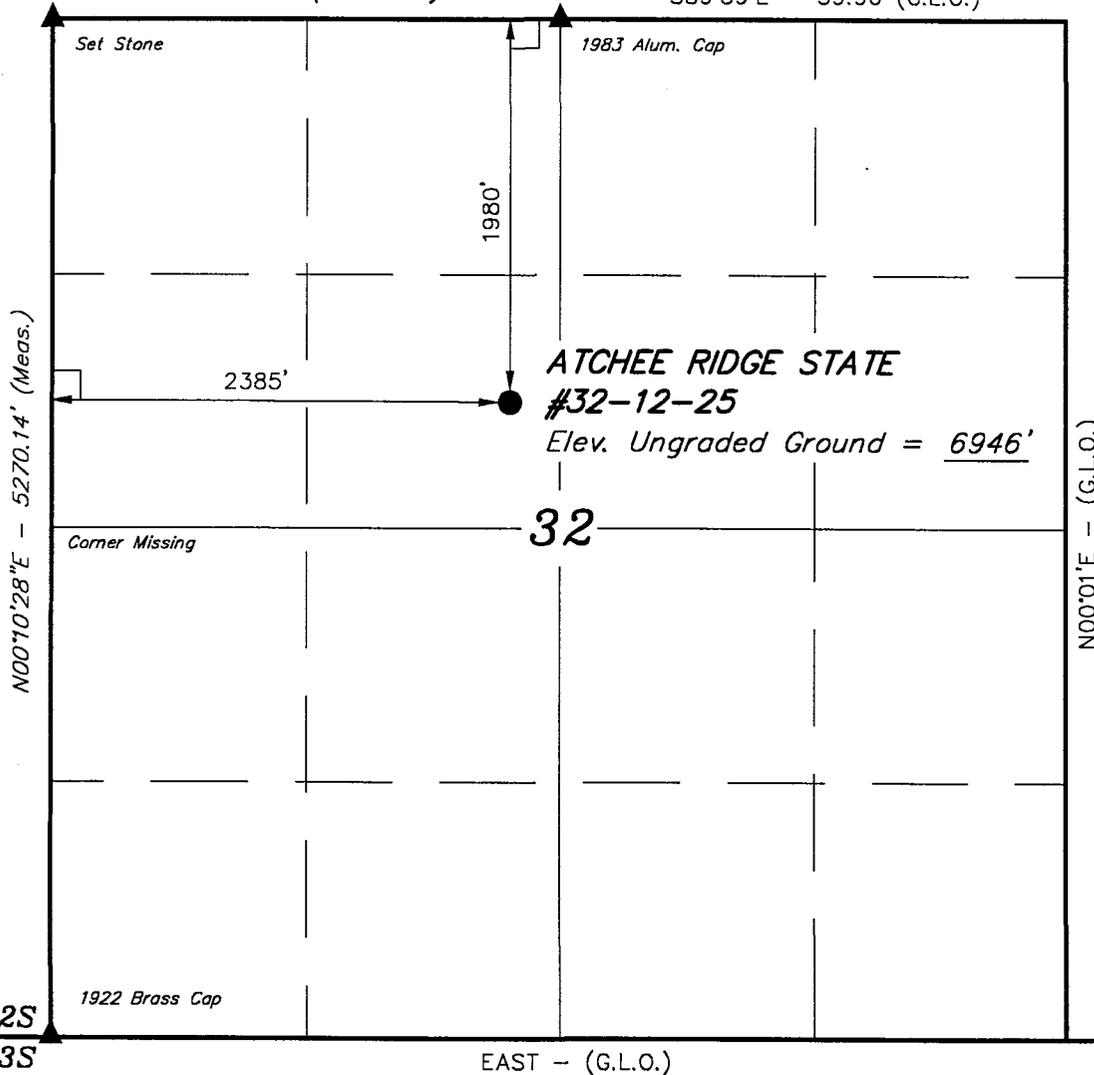
API NO. 43-047-33039 APPROVAL BY BRADLEY G. HILL
APPROVED BY Bradley G Hill TITLE RECLAMATION SPECIALIST III DATE 9/3/98
CONDITIONS OF APPROVAL, IF ANY

*See Instructions On Reverse Side

T12S, R25E, S.L.B.&M.

S89°59'E - G.L.O. (Basis of Bearings)
2622.36' (Measured)

S89°59'E - 39.96 (G.L.O.)



T12S
T13S

EAST - (G.L.O.)

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

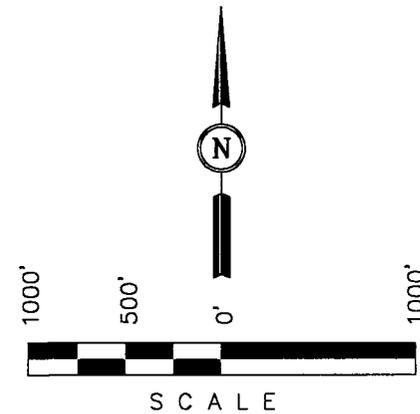
▲ = SECTION CORNERS LOCATED.

MEDALLION EXPLORATION

Well location, ATCHEE RIDGE STATE #32-12-25, located as shown in the SE 1/4 NW 1/4 of Section 32, T12S, R25E, S.L.B.&M. Uintah County, Utah.

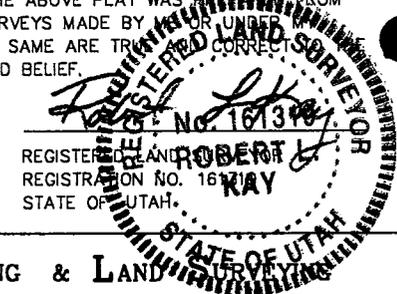
BASIS OF ELEVATION

TRIANGULATION STATION LOCATED IN THE SE 1/4 OF SECTION 20, T12S, R25E, S.L.B.&M. TAKEN FROM THE RAINBOW, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6762 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



Revised: 7-9-98 C.B.T.
Revised: 1-25-95 C.B.T.

UINTAH ENGINEERING & LAND SURVEY
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 12-9-94	DATE DRAWN: 12-22-94
PARTY B.B. R.C. C.B.T.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE TRINITY PETRO. EXPLR. INC.	

Div. Of Oil, Gas, and Mining, R649-8-4
MEDALLION EXPLORATION, INC.
 Atchee Ridge State # 32-12-25 Lease No. 46717

SE/NW Sec 32, T12S – R25E
 Uintah County, Utah

DRILLING PROGRAM

R649-8-4

All Lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (R649-3), Utah Division of Oil, Gas and Mining 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 to the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Green River	Surface	+6946'
Wasatch	1953'	+5008'
Mesa Verde	2831'	+4130'
T.D	4,000'	+2061'

2. Estimated Depths of Anticipated Water, Oil, Gas or Minerals Formation

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Wasatch	1953'
Gas	Mesa Verde	2831'
Water	N/A	
Other Mineral Zones	N/A	

All fresh water 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.

3. Pressure Control Equipment: (Schematic Attached)

Medallion Exploration minimum specifications for pressure control equipment are as follows:

Ram Type: 10" Hydraulic double with annular, 3000 psi w.p.

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

Annular type preventers (if used) shall be tested to 50 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 30-day intervals

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Uintah County, Utah

DRILLING PROGRAM

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 shall be functionally operated at least weekly.

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

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

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

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 District Office should be notified, with sufficient lead time, in order to have the State 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 2000 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. Proposed Casing and Cementing Program:

- a. The proposed casing and cementing program shall be conducted as 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

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DRILLING PROGRAM

shall be based on all relevant factors, including: presence/absence of hydrocarbons; fracture 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. Surface casing shall have centralizers on every fourth joint of casing starting with the shoe joint and up to the bottom of the cellar.
- 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 isolated the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not exceed 70 percent of the minimum internal yield. If pressure declines more than 1- percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory well, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing how shall be preformed. 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.
- m. 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'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Produc.	0-4000'	7-7/8"	5 1/2"	17#	J-55	LT&C	New*

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 Uintah County, Utah

DRILLING PROGRAM

n. Casing design subject to revision based on geologic conditions encountered. If used casing is utilized it will be tested to API standards for new or better casing.

o. The cement program will be as follows:

Surface
 0-500'

Type and Amount
 295 sx Class "G" (Yield – 1.16) with 2% Cacl, .25#/sk Celloflake, Vol are 100% excess. Circulate to surface.

Production

Type and Amount
 Lead with 115 sacks 28-72 Poz(Yield – 3.42) with 10% gel, +6 lbs /sk BA-91 Bonding, 0.5% SM +2#/sk KOL seal,+0.25% celloflake. Followed by 360 sacks Class "G"(Yield – 1.53) with 10% Gypsum, + 10% salt, + 4% FL-52.

- Note: Actual volumes to be calculated from caliper log.
- p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a State representative on location while running all casing strings and cementing.
- q. 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.
- r. The following reports shall be filed with the Div. Of Oil, Gas, and Mining within 30 days after the work is completed.
 1. Progress reports, Form 9 (R649-8-10) "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 or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- s. 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.

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SE/NW Sec 32, T12S – R25E
 Uintah County, Utah

DRILLING PROGRAM

5. **Mud Program:**

a. The proposed 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'	Native	8.4-8.8	N/A	NC	9.0
500-4000'	LSND	8.4-8.8	36-38	10-15cc	9.0

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

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. No chromate additives will be used in the mud system on State, Federal and/or Indian lands without prior State or BLM approval to ensure adequate protection of fresh water aquifers.

d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. **Evaluation Program:**

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

a. No drill stem tests are anticipated, however, if they are run the following 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 DST's 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.

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DRILLING PROGRAM

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 consisted of a DIL-GR form T.D. to base of surface casing with the GR to surface. A CNL-FDC and FMI will be run from T.D. to 1000’ (minimum run). A DSI-GR will be run for T.D. to base of surface casing.
- c. No cores are anticipated.
- d. Whether the well is completed as a dry hole or as a producer, “Well Completion and Recompletion Report and Log” (Form 8) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with R649-8-9. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 8. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Div. Of Oil, Gas, and Mining.
- e. The anticipated completion program is as follows:

The Mesa Verde and the Wasatch formations will be perforated, tested and sand fraced if necessary in sequence until a paying zone has been establish.
- f. Daily drilling and completion progress reports shall be submitted to the Div. Of Oil, Gas, and Mining in SLC on a weekly basis.

7. **Abnormal Temperatures of Pressures**

- a. No abnormal temperatures or pressures are anticipated. No H2S has been encountered in or known to exist from previous wells drilled to similar depths in the general area.
- b. The maximum anticipated bottom hole pressure will be approximately 900 psi at T.D.

8. **Anticipated Starting Dates and Notification of Operations:**

- a. Drilling will commence immediately upon approval of this application and the availability of a Drilling Rig.
- b. It is anticipated that the drilling of this well will take approximately 5 days.
- c. The Div. Of Oil, Gas, and Mining shall be notified, during regular work hours (7:45 a.m. – 4:30 p.m., Monday through Friday except holidays), at least 24 hours prior to spudding the well.
- d. Operator shall report production data to Div. Of Oil, Gas, and Mining.

Div. Of Oil, Gas, and Mining. R649-8-4
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Uintah County, Utah

DRILLING PROGRAM

- e. The date on which productions is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.
- f. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operation may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.
- g. 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 Div. Of Oil, Gas, and Mining. If operations are to be suspended, prior approval of the Div. Of Oil, Gas, and Mining will be obtained and notification given before resumption of operations.
- h. The spud date will be reported orally to the Div. Of Oil, Gas, and Mining. within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- i. In accordance with R649-8-11, this well will be reported on Form 10 "Monthly Oil and Gas Production, starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Div. Of Oil, Gas, and Mining. 1594 West North Temple, Suite 1210.P.O. Box 145801, Salt Lake City, Utah, 84114-5801
- j. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Div. Of Oil, Gas, and Mining.
- k. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 9 to that effect will be filed, for prior approval of the Div. Of Oil, Gas, and Mining and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- l. Should the well be successfully completed for production, the Div. Of Oil, Gas, and Mining will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, no later than 5 days following the date on which the well is placed on production.
- m. 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, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the Div. Of Oil, Gas, and Mining.

Div. Of Oil, Gas, and Mining. R649-8-4
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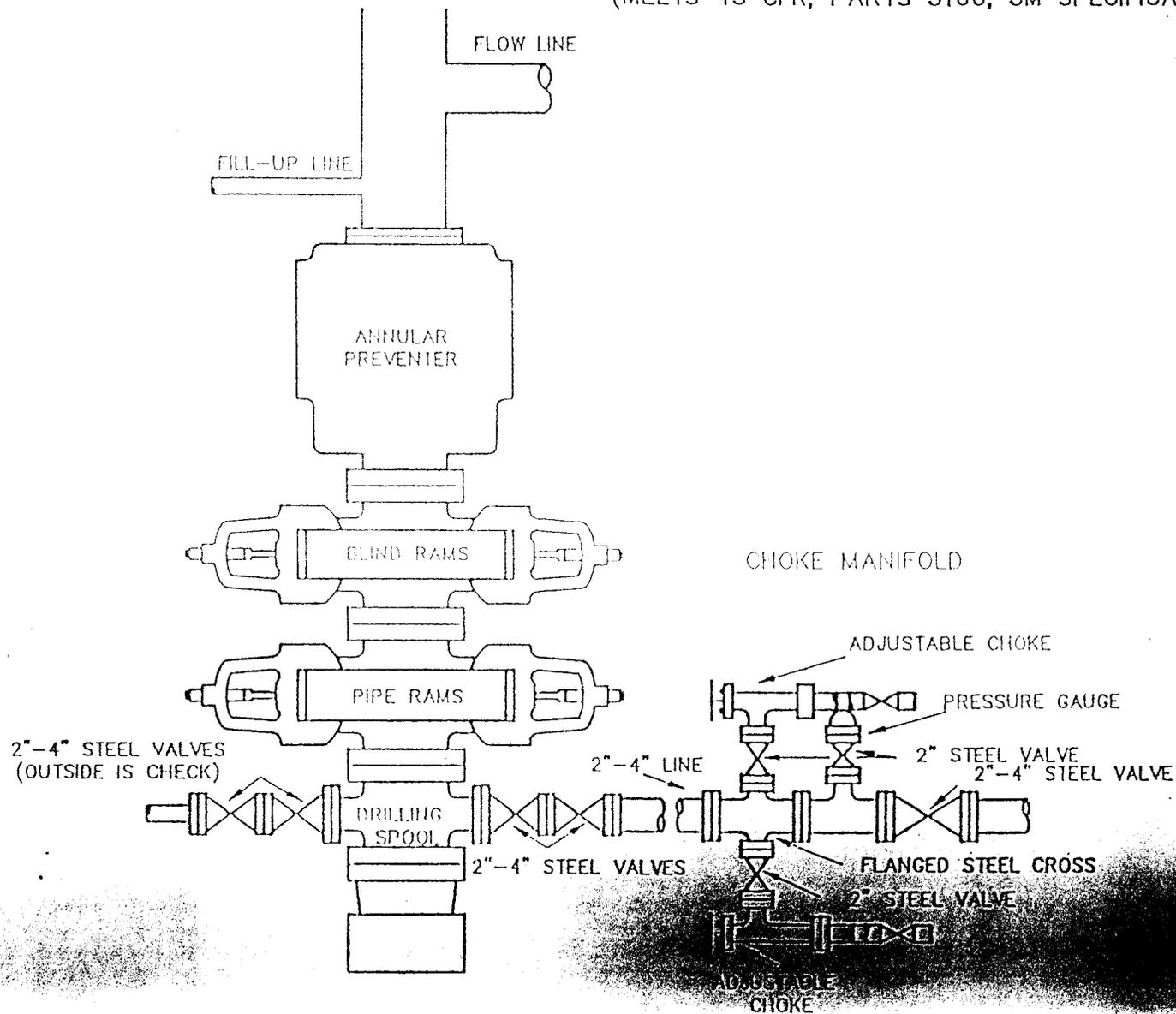
SE/NW Sec 32, T12S – R25E
Uintah County, Utah

DRILLING PROGRAM

- n. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the Div. Of Oil, Gas, and Mining and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- o. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- p. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- q. No well abandonment operations will be commenced without the prior approval of the Div. Of Oil, Gas, and Mining. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Div. Of Oil, Gas, and Mining. A "Subsequent Report of Abandonment" Form 9, will be filed with the Div. Of Oil, Gas, and Mining. 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 Div. Of Oil, Gas, and Mining or his representative, or the appropriate Surface Managing Agency.
- r. Lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable State laws and regulations.

Typical BOP Equipment. Actual Configuration May Vary Slightly But Will Conform With Onshore Order No. 2

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



UTAH DIVISION OF OIL, GAS, AND MINING.

R469-3

Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

1980' FNL and 2385' FWL

SE/NW Sec. 32, T12S – R25E

Lease No. ML-46717

SURFACE USE PLAN

1 of 11

R649-8

NOTIFICATION REQUIREMENTS

- Location Construction - forty-eight (48) hours prior to construction of location and access roads.
- Location Completion - prior to moving on the drilling rig.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well.
- Casing string and - twenty-four (24) hours prior to running casing and cementing all casing strings.
Cementing
- BOP and Related - twenty-four (24) hours prior to initiating pressure tests.
Equipment Tests
- First Production - within five (5) business days after new well begins or production resumes after
Notice well has been off production for more than ninety (90) days.

1. Existing Roads

- a. The proposed well site is located approximately 25.8 miles south of Bonanza, Utah.
- b. Directions to the location from Vernal, Utah are as follows:
Proceed in a southerly direction from Vernal, Utah along highway 45 approximately 40.0 miles to Bonanza, Utah and an existing road to the south; proceed in a southerly direction approximately 16.9 miles to Rainbow, Utah and the junction of this road and an existing road to the south; turn left and proceed in a southerly direction approximately 8.9 miles to the junction of this road and the beginning of the proposed access road to the southwest; turn right and follow road flags in a southwesterly direction approximately 400 feet to the proposed location.
- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. Improvement to the existing access will not be necessary.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

UTAH DIVISION OF OIL, GAS, AND MINING.

R469-3

Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

1980' FNL and 2385' FWL

SE/NW Sec. 32, T12S – R25E

Lease No. ML-46717

SURFACE USE PLAN

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- f. 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. Approximately 400' of new construction will be required as shown on Map B.
- b. The maximum grade of the new construction will be approximately 2%.
- c. No turnouts are planned.
- d. No low water crossings will be necessary. There are no major cuts and fills. No culverts and/or bridges will be required.
- e. The new access road was centerline flagged at the time of staking.
- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. 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.
- h. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. (1989).
- i. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainage's be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- j. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well,. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produce, stored, transported, or disposed of in association with the drilling of this well.

UTAH DIVISION OF OIL, GAS, AND MINING.

R469-3

Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

1980' FNL and 2385' FWL

SE/NW Sec. 32, T12S – R25E

Lease No. ML-46717

SURFACE USE PLAN

3 of 11

A 400 foot right of way will be necessary for the access road located inside lease ML 46717.

There are no related structures or facilities planned at this time.

The right of way is requested for 30 years or the entire life of the producing well, whichever is longer.

The road will be used year-round for maintenance of production facilities. Only flat blading of the existing roadway will be required at this time. No temporary work areas will be needed.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location.
(See Map #C).

- a. Water wells – none.
- b. Injection wells – none
- c. Producing wells – none
- d. Drilling wells – none
- e. Shut-in wells – none
- f. Temporarily abandoned wells – none
- g. Disposal wells – none
- h. Abandoned wells – none
- i. Dry Holes - none

4. Location of Tanks, Batteries and Production Facilities.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Desert Tan (10YR6/3). All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

UTAH DIVISION OF OIL, GAS, AND MINING.

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Lease No. ML-46717

SURFACE USE PLAN

4 of 11

- b. If storage facilities/tank batteries are constructed on this lease, the facility .battery or the well pad shall be surrounded by a containment dike of 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. A Sundry Notice will be submitted showing placement of all production facilities prior to construction.
- d. All loading lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters 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 Div. Of Oil, Gas, and Mining Office. All meter measurement facilities will conform with all regulations for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. Any necessary pits will be properly fenced to prevent any wildlife entry.
- h. All site security guidelines identified in R649-3-34 regulations will be adhered to.
- i. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the Div. Of Oil, Gas, and Mining.
- j. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- k. The road will be maintained in a safe useable condition.

5. Location and Type of Water Supply

- a. All water needed for drilling purposes will be obtained from Evacuation Creek. A copy of the permit identifying the permit number and point of diversion is submitted with APD.
- b. Water will be hauled to location over the roads marked on Maps A and B.
- c. No water well is to be drilled on this lease.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. No construction materials will be removed from State land.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge.
- b. If fractured rock is encountered, a 12 mil plastic nylon reinforced liner will be utilized. The pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the Div. Of Oil, Gas, and Mining. IF a pit liner is deemed to be unnecessary, the pit must be inspected by a representative of the Div. Of Oil, Gas, and Mining prior to putting fluids in the pit.
- c. 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 site.
- d. Drill cuttings are to be contained and buried in the reserve pit.
- e. 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.
- f. A chemical porta-toilet will be furnished with the drilling rig.

UTAH DIVISION OF OIL, GAS, AND MINING.

R469-3

Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

1980' FNL and 2385' FWL

SE/NW Sec. 32, T12S – R25E

Lease No. ML-46717

SURFACE USE PLAN

6 of 11

- g. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

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

9. Well Site Layout

- a. The operator or his/her contractor shall contact the Div. Of Oil, Gas, and Mining forty-eight (48) hours prior to construction of activities.
- b. The reserve pit will be located on the east side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the east side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the southeast corner of the location between points D & 7.
- e. Access to the well pad will be from the north between points 2 and 3.
- f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be show on the Location Layout.
- h. During construction, all brush will be removed form the well pad and access road and stockpiled separately from the topsoil.
- i. All pits will be fence according to the following minimum standards:

UTAH DIVISION OF OIL, GAS, AND MINING.

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Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

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Lease No. ML-46717

SURFACE USE PLAN

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1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- j. 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.

10. Plans for Restoration of Surface

Producing Location

- a. 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.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed
- c. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.

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Lease No. ML-46717

SURFACE USE PLAN

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- e. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Div. Of Oil, Gas, and Mining.

The seed mixture for reclamation work will be a sight specific mixture as recommended by the authorized officer of the Div. Of Oil, Gas, and Mining the time of reclamation. Seeding will be performed in the fall after September 15 or until permanent ground freeze. Any other seeding period will require the approval of the authorized officer.

Dry Hole

- f. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and Div. Of Oil, Gas, and Mining will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads – All roads are County maintained.

Wellpad – The well pad is located on State lands

12. Other Information

- a. A Class III archeological survey was conducted by AMOCO Production Co. No significant cultural resources were found and clearance has been recommended. A copy of this report should be on file.

UTAH DIVISION OF OIL, GAS, AND MINING.

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Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

1980' FNL and 2385' FWL

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SURFACE USE PLAN

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- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archeological sites, or for collecting artifacts. If historic or archeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the Div. Of Oil, Gas, and Mining. Within five working days the Div. Of Oil, Gas, and Mining will inform the Operator as to:
- whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - 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. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the appropriate County Extension Office.
- d. Drilling rig and/or equipment used during drilling operations on this well site will not be stacked or stored on State Lands after the conclusion of drilling operations or at any other time without State authorization. However, if authorization is obtained, it is only a temporary measure.
- e. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, 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.

UTAH DIVISION OF OIL, GAS, AND MINING.

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Medallion Exploration

ATCHEE RIDGE STATE #32-12-25

1980' FNL and 2385' FWL

SE/NW Sec. 32, T12S – R25E

Lease No. ML-46717

SURFACE USE PLAN

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- f. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- g. There will be no deviation from the proposed drilling and/or workover program without prior approval from the Div. Of Oil, Gas, and Mining. 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. "Sundry Notice and Report on Wells" (Form 9) will be filed for approval for all changes of plans and other operations.
- i. 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 expirations of the original approval period. After permit termination, a new application will be filed for approval for any future operations.
- j. The operator or his contractor shall contact the Div. Of Oil, Gas, and Mining at 801-538-5277 48 hours prior to construction activities.
- k. The Div. Of Oil, Gas, and Mining Office shall be notified upon site completion prior to moving on the drilling rig.
- l. In the event after-hours approvals are necessary, please contact one of the following individuals:

UTAH DIVISION OF OIL, GAS, AND MINING.
R469-3
Medallion Exploration
ATCHEE RIDGE STATE #32-12-25
1980' FNL and 2385' FWL
SE/NW Sec. 32, T12S – R25E

Lease No. ML-46717

SURFACE USE PLAN

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

Permit Matters

MEDALLION EXPLORATION
P.O. Box 1328
Roosevelt, Utah 84066
435/722-4600 (O) Steve Lamb
435/646/3441 (H)
435/722-7500

Drilling & Completion Matters

MEDALLION EXPLORATION
P.O. Box 1328
Roosevelt, Utah 84066
435/722-4600 (O) Steve Lamb
435/646/3441 (H)
435/722-7500

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Medallion Exploration and its contractors and sub contractors 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. 100 for the filing of a false statement.

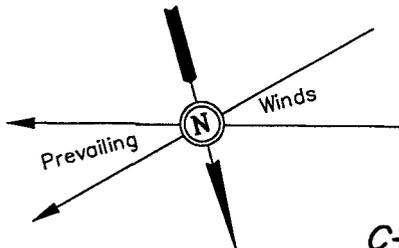


Steven Lamb. Field Superintendent

MEDALLION EXPLORATION

LOCATION LAYOUT FOR

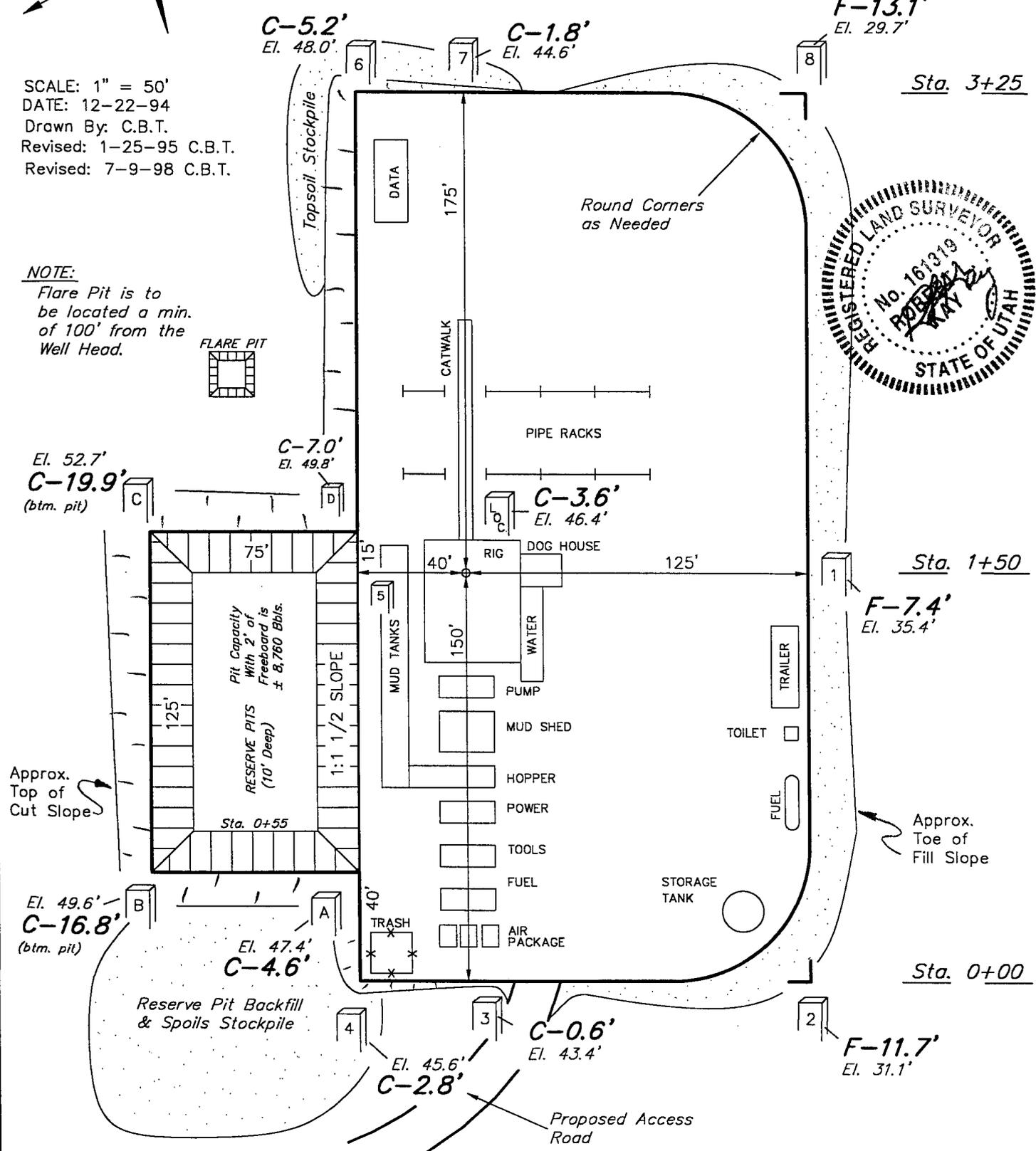
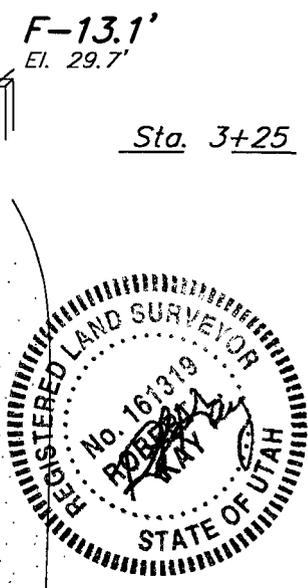
ATCHEE RIDGE STATE #32-12-25
SECTION 32, T12S, R25E, S.L.B.&M.
1980' FNL 2385' FWL



SCALE: 1" = 50'
DATE: 12-22-94
Drawn By: C.B.T.
Revised: 1-25-95 C.B.T.
Revised: 7-9-98 C.B.T.

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



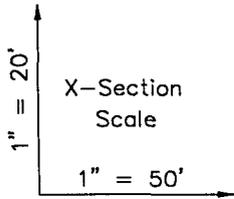
Elev. Ungraded Ground at Location Stake = **6946.4'**
 Elev. Graded Ground at Location Stake = **6942.8'**

UINTAH ENGINEERING & LAND SURVEYING
 85 So. 200 East * Vernal, Utah 84078 * (801) 789-1017

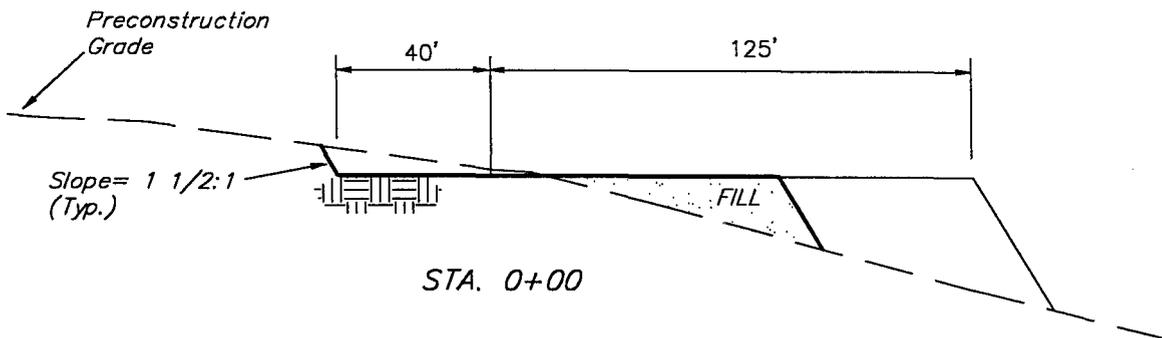
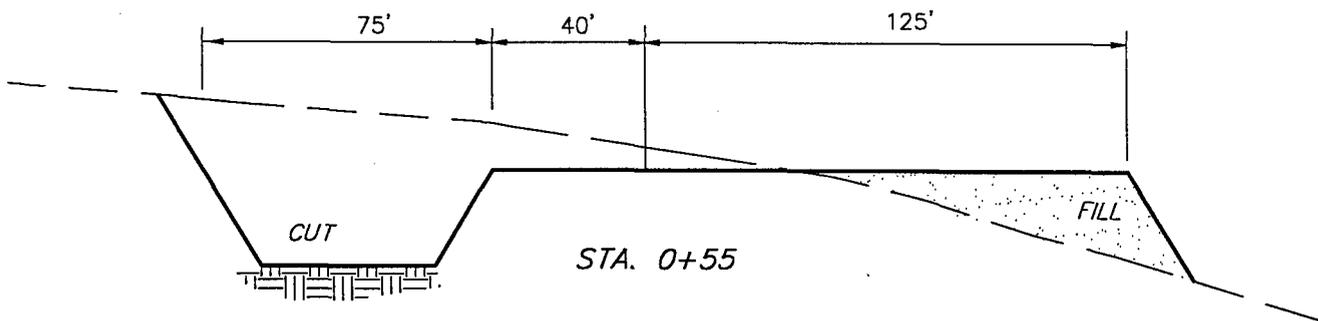
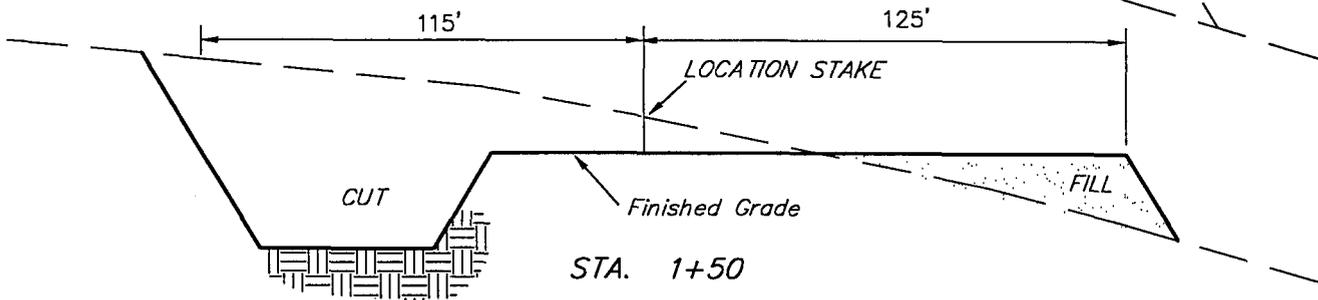
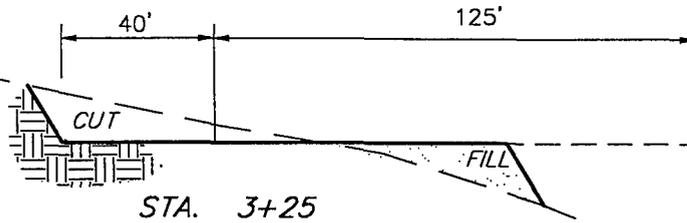
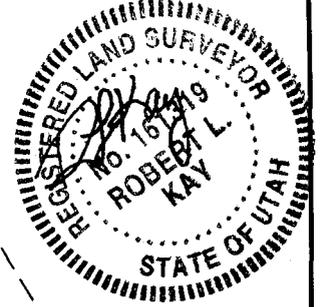
MEDALLION EXPLORATION

TYPICAL CROSS SECTIONS FOR

ATCHEE RIDGE STATE #32-12-25
SECTION 32, T12S, R25E, S.L.B.&M.
1980' FNL 2385' FWL



DATE: 12-22-94
Drawn By: C.B.T.
Revised: 1-25-95 C.B.T.
Revised: 7-9-98 C.B.T.

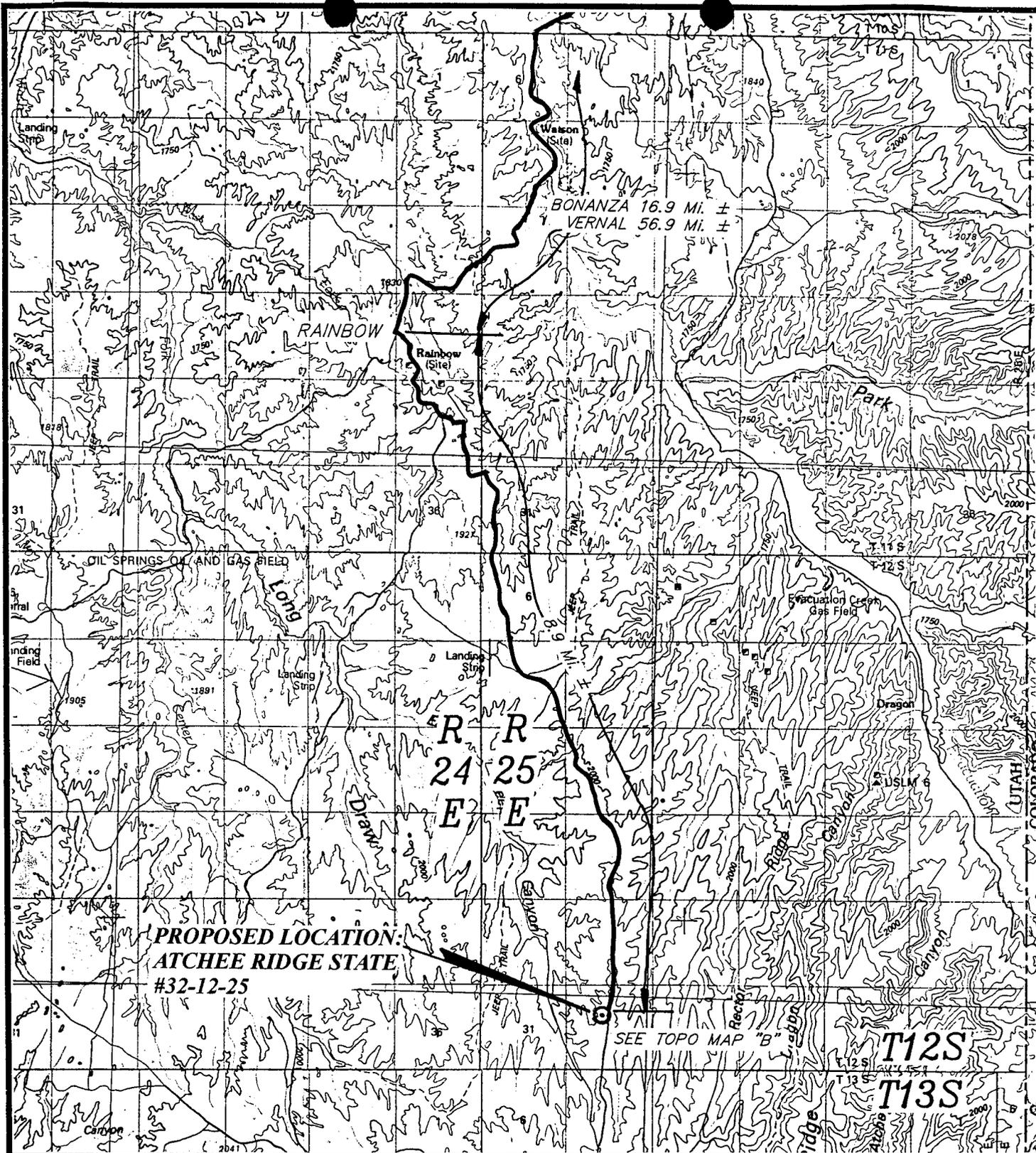


APPROXIMATE YARDAGES

(6") Topsoil Stripping = 1,160 Cu. Yds.
Remaining Location = 7,630 Cu. Yds.
TOTAL CUT = 8,790 CU.YDS.
FILL = 6,080 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION = 2,390 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 2,390 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation) = 0 Cu. Yds.

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85 So. 200 East • Vernal, Utah. 84078 • (801) 789-1017



**PROPOSED LOCATION:
ATCHEE RIDGE STATE
#32-12-25**

SEE TOPO MAP "B"
T12S
T13S

LEGEND:

○ PROPOSED LOCATION

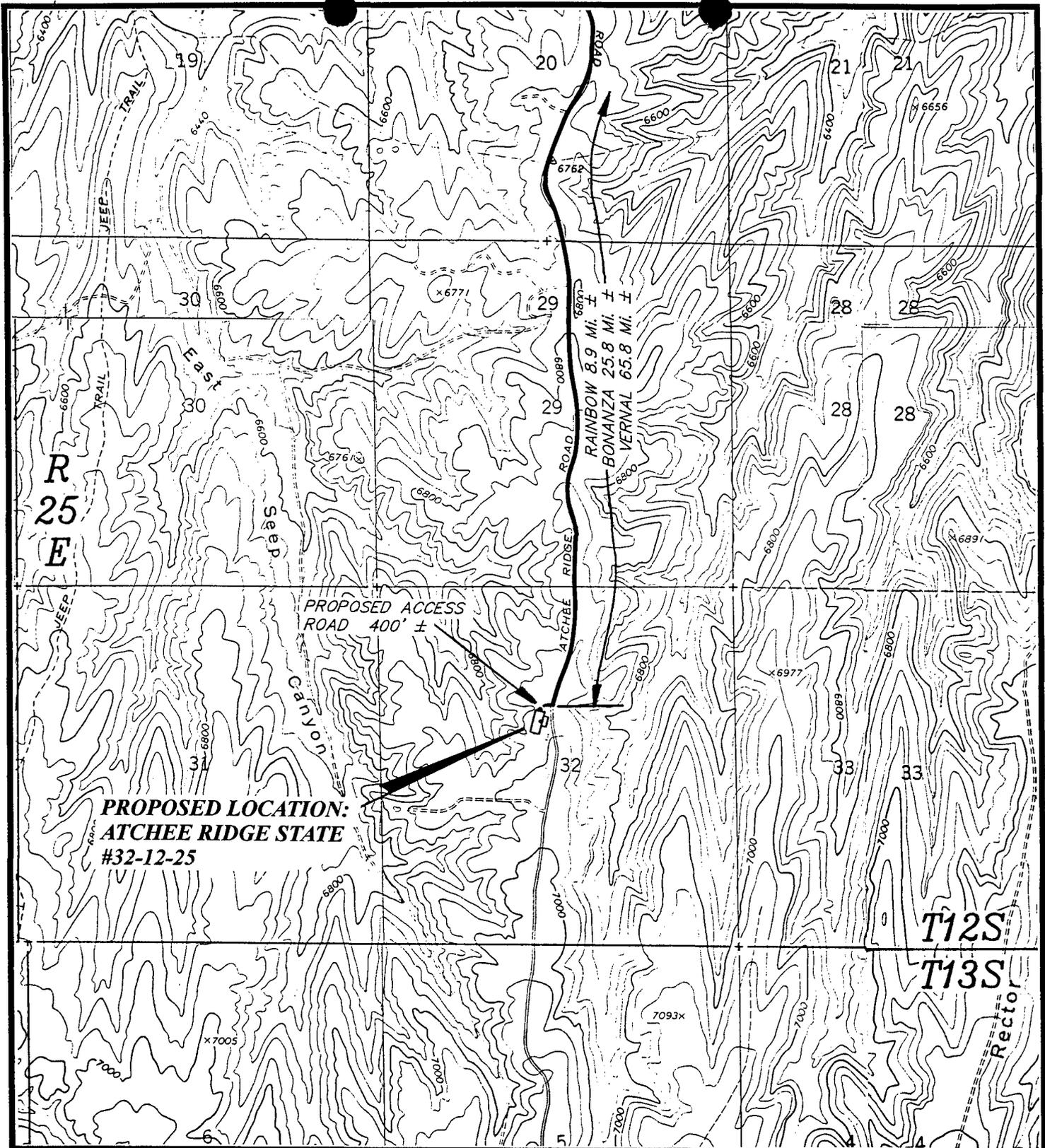


MEDALLION EXPLORATION

**ATCHEE RIDGE STATE #32-12-25
SECTION 32, T12S, R25E, S.L.B.&M.
1980' FNL 2385' FWL**

U&L S Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 12 20 94
MAP MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.B.T. REVISED: 7-9-98 **A**
TOPO



**PROPOSED LOCATION:
ATCHEE RIDGE STATE
#32-12-25**

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD

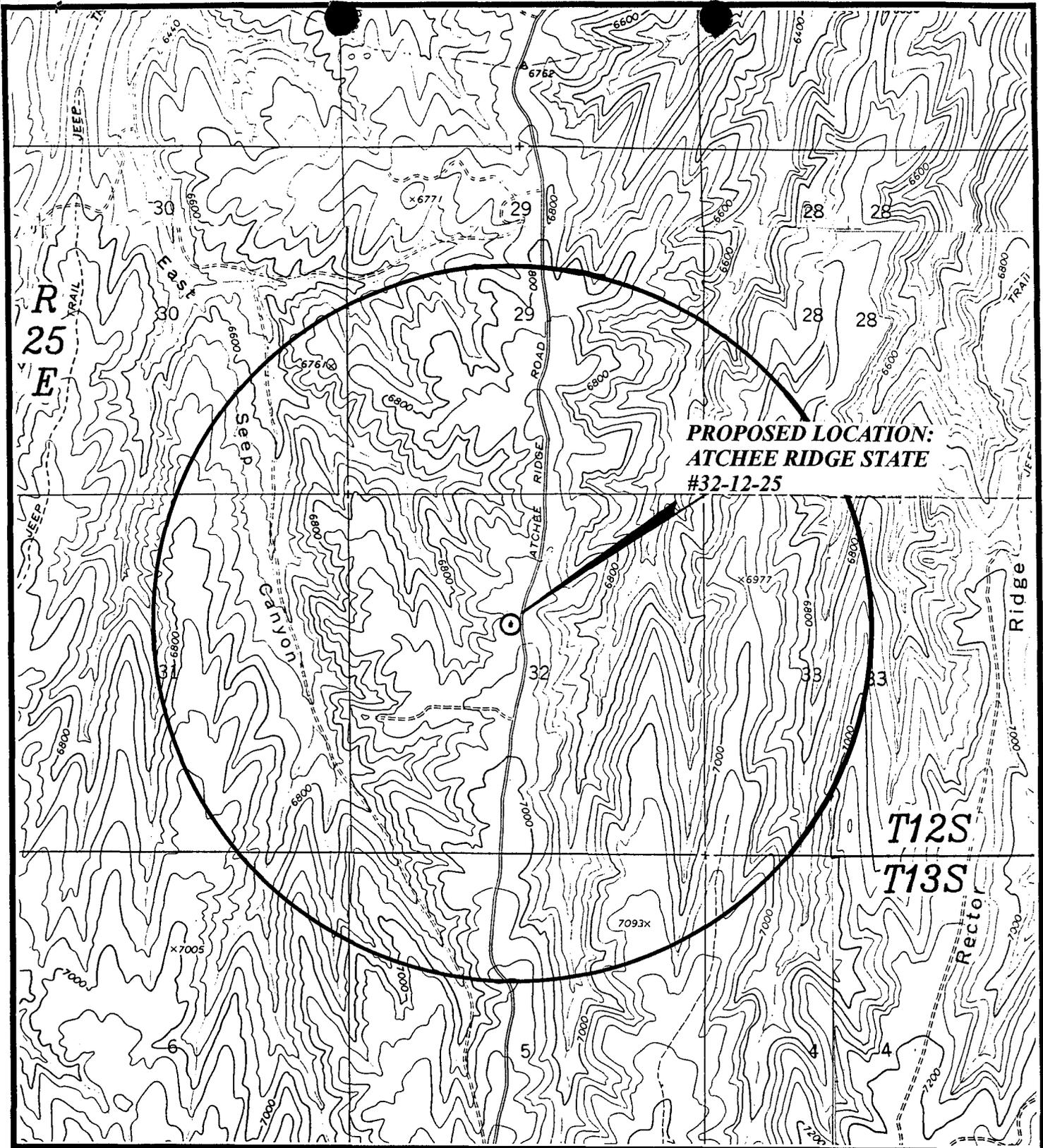
MEDALLION EXPLORATION

**ATCHEE RIDGE STATE #32-12-25
SECTION 32, T12S, R25E, S.L.B.&M.
1980' FNL 2385' FWL**

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Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC	12	20	94	B
MAP	MONTH	DAY	YEAR	
SCALE: 1" = 2000'	DRAWN BY: C.B.T.		REVISED: 7-9-98	TOPO



**PROPOSED LOCATION:
 ATCHEE RIDGE STATE
 #32-12-25**

LEGEND:

- ∅ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ♂ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



MEDALLION EXPLORATION
ATCHEE RIDGE STATE #32-12-25
SECTION 32, T12S, R25E, S.L.B.&M.
1980' FNL 2385' FWL



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TOPOGRAPHIC			12	20	94
MAP					
SCALE: 1" = 2000'		DRAWN BY: C.B.T.		REVISED: 7-9-98	



STATE ACTIONS

Mail to:
RDCC Coordinator
116 State Capitol
Salt Lake City, Utah 84114

1. ADMINISTERING STATE AGENCY
OIL, GAS AND MINING
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

2. STATE APPLICATION IDENTIFIER NUMBER:
(assigned by State Clearinghouse)

3. APPROXIMATE DATE PROJECT WILL START:
Upon Approval

4. AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:
(to be sent out by agency in block 1)
Uintah Basin Association of Governments

5. TYPE OF ACTION: Lease Permit License Land Acquisition
 Land Sale Land Exchange Other _____

6. TITLE OF PROPOSED ACTION:
Application for Permit to Drill

7. DESCRIPTION:
Medallion Exploration proposes to drill the Atchee Ridge State 32-12-25 well (wildcat) on state lease ML-46717, Uintah County, Utah. This action is being presented to RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.

8. LAND AFFECTED (site location map required) (indicate county)
SE/4, NW/4, Section 32, Township 12 South, Range 25 East, Uintah County, Utah

9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?
No

10. POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR:
Degree of impact is based on the discovery of oil or gas in commercial quantities.

11. NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE:

12. FOR FURTHER INFORMATION, CONTACT:

13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL:

Associate Director DATE: August 4, 1998

John R. Baza
PHONE: 538-5334

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/29/98

API NO. ASSIGNED: 43-047-33039

WELL NAME: ATCHEE RIDGE ST 32-12-25
 OPERATOR: MEDALLION EXPLORATION (N5050)
 CONTACT: Steven Lamb 566-7400 (435) 722-4600

PROPOSED LOCATION:
 SENW 32 - T12S - R25E
 SURFACE: 1980-FNL-2385-FWL
 BOTTOM: 1980-FNL-2385-FWL
 UINTAH COUNTY
 WILDCAT FIELD (001)

INSPECT LOCATION BY: 08/13/98		
TECH REVIEW	Initials	Date
Engineering	RSK	8-17-98
Geology		
Surface		

LEASE TYPE: STA
 LEASE NUMBER: ML-46717
 SURFACE OWNER: State

PROPOSED FORMATION: MVRD

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal State Fee
 (No. FEES 87645 8/98)

Potash (Y/N)

Oil Shale (Y/N) *190-5(B)

Water Permit
 (No. 49-1616)

RDCC Review (Y/N)
 (Date: DOG 8-4-98 / Comments due 8-25-98)

St/Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3. Unit _____

R649-3-2. General

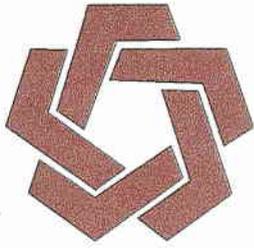
R649-3-3. Exception

Drilling Unit
 Board Cause No: _____
 Date: _____

COMMENTS: * Need add'l info. "Except. Loc." (rec'd 7-31-98)
* Need Presite

STIPULATIONS: if Cement shall be to surface on production casing.

① STATEMENT OF BASIS



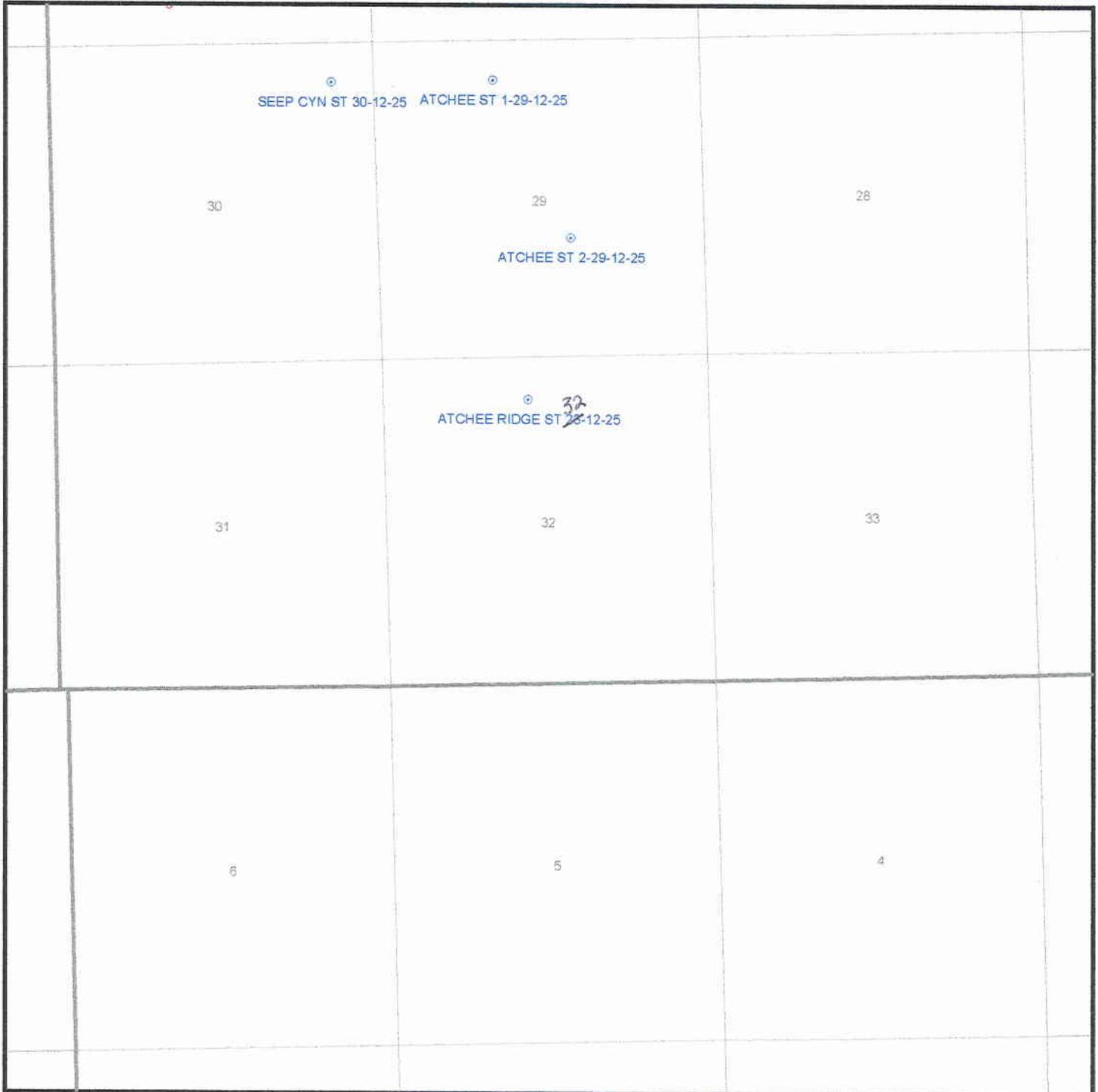
DIVISION OF OIL, GAS & MINING

OPERATOR: MEDALLION EXPLORATION (N5050)

FIELD: WILDCAT (001)

SEC. 32, TWP 12S, RNG 25E

COUNTY: UINTAH UAC: R649-3-3 EXCEPTION SPACING



DATE PREPARED:
31-JULY-1998

ON-SITE PREDRILL EVALUATION

Division of Oil, Gas and Mining

OPERATOR: MEDALLION EXPLORATION
WELL NAME & NUMBER: ATCHEE RIDGE STATE 32-12-25
API NUMBER: 43-047-33039
LEASE: ML46717 FIELD/UNIT: WILDCAT
LOCATION: 1/4, 1/4 SE/NW Sec: 32 TWP: 12S RNG: 25E 1980' FNL 2385' FWL
GPS COORD (UTM) 12659237E 4399627N
SURFACE OWNER: STATE TRUST LANDS

PARTICIPANTS

STEVE LAMB (MEDALLION); DAVID W. HACKFORD (DOGM); TWO DIRT CONTRACTORS.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS LOCATED ON TOP OF ATCHEE RIDGE WHICH RUNS FROM SOUTH TO NORTH. DRAINAGE IS TO THE WEST. THIS SITE IS ON A PREVIOUSLY BUILT LOCATION WHICH HAS PARTIALLY BEEN RECLAIMED. NO WELL WAS DRILLED.

SURFACE USE PLAN

CURRENT SURFACE USE: LIVESTOCK AND WILDLIFE GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 325' X 240'. ACCESS ROAD WILL BE 400 FEET.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE RIGHT-OF-WAYS WILL BE PERMITTED IF AND WHEN NEEDED.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM THIS SITE DURING CONSTRUCTION AND IS NATIVE.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WASTE MANAGEMENT PLAN:

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE.

FLORA/FAUNA: FLORA CONSISTS OF GRASSES WHICH HAVE BEEN RESEEDDED:
DEER, ELK, COYOTE, BEAR, COUGAR, RABBIT, BIRDS, RODENTS.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY LOAM, WITH
WHITE TO LIGHT GRAY SHALE ROCKS.

SURFACE FORMATION & CHARACTERISTICS: GREEN RIVER FORMATION.

EROSION/SEDIMENTATION/STABILITY: MINOR EROSION, MINOR SEDIMENTATION,
NO STABILITY PROBLEMS ANTICIPATED.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED.

RESERVE PIT

CHARACTERISTICS: 125' BY 75' AND 10' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A 12 MIL LINER WILL
BE REQUIRED.

SURFACE RESTORATION/RECLAMATION PLAN

AS PER STATE LANDS.

SURFACE AGREEMENT: STATE TRUST LANDS.

CULTURAL RESOURCES/ARCHAEOLOGY: AN ARCHAEOLOGICAL INVESTIGATION WAS
CONDUCTED FOR AMOCO WHEN THIS LOCATION WAS ORIGINALLY PERMITTED. THIS WAS
DONE BY METCALF CONSULTANTS.

OTHER OBSERVATIONS/COMMENTS

INVESTIGATION WAS DONE ON A WARM, SUNNY DAY.

ATTACHMENTS:

PHOTOS OF PROPOSED SITE WILL BE PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

8/4/98 1:00 PM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	15	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	15	
TDS >10000 or Oil Base	20	
Mud Fluid containing high levels of hazardous constituents		<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>
Final Score		<u>20</u>

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

Operator Name: MEDALLION EXPLORATION

Name & Number: ATCHEE RIDGE STATE 32-12-25

API Number: 43-047-33039

Location: 1/4, 1/4 SE/NW Sec. 32 T. 12S R. 25E

Geology/Ground Water:

Fresh water zones which are recharged from the Book Cliffs area may be encountered in the near surface Green River Formation. The APD states that the production string will be cemented to surface. This should adequately protect any fresh water aquifers.

Reviewer: Brad Hill

Date: 8-18-98

Surface:

The pre-site investigation of the surface was performed by field personnel on 8/4/98. Ed Bonner with State Trust Lands and Jack Lytle with the Division of Wildlife Resources were notified of the pre-site investigation on 7/28/98. Neither chose to attend. A liner will be required for the reserve pit. This site is on an old location built by Amoco several years ago. The well was never drilled. Exception spacing is requested to make use of this location and to keep well site on top of Atchee ridge.

Reviewer: David W. Hackford

Date: 8/5/98

Engineering:

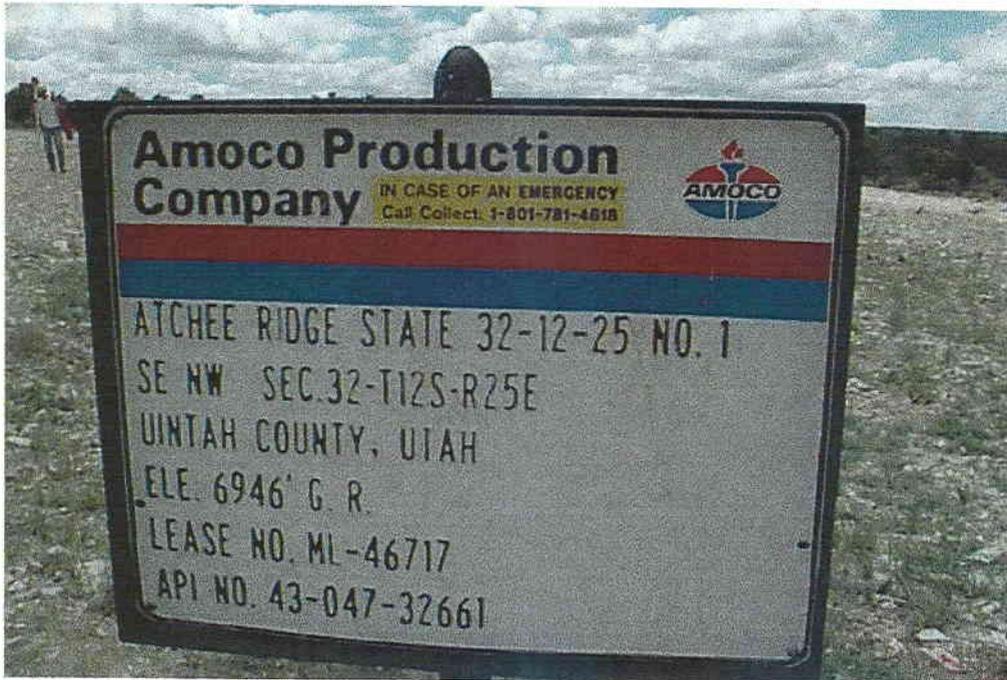
Drilling and casing program is adequate for the proposed well.

Reviewer: Robert Krueger

Date: 8/17/98

Conditions of Approval/Application for Permit to Drill:

1. Reserve pit shall be constructed east of well bore.
2. Reserve pit shall be lined with a synthetic liner with a minimum thickness of 12 mils.
3. Top soil shall be removed and stockpiled on the southeast side of location.
4. Cement shall be brought to surface on production casing string.



**Amoco Production
Company**

IN CASE OF AN EMERGENCY
Call Collect. 1-801-781-4818



ATCHEE RIDGE STATE 32-12-25 NO. 1
SE NW SEC 32-T12S-R25E
UINTAH COUNTY, UTAH
ELE. 6946' G. R.
LEASE NO. MI-46717
API NO. 43-047-32661









Well name:

Atchee Ridge State #32-12-25

Operator: **Medallion Exploration, Inc.**

String type: **Surface**

Project ID:
43-047-33147

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.10

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 82 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: 0 ft

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.457 psi/ft
Calculated BHP 228 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: 1.60 (B)

Tension is based on buoyed weight.
Neutral point: 435 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,000 ft
Next mud weight: 8.800 ppg
Next setting BHP: 1,829 psi
Fracture mud wt: 14.250 ppg
Fracture depth: 500 ft
Injection pressure 370 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	500	9.625	36.00	K-55	ST&C	500	500	8.765	4605

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	228	2020	8.84	228	3520	15.41	15.6	423	27.03 J

Prepared by: RJK
Department of Natural Resources

Phone: 538-5274

Date: August 17, 1998
State of Utah

Stipulations: Cement shall be to surface on Production Casing String.
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 8.8 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:

Atchee Ridge State #32-12-25

Operator: **Medallion Exploration, Inc.**

String type: **Production**

Project ID:

43-047-33147

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.10

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 131 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: 1 ft

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.457 psi/ft
Calculated BHP 1,828 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: 1.60 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 3,466 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)	Est. Cost (\$)
1	4000	5.5	17.00	J-55	LT&C	4000	4000	4.767	15496

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	1828	4910	2.69	1828	5320	2.91	58.9	247	4.19 J

Prepared by: RJK
Department of Natural Resources

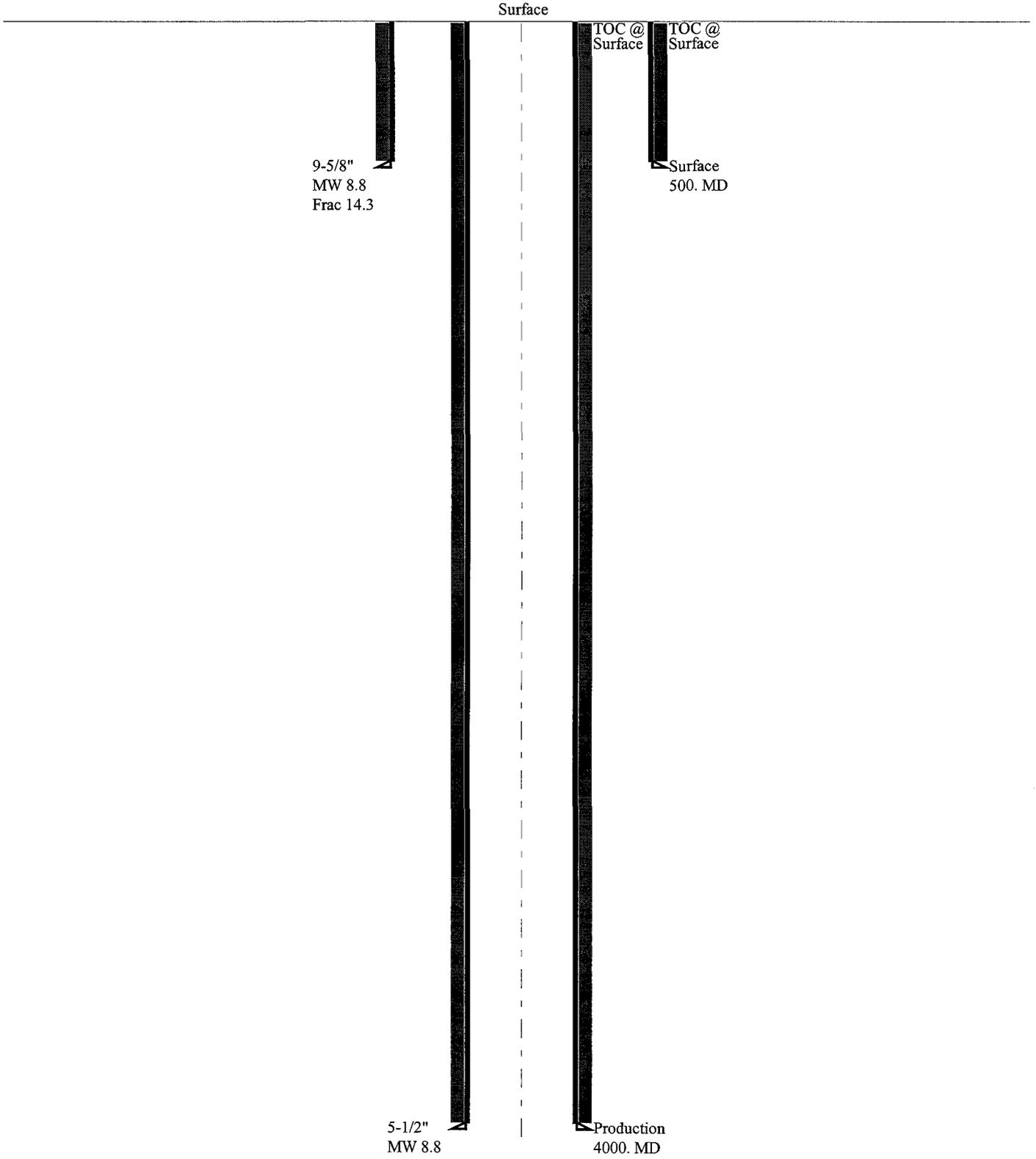
Phone: 538-5274

Date: August 17, 1998
State of Utah

Stipulations: Cement shall be to surface on Production Casing String.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 4000 ft, a mud weight of 8.8 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.

Atchee Ridge State #32-12-25
Casing Schematic



IV. Short Turnaround

Please note! Due to the short turnaround please comment directly to the Agency with a copy to GOPB.

A. State

11. UT980805-010

Division of Oil, Gas and Mining/Uintah County: Application for Permit to Drill - proposal to drill the Atchee Ridge State 32-12-25 well Comments due 8/25/98.

12. UT980813-050

USDA/Forest Service: Ashley National Forest - Antelope Canyon Area - oil exploration(contact person - Chauncie Todd - 435/789-1181), Comments due 9/2/98.

B. Federal

13. UT980804-050

DOI/BLM/Millard County: House Range Resource Area - Exchange of public lands (UTU-76746). Comments due 8/25/98.

14. UT980807-010

DOI/FWS: Migratory Bird Extension of Temporary Approval of Tungsten-Iron Shot as Nontoxic for the 1998-99 Season - Proposed rule. Federal Register Notice dated 7/27/98, page 40077 (contact person - Paul Schmidt - 703/358-1714). Comments due 8/26/98.

15. UT980807-020

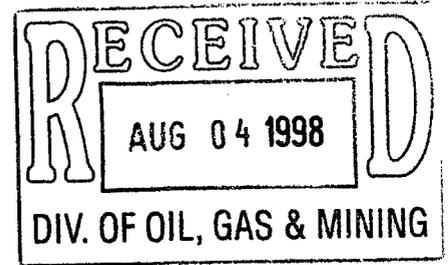
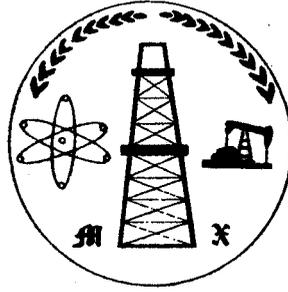
DOI/FWS: Migratory Bird Hunting; Temporary Approval of Tungsten-Polymer Shot as Nontoxic for the 1998-99 Season - Proposed rule. Federal Register Notice dated 7/27/98, page 40074 (contact person - Paul Schmidt - 703/358-1714). Comments due 8/26/98.

V. Stream Alterations

Please note! Due to the short turnaround please comment directly to the Agency with a copy to GOPB.

16. UT980804-020

Division of Water Rights/Cache County: Summit Creek (No. 98-25-13SA) - install new bridge. Comments due 8/23/98.



MEDALLION EXPLORATION

July 31, 1998

Utah State
Division of Oil, Gas and Mining
Attn: Lisha Cordova
Box 145801
Salt Lake City, Utah 84114-5801

RE: Sec 32, T12S, R25E

Dear Ms. Cordova:

Medallion Exploration is 100% Interest Owner for Lease No. ML 46717, 640 acres total.

Because of Topography, Medallion is requesting an exception to R649-3-2 for this location.

If you have any questions, please contact me at the phone numbers listed below.

Sincerely,

Steve Lamb

SL/rr



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

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

September 3, 1998

Medallion Exploration
P.O. Box 1328
Roosevelt, Utah 84066

Re: Atchee Ridge State 32-12-25 Well, 1980' FNL, 2385' FWL,
SE NW, Sec. 32, T. 12 S., R. 25 E., Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-33039.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

John R. Baza
Associate Director

lwp

Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Medallion Exploration
Well Name & Number: Atchee Ridge State 32-12-25
API Number: 43-047-33039
Lease: ML-46717
Location: SE NW Sec. 32 T. 12 S. R. 25 E.

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

Notify the Division within 24 hours prior to spudding the well. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

3. Reporting Requirements

All required reports, forms and submittals shall 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).

Division of Oil, Gas and Mining
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File(s) listed below

Suspense

Other

(Loc.) Sec _____ Twp _____ Rng _____

(Return Date) _____

(API No.) 43-047-33146

(To-Initials) _____

(4 wells)
33145
33039
33147

1. Date of Phone Call: 8-17-98 Time: _____

2. DOGM Employee (name) Bob Krueger (Initiated Call)

Talked to:

Name Steve Lamb (Initiated Call) - Phone No. (435) 722-4600

of (Company/Organization) Medallion

3. Topic of Conversation: Top of Cement for Production
String per pg. 4 of APP. 5

4. Highlights of Conversation: Steve said that they planned
to cement to surface with volumes based
on caliper logs for the production
casing as well as the surface casing.

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

SUNDRY NOTICES AND REPORTS OIL WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use application for permit-for such proposals

6. Lease Designation and Serial Number ML 46717
7. Indian Allottee or Tribe Name N/A
8. Unit of Communitization Agreement N/A
9. Well Name and Number ATCHEE RIDGE STATE, #32-12-25
10. API Well Number 43-047-33039
11. Field and Pool, or Wildcat WILDCAT

1. Type of Well Oil Well Well Other (Specify)

2. Name of Operator
MEDALLION EXPLORATION

3. Address of Operator
P.O. Box 1328 Roosevelt, Utah 84066 (435) 722-4600

5. Location of Well
Footage 1980" FNL, 2385" FWL, SEC. 32, T. 12 S., R. 25 E., SLB&M COUNTY: UNTAH
CO., Sec., T., R., M. STATE: UTAH

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

NOTICE OF INTENT

(SUBMIT IN DUPLICATE)

<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Conversion to injection	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Fare
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Other EXTENSION REQUEST	

SUBSEQUENT REPORT

(SUBMIT ORIGINAL FORM ONLY)

<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to injection	<input type="checkbox"/> Vent of Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Other	

Approximate Date Work Will Start As soon as pipeline has been laid

Date of Work Completion

Report results or Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.

*Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Medallion Exploration requests a extension on the APD approved 9-3-98. Due to the BLM permitting in this area for pipelines and new wells. Also KN Energy waiting for more gas volumes from other companies that is being held up because of the Wilderness issue.

14. I hereby certify that the foregoing is true and correct.

Name & Signature Steven Lamb

Steven Lamb

Title: Superintendent

Date: 7-28-99

State Use Only!

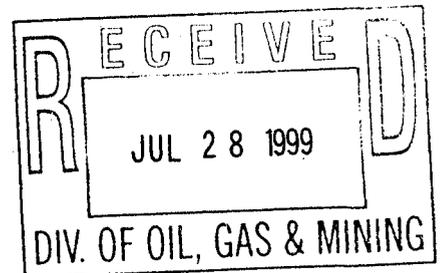
See Instructions on Reverse Side

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

Date: 8/2/99

By: *[Signature]*

COPY SENT TO OPERATOR
Date: 8-2-99
initials: CHD



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

SUNDRY NOTICES AND REPORTS OIL WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use application for permit-for such proposals

6. Lease Designation and Serial Number

ML 46717

7. Indian Allottee or Tribe Name

N/A

8. Unit of Communitization Agreement

N/A

9. Well Name and Number

Atchee Ridge State, 32-12-25

10. API Well Number

43-047-33039

11. Field and Pool, or Wildcat

WILDCAT

1. Type of Well

Oil Well

Gas

Well

Other (Specify)

2. Name of Operator

MEDALLION EXPLORATION

3. Address of Operator

6975 Union Park Center, Ste. 310 Midvale, Utah 84047

(801) 566-7400

5. Location of Well

Footage

1,980' FNL 2,385 FWL,

CO., Sec. T, R, M

Sec. 32, T12S, R25E SLB&M

COUNTY: UINTAH

STATE: UTAH

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

NOTICE OF INTENT

(SUBMIT IN DUPLICATE)

- Abandonment
- Casing Repair
- Change of Plans
- Conversion to injection
- Fracture Treat
- Multiple Completion
- Other - Extension Request

- New Construction
- Pull or Alter Casing
- Recompletion
- Shoot or Acidize
- Vent or Fare
- Water Shut-Off

SUBSEQUENT REPORT

(SUBMIT ORIGINAL FORM ONLY)

- Abandonment
- Casing Repair
- Change Plans
- Conversion to injection
- Fracture Treat
- Other

- New Construction
- Pull or Alter Casing
- Shoot or Acidize
- Vent of Flare
- Water Shut-Off

Approximate Date Work Will Start As soon as pipeline has been laid.

Date of Work Completion _____

Report results or Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.

*Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Medallion Exploration requests an extension on the APD Extension approved on July 28, 1999. We are waiting for the installation of the gas pipelines in this area.

14. I hereby certify that the foregoing is true and correct.

Name & Signature: RaSchelle Richens

Title: Land Department

Date: 9/12/00

State Use Only!

See Instructions on Reverse Side

COPY SENT TO OPERATOR
Date: 9/21/00
Initials: LRD

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 9/21/00
By:

RECEIVED

SEP 18 2000

DIVISION OF
OIL, GAS AND MINING

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

SUNDRY NOTICES AND REPORTS OIL WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use application for permit-for such proposals

6. Lease Designation and Serial Number

ML 46717

7. Indian Allottee or Tribe Name

N/A

8. Unit of Communitization Agreement

N/A

9. Well Name and Number

Atchee Ridge State, 32-12-25

10. API Well Number

43-047-33039

11. Field and Pool, or Wildcat

WILDCAT

1. Type of Well

Oil Well

Gas

Well

Other (Specify)

2. Name of Operator

MEDALLION EXPLORATION

3. Address of Operator

6975 Union Park Center, Ste. 310 Midvale, Utah 84047

(801) 566-7400

5. Location of Well

Footage

1,980' FNL 2,385 FWL,

COUNTY: UINTAH

CO., Sec., T., R., M.

Sec. 32, T12S, R25E SLB&M.

STATE: UTAH

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

NOTICE OF INTENT

(SUBMIT IN DUPLICATE)

- Abandonment
- Casing Repair
- Change of Plans
- Conversion to injection
- Fracture Treat
- Multiple Completion
- Other - Extension Request

- New Construction
- Pull or Alter Casing
- Recompletion
- Shoot or Acidize
- Vent or Fare
- Water Shut-Off

SUBSEQUENT REPORT

(SUBMIT ORIGINAL FORM ONLY)

- Abandonment
- Casing Repair
- Change Plans
- Conversion to injection
- Fracture Treat
- Other
- New Construction
- Pull or Alter Casing
- Shoot or Acidize
- Vent of Flare
- Water Shut-Off

Approximate Date Work Will Start

Date of Work Completion

Report results or Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.

*Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

9-21-2000

Medallion Exploration requests an extension on the APD Extension approved on July 28, 1999. We are waiting for the installation of the gas pipelines in this area.

RECEIVED

SEP 28 2001

DIVISION OF
OIL, GAS AND MINING

14. I hereby certify that the foregoing is true and correct

Name & Signature: RaSchelle Richens

Title: Land Department

Date: 9/18/01

State Use Only!

See Instructions on Reverse Side

COPY SENT TO OPERATOR

Date: 10-16-01
Initials: CRD

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 10-15-01

By:

Please be advised that your request for a one-year Application for Permit to Drill ("APD") extension is hereby granted. All conditions outlined in the original APD approval remain in effect.

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.

This approval shall expire one year from the approval date unless substantial and continuous operation is underway, or a request for an extension is made prior to the expiration date.

Sincerely,
Brad Hill
Reclamation Specialist III, Oil & Gas

cc: Well File

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

<p align="center">SUNDRY NOTICES AND REPORTS OIL WELLS</p> <p>Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells. Use application for permit-for such proposals</p>		<p>6. Lease Designation and Serial Number ML 46717</p>
		<p>7. Indian Allottee or Tribe Name N/A</p>
		<p>8. Unit of Communitization Agreement N/A</p>
<p>1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (Specify)</p>		<p>9. Well Name and Number Atchee Ridge State, 32-12-25</p>
<p>2. Name of Operator MEDALLION EXPLORATION</p>		<p>10. API Well Number 43-047-33039</p>
<p>3. Address of Operator 6975 Union Park Center, Ste. 310 Midvale, Utah 84047</p>	<p>(801) 566-7400</p>	<p>11. Field and Pool, or Wildcat WILDCAT</p>

5. Location of Well

Footage	1,980' FNL 2,385 FWL,	COUNTY: UINTAH
CO., Sec., T, R, M	Sec. 32, T12S, R25E SLB&M,	STATE: UTAH

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

NOTICE OF INTENT (SUBMIT IN DUPLICATE)		SUBSEQUENT REPORT (SUBMIT ORIGINAL FORM ONLY)	
<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction	<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to injection	<input type="checkbox"/> Shoot or Acidize	<input type="checkbox"/> Conversion to injection	<input type="checkbox"/> Vent of Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Fare	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> Other	
<input checked="" type="checkbox"/> Other - Extension Request			
Approximate Date Work Will Start _____		Date of Work Completion _____	
Report results or Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form. *Must be accompanied by a cement verification report.			

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Medallion Exploration requests a drilling extension due to rig availability.

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

Date: 12-02-02
By: *[Signature]*

COPY SENT TO OPERATOR
Date: 12-10-02
Initials: *[Signature]*

RECEIVED
NOV 22 2002
DIVISION OF
OIL, GAS AND MINING

14. I hereby certify that the foregoing is true and correct.

Name & Signature: RaSchelle Richens *[Signature]* Title: Permitting Date: 09/01/02

State Use Only!

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

6. Lease Designation and Serial Number ML 46717
7. Indian Allottee or Tribe Name N/A
8. Unit of Communitization Agreement N/A
9. Well Name and Number Atchee Ridge State, 32-12-25
10. API Well Number 43-047-33039
11. Field and Pool, or Wildcat WILDCAT

SUNDRY NOTICES AND REPORTS OIL WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use application for permit-for such proposals

1. Type of Well Oil Well Gas Well Other (Specify)

2. Name of Operator
MEDALLION EXPLORATION

3. Address of Operator
6975 Union Park Center, Ste. 310 Midvale, Utah 84047

5. Location of Well
Footage: **1,980' FNL 2,385 FWL,**
CO., Sec., T., R., M. **SE/NW Sec. 32, T12S, R25E SLB&M,**

COUNTY: UINTAH
STATE: UTAH

(801) 566-7400

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

NOTICE OF INTENT (SUBMIT IN DUPLICATE)		SUBSEQUENT REPORT (SUBMIT ORIGINAL FORM ONLY)	
<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction	<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to injection	<input type="checkbox"/> Shoot or Acidize	<input type="checkbox"/> Conversion to injection	<input type="checkbox"/> Vent of Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Fare	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> Other	
<input checked="" type="checkbox"/> Other - Extension Request			

Approximate Date Work Will Start _____ Date of Work Completion _____

Report results or Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.
*Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Medallion Exploration requests an extension for Permit to Drill. We are waiting for Unitization approval.

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 01-22-04
By: [Signature]

COPY SENT TO OPERATOR
Date: 1-25-04
Initials: [Signature]

14. I hereby certify that the foregoing is true and correct.

Name & Signature: RaSchelle Richens Title: Permitting Date: 12/8/2003

State Use Only!

See Instructions on Reverse Side

RECEIVED
DEC 10 2003
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-047-33039
Well Name: Atchee Ridge State 32-12-25
Location: Sec. 32, T.12S, R.25E, 1970 FNL + 2375
Company Permit Issued to: Medallion Exploration
Date Original Permit Issued: 9-3-1998

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

L. Schelle Fichera
Signature

1/9/04
Date

Title: Permitting

Representing: Medallion Exploration

RECEIVED
JAN 14 2004
DIV. OF OIL, GAS & MINING



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

January 25, 2005

RaSchelle Richens
Medallion Exploration
6975 Union Park Center, Ste 310
Midvale, UT 84047

Re: APD Rescinded – Atchee Ridge St 32-12-25, Sec. 32, T. 12S, R. 25E
Uintah, Utah API No. 43-047-33039

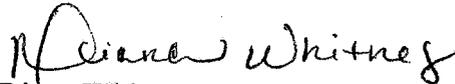
Dear Ms. Richens:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 3, 1998. On August 2, 1999, September 21, 2000, October 15, 2001, December 9, 2002 and January 22, 2004 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 22, 2005.

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

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

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
SITLA, Ed Bonner