

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU76736</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator <b>MEDALLION EXPLORATION</b>		7. If Unit or CA Agreement, Name and No.
3a. Address 6985 Union Park Center, Ste. 375 Midvale UT 84047		8. Lease Name and Well No. <b>Atchee Federal 13-34-11-25</b>
3b. Phone No. (include area code) 801-566-7400		9. API Well No. <b>43-047-38454</b>
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface <b>NWSW 889' FWL &amp; 1495' FSL</b> At proposed prod. zone <b>4408760Y</b>		10. Field and Pool, or Exploratory <b>Undesignated</b>
14. Distance in miles and direction from the nearest town or post office* <b>59.65 Miles South of Vernal, Utah</b>		11. Sec., T., R., M., or Blk. And Survey or Area <b>Sec. 34 T.11S R25E</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) <b>889</b>	16. No. of acres in lease <b>3865.15</b>	17. Spacing Unit dedicated to this well <b>640 acs.</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>NA</b>	19. Proposed Depth <b>4500'</b>	20. BLM/ BIA Bond No. on file <b>UTB000021</b>
21. Elevations (Show whether DF, RT, GR, etc.) <b>5798'</b>	22. Aproximate date work will start* <b>Upon Approval</b>	23. Estimated duration <b>10 days</b>

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by existing bond on file(see item 20 above).           |
| 2. A Drilling Plan.  | 5. Operator certification.  |
| 3. A Surface Use Plan ( if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the a authorized officer. |

25. Signature 	Name (Printed/ Typed) <b>RaSchelle Richens</b>	Date <b>7-Aug-06</b>
Title <b>Regulatory Affairs</b>		
Approved By (Signature) 	Name (Printed/ Typed) <b>BRADLEY G. HILL</b>	Date <b>10-30-06</b>
Title <b>ENVIRONMENTAL MANAGER</b>		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon.

Conditions of approval, if any, are attached.

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

\* (Instructions on page 2)

**RECEIVED**

**AUG 09 2006**

DIV. OF OIL, GAS & MINING

**Federal Approval of this Action is Necessary**

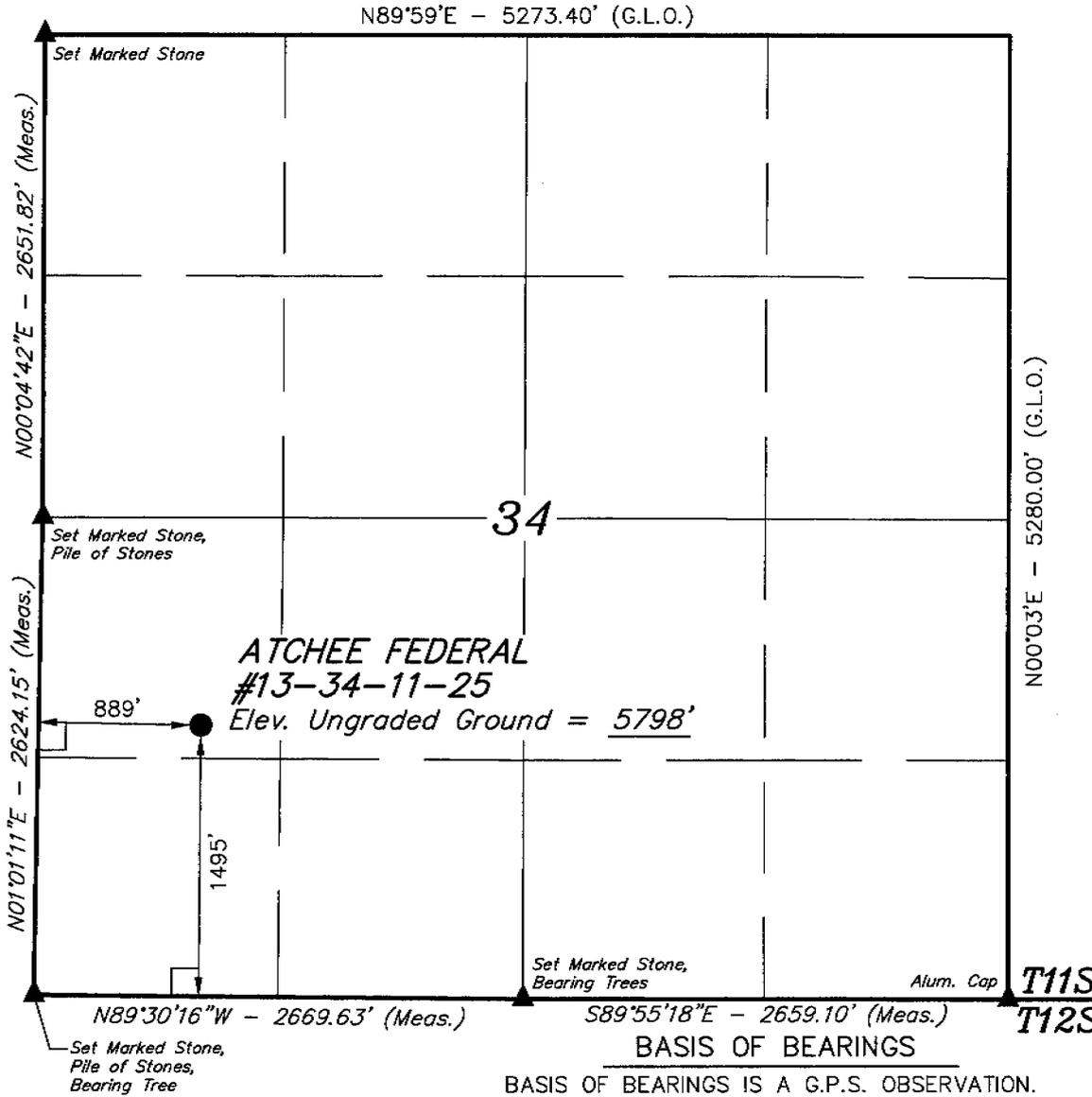
# T11S, R25E, S.L.B.&M.

## MEDALLION EXPLORATION

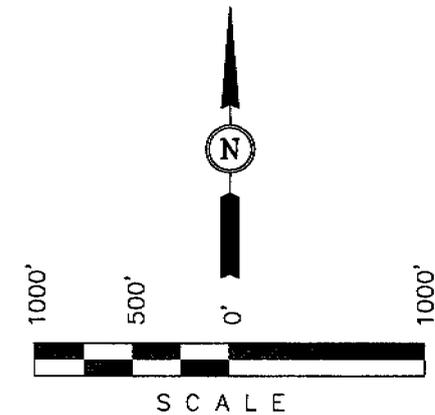
Well location, ATCHEE FEDERAL #13-34-11-25, located as shown in the NE 1/4 SW 1/4 of Section 34, T11S, R25E, S.L.B.&M. Uintah County, Utah.

### BASIS OF ELEVATION

BENCH MARK (V61) LOCATED IN THE SE 1/4 OF SECTION 21, T11S, R25E, S.L.B.&M. TAKEN FROM THE DRAGON QUADRANGLE, UTAH-COLORADO, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5590 FEET.



N00°03'E - 5280.00' (G.L.O.)



### 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.

*Robert Gray*  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

### LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

### BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.  
 (AUTONOMOUS NAD 83)

LATITUDE = 39°48'55.18" (39.815328)  
 LONGITUDE = 109°06'38.97" (109.110825)

(AUTONOMOUS NAD 27)  
 LATITUDE = 39°48'55.29" (39.815358)  
 LONGITUDE = 109°06'36.57" (109.110158)

### UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078  
 (435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-03-05	DATE DRAWN: 10-11-05
PARTY G.O. T.A. L.K.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE MEDALLION EXPLORATION	

Onshore Order No. 1  
MEDALLION EXPLORATION  
Atchee Federal 13-34-11-25  
NWSW Sec. 34, T11S, R25E  
Uintah County, Utah

LEASE NO. UTU76736  
DRILLING PLAN

**ONSHORE OIL & GAS ORDER NO. 1**  
**Approval of Operations on Onshore**  
**Federal and Indian Oil and Gas Leases**

All Lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished 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	+6739'
Wasatch	1552'	+5187'
Mesa Verde	2422'	+4317'
T.D	4500'	+2739'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Wasatch	1552'
Gas	Mesa Verde	2422'
Water	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: 11" 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

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 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 performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Wt.</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-450'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Production	0-4500'	7-7/8"	5-1/2"	17#	J-55	LT&C	New

- 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  
0-450'

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, +6lbs/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 BLM 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 District Manager within 30 days after the work is completed.
  - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
    - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
    - b. Temperature 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.

**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>
0-450'	Native	8.4-8.8	N/A	NC	9.0
0-4500'	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.

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 consists of a Phaser Induction and Compensated Neutron Density from T.D. to base of surface casing.
- c. Core samples will be taken of the Lower Mesa Verde.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. 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 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

- 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 BLM in Vernal 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 Bureau of Land Management shall be notified, during regular work hours (7:45 a.m. - 4:30 p.m., Monday through Friday with the exception of holidays), at least 24 hours prior to spudding the well.
- d. Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- 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 AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
  - h.** The spud date will be reported orally to the AO 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 Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", 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 Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.
  - j.** Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revisions.
  - k.** If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
  - l.** Should the well be successfully completed for production, the AO 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 District Engineer.
  - 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

District Engineer 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 AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5 will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.
- r.** Pursuant to Onshore Oil and Gas Order No. 1, 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 Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.

ONSHORE ORDER NO. 1  
Medallion Exploration  
Atchee Federal #13-34-11-25  
NWSW SEC. 34, T11S, R25E S.L.B. & M.  
Uintah County, Utah

LEASE NO. UTU 76736  
SURFACE USE PLAN

**ONSHORE OIL & GAS ORDER NO. 1**

**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 Cementing - twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related – Equipment Tests - twenty-four (24) hours prior to initiating pressure tests.
- First Production – Notice - within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

**1. Existing Roads**

- a. The proposed well site is located approximately 59.35 miles south of Vernal, Utah.
- b. Directions to the location from Vernal, Utah are as follows:  
Proceed in an easterly, then southerly direction from Vernal, Utah along U.S. highway 40 approximately 3.9 miles to the junction of state highway 45; exit right and proceed in a southerly direction approximately 41.5 miles on paved State Hwy 45 to the Junction of this Road and Gravel State Hwy 45 to the Southeast; turn left and proceed in a southeasterly direction approximately 12.8 miles to the junction of this road and an existing road to the southwest; turn right and proceed in a southwesterly direction approximately 0.9 miles to the beginning of the proposed access to the northwest; follow road flags in a northwesterly direction approximately 0.25 miles 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.

- 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 0.25 mi' +/- of new construction will be required as shown on Map B.
- b. The maximum grade of the new construction will be approximately 5%.
- 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.

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 Tank 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 (10YR613). 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.
- 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 (Form 3160-5) 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 Vernal District 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 43 CFR 3162.7 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 District Manager.
- 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 and White River. 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 Federal land.

7. **Methods of Handling Waste Disposal**

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. 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 AO. If a pit liner is deemed to be unnecessary, the pit must be inspected by a representative of the Bureau of Land Management 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.
- 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 BLM Office forty-eight (48) hours prior to construction of activities.
- b. The reserve pit will be located on the west side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the northwest 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 southwest corner of the location between points B & C and the west side between points 6 and 4.
- e. Access to the well pad will be from the south 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 shown on the location layout.
- h. During construction, all brush will be removed from the well pad and access road and stockpiled separately from the topsoil.
- i. All pits will be fenced according to the following minimum standards.
  - 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.
- 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 AO.

The seed mixture for reclamation work will be a sight specific mixture as recommended by the authorized officer of the BLM 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

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM 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 Federal lands

**12. Other Information**

- a. A Class III archeological survey was conducted by Montgomery Archaeological Consultants. No cultural resources were found and clearance has been recommended. A copy of this is attached.
- b. A paleontological reconnaissance report was conducted by Intermountain Paleo-Consulting , and a copy of the report is attached.
- c. 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 authorized officer (AO). Within five working days the AO 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.
- d. 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.

- e. Drilling rig and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if authorization is obtained, it is only a temporary measure.
- f. 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.
- g. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- h. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.
- i. "Sundry Notice and Report on Wells" (3160-5) will be filed for approval for all changes of plans and other operations.
- j. 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.
- k. The operator or his contractor shall contact the BLM Office 48 hours prior to construction activities.
- l. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.
- m. In the event after-hours approvals are necessary, please contact the following individual.

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

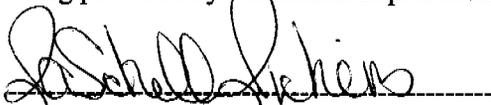
Drilling & Permit Matters  
RaSchelle Richens  
6985 Union Park Center, Ste. 375  
Midvale, Utah 84047  
801-566-7400 Office  
801-566-7477 Fax

**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.

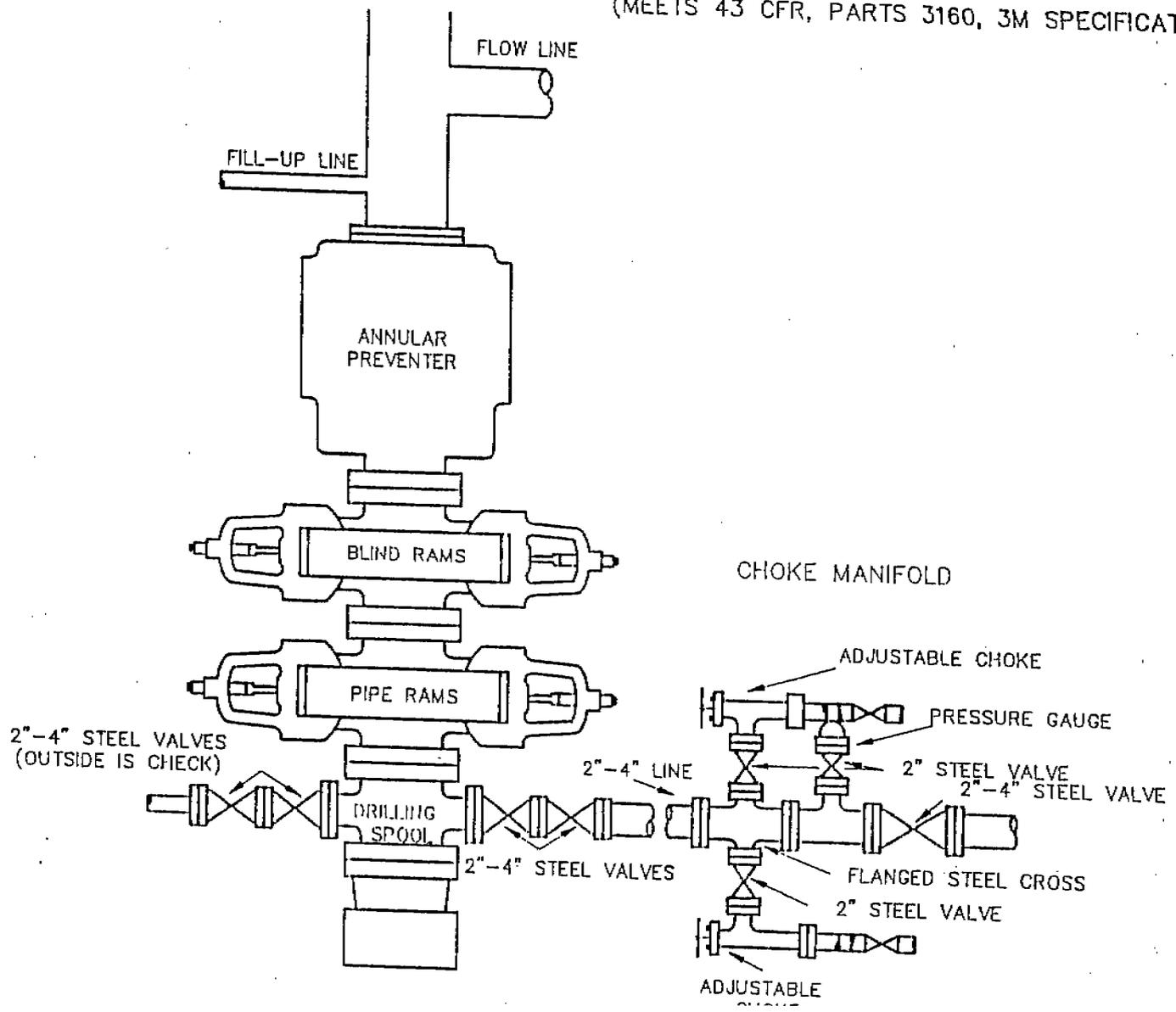
I hereby certify that Medallion Exploration is authorized by the proper lease interest owners to conduct operations associated with this application. Bond coverage pursuant to 43 CFR3104 for lease activities is being provided by Medallion Exploration BLM Bond:UTB000021

A handwritten signature in black ink, appearing to read 'RaSchelle Richens', is written over a horizontal dashed line.

RaSchelle Richens - Permitting

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)





JON M. HUNTSMAN, JR.  
*Governor*  
GARY R. HERBERT  
*Lieutenant Governor*

**State of Utah**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Division of Water Rights**

MICHAEL R. STYLER      JERRY D. OLDS  
*Executive Director*      *State Engineer/Division Director*

**ORDER OF THE STATE ENGINEER**  
**For Temporary Application Number 49-2218 (T76207)**

Temporary Application Number 49-2218 (T76207) in the name of Medallion Exploration was filed on March 3, 2006, to appropriate 20.00 acre-feet of water from a well located North 655 feet and East 1980 feet from the SW Corner of Section 19, T12S, R25E, SLB&M. The water is to be used for oil exploration (completion of oil/gas well). The water is to be used in all or portion(s) of T11S, R23E, SLB&M; T11S, R24E, SLB&M; T11S, R 25E, SLB&M; T12S, R23E, SLB&M; T12S, R24E, SLB&M; T12S, R25E, SLB&M; T13S, R23E, SLB&M; T13S, R24E, SLB&M, T13S, R25E; SLB&M.

Notice of this temporary application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-5.5 for temporary applications.

It appears that this temporary application can be approved without affecting existing water rights.

It is, therefore, **ORDERED** and Temporary Application Number 49-2218 (T76207) is hereby **APPROVED** subject to prior rights and the condition that this application will automatically, **PERMANENTLY LAPSE** on April 12, 2007.

This application is also approved according to the conditions of the current appropriation policy guidelines for the Colorado River Drainage, adopted March 7, 1990.

This approval is limited to the rights to divert and beneficially use water and does not grant any rights of access to, or use of land, or facilities not owned by the applicant.

This approval is granted subject to prior rights. The applicant shall be liable to mitigate or provide compensation for any impairment of or interference with prior rights as such may be stipulated among parties or decreed by a court of competent jurisdiction.

Failure on your part to comply with the requirements of the applicable statutes (73-3-5.5 and 73-3-8 of the Utah Code) may result in forfeiture of this temporary application.

This application shall expire one year from the date hereof.

**It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.**

Your contact with this office, should you need it, is with the Eastern Regional Office. The telephone number is 435-781-5327.

ORDER OF THE STATE ENGINEER

Temporary Application Number

49-2218 (T76207)

Page 2

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 12<sup>th</sup> day of April, 2006.

Jerry D. Olds  
Jerry D. Olds, P.E., State Engineer

Mailed a copy of the foregoing Order this 12<sup>th</sup> day of April, 2006 to:

Medallion Exploration  
c/o Raschelle  
6985 Union Park Center, Suite 375  
Midvale, UT 84047

BY: Kelly K. Horne  
Kelly K. Horne, Appropriation Secretary

## **Paleontological Reconnaissance Report**

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**Medallion Exploration's Proposed Well Pad and Access Road for  
"Atchee Federal #14-27-11-25; #12-34-11-25; #13-34-11-25;  
#14-34-11-25; #21-34-11-25; #31-34-11-25; #42-34-  
11-25; #43-34-11-25; & #14-35-11-25"  
(Sec. 27 & 34-35, T 11 S, R 25 E)**

**Dragon Topographic Quadrangle  
Uintah County, Utah & Rio  
Blanco County, Colorado**

November 17, 2005

Prepared by Stephen D. Sandau  
Paleontologist for  
Intermountain Paleo-Consulting  
P.O. Box 548  
Springville, Ut 84663

## INTRODUCTION

At the request of Raschelle Richens, of Medallion Exploration, and authorized by John Mayers of the BLM Vernal Field Office, a paleontological reconnaissance survey of Medallion's proposed well pad, pipelines, and access road for "Atchee Federal #14-27-11-25; #12-34-11-25; #13-34-11-25; #14-34-11-25; #21-34-11-25; #31-34-11-25; #42-34-11-25; #43-34-11-25; & #14-35-11-25" (Sec. 27 & 34-35, T 11 S, R 25 E) was conducted by Stephen Sandau on November 14, 2005. The survey was conducted under the Utah BLM Paleontological Resources Use Permit #UT-S-05-033. This survey to collect any paleontological materials discovered during the construction processes in danger of damage or destruction was done to meet requirements of the National Environmental Policy Act of 1969, and other State and Federal laws and regulations that protect paleontological resources.

## FEDERAL AND STATE REQUIREMENTS

As mandated by the US Department of the Interior Bureau of Land Management, paleontologically sensitive geologic formations in BLM lands that are considered for exchange or may be impacted due to ground disturbance require paleontological evaluation. This requirement complies with:

- 1) The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et. Seq., P.L. 91-190);
- 2) The Federal Land Policy and Management Act (FLPMA) of 1976 (90 Stat. 2743, 43 U.S.C. § 1701-1785, et. Seq., P.L. 94-579).

Under policy dictated by the BLM Manual and Handbook H-8270-1 (July, 1998) formations are ranked according to their paleontological potential:

- *Condition 1* is applied to those areas known to contain fossil localities, and special consideration of the known resources is in need of evaluation.
- *Condition 2* is applied to areas that have exposures of geologic rock units known to have produced fossils elsewhere.
- *Condition 3* is applied to areas unlikely to produce fossils based on surficial geology.

Although these guidelines apply mostly to vertebrate fossils, they are equally designed to help protect rare plant and invertebrate fossil. It should be noted that many fossils, though common and unimpressive in and of themselves, can be important paleo-environmental, depositional, and chronostratigraphic indicators.

## LOCATION

The well pads, pipelines, and access roads for Medallion's "Atchee Federal #14-27-11-25; #12-34-11-25; #13-34-11-25; #14-34-11-25; #21-34-11-25; #31-34-11-25; #42-34-11-25; #43-34-11-25; & #14-35-11-25" (Sec. 27 & 34-35, T 11 S, R 25 E) are staked on lands managed by the BLM, in the Atchee Ridge area, in Threemile Canyon and along Evacuation Creek, some 24 miles south of Bonanza, Utah. The project areas can be found on the Dragon 7.5 minute U. S. Geological Survey Quadrangle Map, Uintah County, Utah and Rio Blanco County, Colorado.

## PREVIOUS WORK

The basins of western North America have long produced some of the richest fossil collections in the world. Early Cenozoic sediments are especially well represented throughout the western interior. Paleontologists started field work in Utah's Uinta Basin as early as 1870 (Betts, 1871; Marsh, 1871, 1875a, 1875b). The Uinta Basin is located in the northeastern corner of Utah and covers approximately 31,000 sq. km (12,000 sq. miles) and ranges in elevation from 1,465 to 2,130 m (4,800 to 7,000 ft) (Marsell, 1964; Hamblin et al., 1987). Middle to late Eocene time marked a period of dramatic change in the climate, flora, (Stucky, 1992), and fauna (Black and Dawson, 1966) of North America.

## GEOLOGICAL AND PALEONTOLOGICAL OVERVIEW

Early in the geologic history of Utah, some 1,000 to 600 Ma, an east-west trending basin developed creating accommodation for 25,000 feet of siliclastics. Uplift of that filled-basin during the early Cenozoic formed the Uinta Mountains (Rasmussen et al., 1999). With the rise of the Uinta Mountains the asymmetrical synclinal Uinta Basin is thought to have formed through the effects of down warping in connection with the uplift. Throughout the Paleozoic and Mesozoic deposition fluctuated between marine and non-marine environments laying down a thick succession of sediments in the area now occupied by the Uinta Basin. Portions of these beds crop out on the margins of the basin due to tectonic events occurring during the late Mesozoic.

Early Tertiary Uinta Basin sediments were deposited in alternating lacustrine and fluvial environments. Large shallow lakes periodically covered most of the basin and surrounding areas during early to mid Eocene time (Abbott, 1957). These lacustrine sediments show up in the western part of the basin, dipping 2-3 degrees to the northeast and are lost in the subsurface on the east side. The increase of cross-bedded coarse-grained sandstone and conglomerates preserved in paleo-channels indicates a transition to a fluvial environment toward the end of the epoch.

Four Eocene formations are recognized in the Uinta Basin: the Wasatch, Green River, Uinta, and Duchesne River, respectively (Wood, 1941). The Green River Formation was traditionally subdivided up into four stratigraphic units namely, from oldest to youngest, the Douglas Creek, Garden Gulch, Parachute, and Evacuation Creek Members (Bradley, 1931). Later, numerous authors introduced varying terminology to describe the Green River Formation (Dane, 1955; Cashion and Donnell, 1974; Ryder et al., 1976; Bryant et al., 1989 and Weiss et al., 1990). When describing Green River beds in the eastern portion of the basin the member names will be used and in the western portion of the basin description by facies will be employed (Table 1). The Green River Formation is largely lacustrine in nature consisting of shale, and marl in large amounts with lesser quantity of delta siltstones and sandstones. For detailed description of the Green River Formation facies see the above mentioned references.

The Uinta Formation is subdivided into two lithostratigraphic units namely: the Wagonhound Member (Wood, 1934), formerly known as Uinta A and B (Osborn, 1895, 1929), and the Myton Member previously regarded as the Uinta C. Within the Uinta Basin in northeast Utah, the Uinta Formation in the western part of the basin is composed primarily of lacustrine sediments interfingering with over-bank deposits of silt and mudstone and westward flowing channel sands, and fluvial clays, muds and sands in the east (Bryant et al, 1990; Ryder et al, 1976).

Stratigraphic work done by early geologists and paleontologists within the Uinta Formation focused on the definition of rock units and attempted to define a distinction between early and late Uintan faunas (Riggs, 1912; Peterson and Kay, 1931; Kay 1934). More recent work focused on magnetostratigraphy, radioscopic chronology, and continental biostratigraphy (Flynn, 1986; Prothero, 1996). Well known for its fossiliferous nature and distinctive mammalian fauna of mid-Eocene Age, the Uinta Formation is the type formation for the Uintan Land Mammal Age (Wood et al, 1941).

## FIELD METHODS

In order to determine if the proposed well pads, pipelines, and access roads from this project contained any paleontological resources, a brief reconnaissance survey was performed. An on-site observation of the proposed areas undergoing surficial disturbance is necessary, because judgments made from topographic maps alone are often unreliable. Areas of low relief

	<b>Starr Flat Memb.</b> Fluvial siltstone, sandstone, conglomerate	<b>Duchesne River Formation</b>	
	<b>Lapoint Memb.</b> Fluvial mudstone, claystone, sandstone		
	<b>Dry Gulch Creek Memb.</b> Fluvial claystone, sandstone		
	<b>Brennan Basin Memb.</b> Fluvial claystone, sandstone, pebbly sandstone		
Bedded SS.-L. Facies	<b>Myton Memb.</b> Fluvial claystones, sandstones	"C"	<b>Uinta Formation</b>
	<b>Wagonhound Memb.</b> Fluvial siltstones, sandstones	"B"	
	Saline Facies	"A"	
Carbonate-Sapropelic Shale Facies	<b>Evacuation Creek Memb.</b>	<b>Green River Formation</b>	
	<b>Parachute Creek Memb.</b>		
Fluvial Facies	<b>Garden Gulch Memb.</b>		
Black Shale Facies	<b>Douglas Creek Memb.</b>		

**Table 1.** Uinta Basin stratigraphy

have potential to be erosional surfaces with the possibility of bearing fossil materials rather than surfaces covered by unconsolidated sediment or soils.

When found within the proposed construction areas, outcrops and erosional surfaces were checked to determine if fossils were present and to assess needs. Careful effort is made during surveys to identify and evaluate significant fossil materials or fossil horizons when they are found. Microvertebrates, although rare, are occasionally found in anthills or upon erosional surfaces, and are of particular importance.

## PROJECT AREA

The project site is situated in the Evacuation Creek and Parachute Creek Members of the Green River Formation. The following list provides a description of the individual wells and the associated access road and pipeline.

### **Atchee Federal #14-27-11-25**

The proposed access road for this location veers south/southeast off an existing road and enters the staked well pad situated in the SW/SW quarter-quarter section of Sec. 27, T 11 S, R 25 E (Figure 1). The proposed pipeline comes out of the proposed location for "Atchee Federal #21-34-11-25" and travels northwest along an existing road until it enters the southwestern side of the well for this location. Proposed pipeline traverses over low rolling hills as it follows the existing road. The hills are exposed in green and tan shale together with orange to off-white sandstone units and algal-rich freshwater limestones. The proposed access road and well pad are staked on ground covered with soil and vegetated with sagebrush and scattered junipers. No fossils were found save the fossilized algae (*Chlorellopsis coloniata*).

### **Atchee Federal #12-34-11-25**

Coming out of the proposed location for "Atchee Federal #13-34-11-25", the proposed access road travels north for over a quarter of a mile to the proposed well pad which has its stake in the SE/NW quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). The proposed pipeline leading into this location comes off an existing pipeline just east of the site.

The proposed access road traverses over ground exposed in tan and green shales covered an area by a thin-veneer of rocky soil. The route passes by a small ledge composed of tan sandstone and over thin layers of algal-rich limestones. The pad is staked on ground sloping to the east and edged on that side by a ledge of tan deltaic sandstone. The ground within the well pad is covered with a thin layer of soil over deltaic and floodplain deposits. The general area is vegetated with yucca, junipers, sagebrush, and piñon pines. No fossils were found inside the proposed well pad area or along its proposed pipeline or access road save a few plant fragments preserved in tan siltstone.

**Atchee Federal #13-34-11-25**

The proposed access road and pipeline come off an existing road and pipeline and a southeast of the location. The proposed route travels northwest for less than a quarter of a mile and then swings to this northeast to enter the staked well pad situated in the NW/SW quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). The proposed route traverses over ground covered in alluvium and soil as it comes off the existing road and then climbs up a shallow ephemeral wash before swinging to the northeast to enter the proposed well pad staked on ground covered with a thin layer of soil over units of tan siltstones and sandstones together with layers of algal-rich limestones and shale. The area is vegetated with pinion pines, junipers, and yucca. No fossils were found besides the fossilized algae (*Chlorellopsis coloniata*).

**Atchee Federal #14-34-11-25**

The short proposed access road and pipeline for this location come off the proposed pipeline and access road leading into "Atchee Federal #13-34-11-25". The proposed route hooks to the west/southwest, entering the proposed well pad area situated in the SW/SW quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). Proposed well pad is staked on a rounded ridge where units of tan and green shales, siltstones, and sandstones are exposed together with thin, orange to off-white, algal-rich limestones. The area is vegetated with spaced pinion pines, junipers, sagebrush, and yucca. Save for the fossilized algae (*Chlorellopsis coloniata*), no other fossils were found.

**Atchee Federal #21-34-11-25**

Swinging off an existing road north of the location, the proposed access road travel south for a short distance before entering the staked well pad area situated in the NE/NW quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). The proposed pipeline for this site comes off an existing pipeline southeast of the location and travels northwest to enter the well pad. The proposed pipeline, access road, and well pad are all staked on ground covered with a thin layer of soil over units of sandstones and floodplain deposits of shale and siltstones. No fossils were found.

**Atchee Federal #31-34-11-25**

Departing north off the proposed pipeline and access road leading to "Atchee Federal #43-34-11-25", the proposed access road and pipeline for this location travel for less than a quarter of a mile to the proposed well pad situated in the NW/NE quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). Proposed access road, pipeline, and well pad are all staked on ground covered with soil and alluvium and vegetated with a thick stand of tall sagebrush. The eastern edge of the access route and well pad traversed briefly over exposures of tan sandstone and siltstone unit on the foot of a slope to the east. No fossils were found in or around the proposed access road, pipeline, or well pad for this location.

**Atchee Federal #42-34-11-25**

Hooking southeast off the proposed access road and pipeline leading into "Atchee Federal #43-34-11-25", the proposed access road and pipeline for this location travel a short distance before entering the well pad situated in the SW/NE quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). The proposed pipeline, access road, and well pad are all situated on ground covered with alluvium and soil and vegetated with tall sagebrush. No fossils were found.

**Atchee Federal #43-34-11-25**

Departing east/southeast often existing road and pipeline, the proposed access road and pipeline for this location cross over and ephemeral wash and travel for a half-mile before entering the staked well pad area situated in the NE/SE quarter-quarter section of Sec. 34, T 11 S, R 25 E (Figure 1). Proposed well pad, access road, and pipeline are all staked on ground covered with thick soil and alluvium and vegetated with tall sagebrush. Portions of the route and pad are covered with resistant fragments of colluvium from the slopes to the east where tan sandstones, siltstones, and shales are exposed together with algal-rich limestone units. No fossils were found.

**Atchee Federal #14-35-11-25**

Coming out of the southeast side of the proposed location "Atchee Federal #43-34-11-25", the proposed access road and pipeline for this location travel for over a quarter of a mile before entering the proposed well pad situated in the SW/SW quarter-quarter section of Sec. 35, T 11 S, R 25 E (Figure 1). Proposed access road and pipeline skirt along the foot of a slope to the east/northeast where exposures of tan and green sandstones, siltstones, and shales together with fossilized algal-reefs are preserved. Portions of these units litter the proposed access route with colluvial blocks (Figure 1, pic. 13-14). Proposed well pad is staked on ground covered with alluvium and soil and vegetated with sagebrush. No fossils other than the blocks of algal-reefs (*Chlorellopsis coloniata*) eroded off the canyon wall to the east were found.

**SURVEY RESULTS**

<b>WELL</b>	<b>GEOLOGY</b>	<b>PALEONTOLOGY</b>
<p>"Atchee Federal #14-27-11-25" (Sec. 27, T 11 S, R 25 E)</p>	<p>Proposed pipeline traverses over low rolling hills as it follows the existing road. The hills are exposed in green and tan shale together with orange to off-white sandstone units and algal-rich freshwater limestones. The proposed access road and well pad are staked on ground covered with soil and vegetated with sagebrush and scattered junipers.</p>	<p>No fossils were found save the fossilized algae (<i>Chlorellopsis coloniata</i>). Condition 2</p>
<p>"Atchee Federal #12-34-11-25" (Sec. 34, T 11 S, R 25 E)</p>	<p>The proposed access road traverses over ground exposed in tan and green shales covered an area by a thin-veneer of rocky soil. The route passes by a small ledge composed of tan sandstone and over thin layers of algal-rich limestones. The pad is staked on ground sloping to the east and edged on that side by a ledge of tan deltaic sandstone. The ground within the well pad is covered with a thin-layer of soil over deltaic and floodplain deposits. The general area is vegetated with yucca, junipers, sagebrush, and pinion pines.</p>	<p>No fossils were found inside the proposed well pad area or long its proposed pipeline or access road save a few plant fragments preserved in tan siltstone. Condition 2</p>

<p>“Atchee Federal #13-34-11-25” (Sec. 34, T 11 S, R 25 E)</p>	<p>The proposed route traverses over ground covered in alluvium and soil as it comes off the existing road and then climbs up a shallow ephemeral wash before swinging to the northeast to enter the proposed well pad staked on ground covered with a thin layer of soil over units of tan siltstones and sandstones together with layers of algal-rich limestones and shale. The area is vegetated with pinion pines, junipers, and yucca.</p>	<p>No fossils were found in faith the fossilized algae (<i>Chlorellopsis coloniata</i>). Condition 2</p>
<p>“Atchee Federal #14-34-11-25” (Sec. 34, T 11 S, R 25 E)</p>	<p>Proposed well pad is staked on a rounded ridge where units of tan and green shales, siltstones, and sandstones are exposed together with thin, orange to off-white, algal-rich limestones. The area is vegetated with spaced pinion pines, junipers, sagebrush, and yucca.</p>	<p>Save for the fossilized algae (<i>Chlorellopsis coloniata</i>), no other fossils were found. Condition 2</p>
<p>“Atchee Federal #21-34-11-25” (Sec. 34, T 11 S, R 25 E)</p>	<p>The proposed pipeline, access road, and well pad are all staked on ground covered with a thin layer of soil over units of sandstones and floodplain deposits of shale and siltstones.</p>	<p>No fossils were found. Condition 2</p>
<p>“Atchee Federal #31-34-11-25” (Sec. 34, T 11 S, R 25 E)</p>	<p>Proposed access road, pipeline, and well pad are all staked on ground covered with soil and alluvium and vegetated with a thick stand of tall sagebrush. The eastern edge of the access route and well pad traversed briefly over exposures of tan sandstone and siltstone unit on the foot of a slope to the east.</p>	<p>No fossils were found in or around the proposed access road, pipeline, or well pad for this location. Condition 3</p>
<p>“Atchee Federal #42-34-11-25” (Sec. 34, T 11 S, R 25 E)</p>	<p>The proposed pipeline, access road, and well pad are all situated on ground covered with alluvium and soil and vegetated with tall sagebrush.</p>	<p>No fossils were found. Condition 3</p>
<p>“Atchee Federal #43-34-11-25” (Sec. 34, T 11 S, R 25 E)</p>	<p>Proposed well pad, access road, and pipeline are all staked on ground covered with thick soil and alluvium and vegetated with tall sagebrush. Portions of the route and pad are covered with resistant fragments of colluvium from the slopes to the east where tan sandstones, siltstones, and shales are exposed together with algal-rich limestone units.</p>	<p>No fossils were found. Condition 3</p>
<p>“Atchee Federal #14-35-11-25” (Sec. 35, T 11 S, R 25 E)</p>	<p>Proposed access road and pipeline skirt along the foot of a slope to the east/northeast where exposures of tan and green sandstones, siltstones, and shales together with fossilized algal-reefs are preserved. Portions of these units litter the proposed access route with colluvial blocks (Figure 1, pic. 13-14). Proposed well pad is staked on ground covered with alluvium and soil and vegetated with sagebrush.</p>	<p>No fossils other than the blocks of algal-reefs (<i>Chlorellopsis coloniata</i>) eroded off the canyon wall to the east were found. Condition 2</p>

## RECOMMENDATIONS

The reconnaissance survey executed for Medallion's proposed wells "Atchee Federal #14-27-11-25; #12-34-11-25; #13-34-11-25; #14-34-11-25; #21-34-11-25; #31-34-11-25; #42-34-11-25; #43-34-11-25; & #14-35-11-25" (Sec. 27 & 34-35, T 11 S, R 25 E) and their associated access roads and pipelines was brief. The staked areas showed no signs of fossil materials inside of the proposed construction site save the algal-reef deposits. Therefore we recommend, and that no paleontological restrictions be placed upon the construction of the proposed access roads, pipelines, and well pads covered in this report. Buried pipelines will encounter units of sandstone, siltstone, and shales together with algal-rich limestone, but no other fossils are predicted to be disturbed.

**However, if vertebrate fossil(s) are found during construction of any of the other locations covered in this report, recommendations are that a paleontologist is immediately notified in order to collect fossil materials in danger of being destroyed. Any vertebrate fossils found should be carefully moved outside of the construction areas to be checked by a permitted paleontologist.**

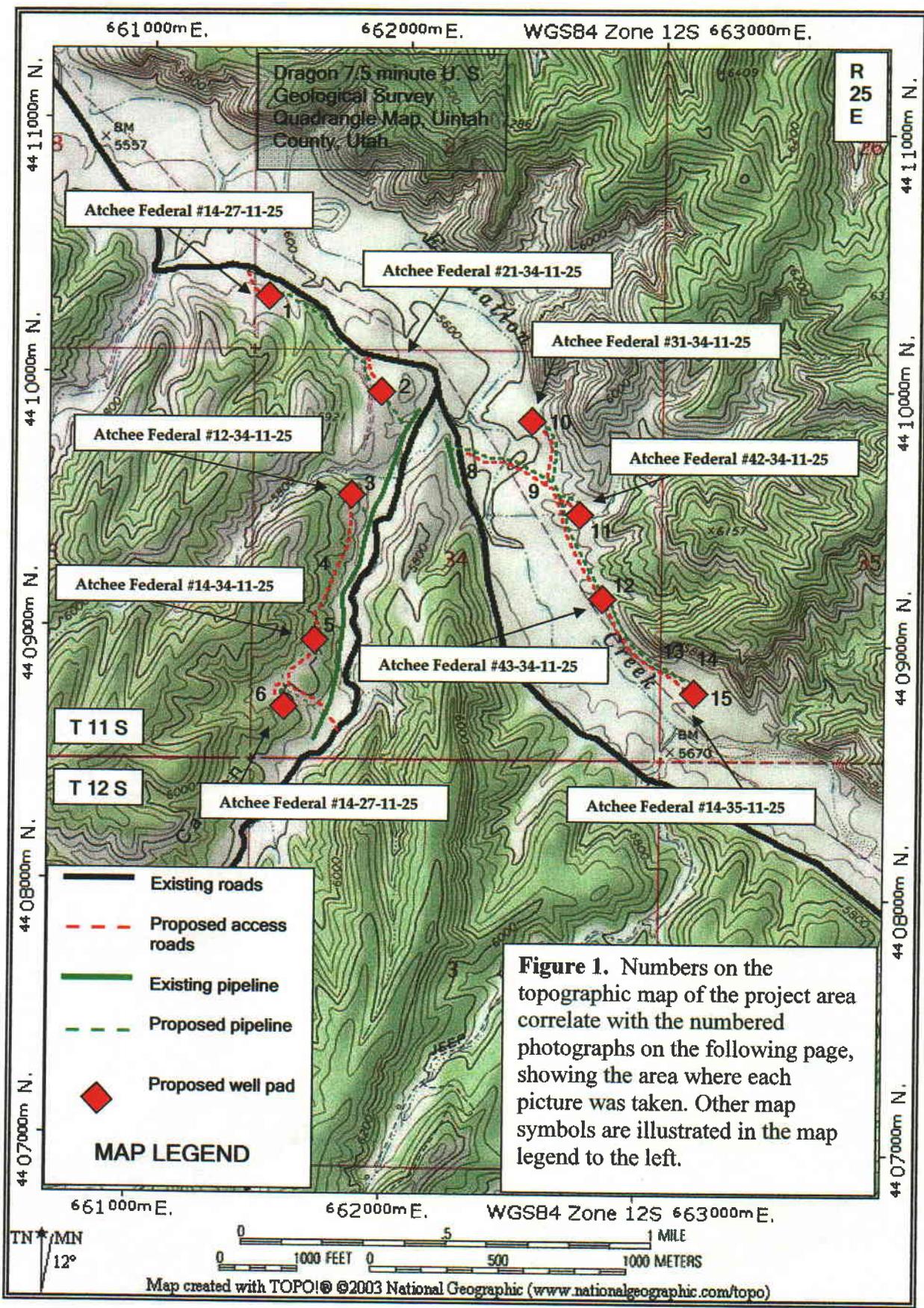


Figure 1. continued...

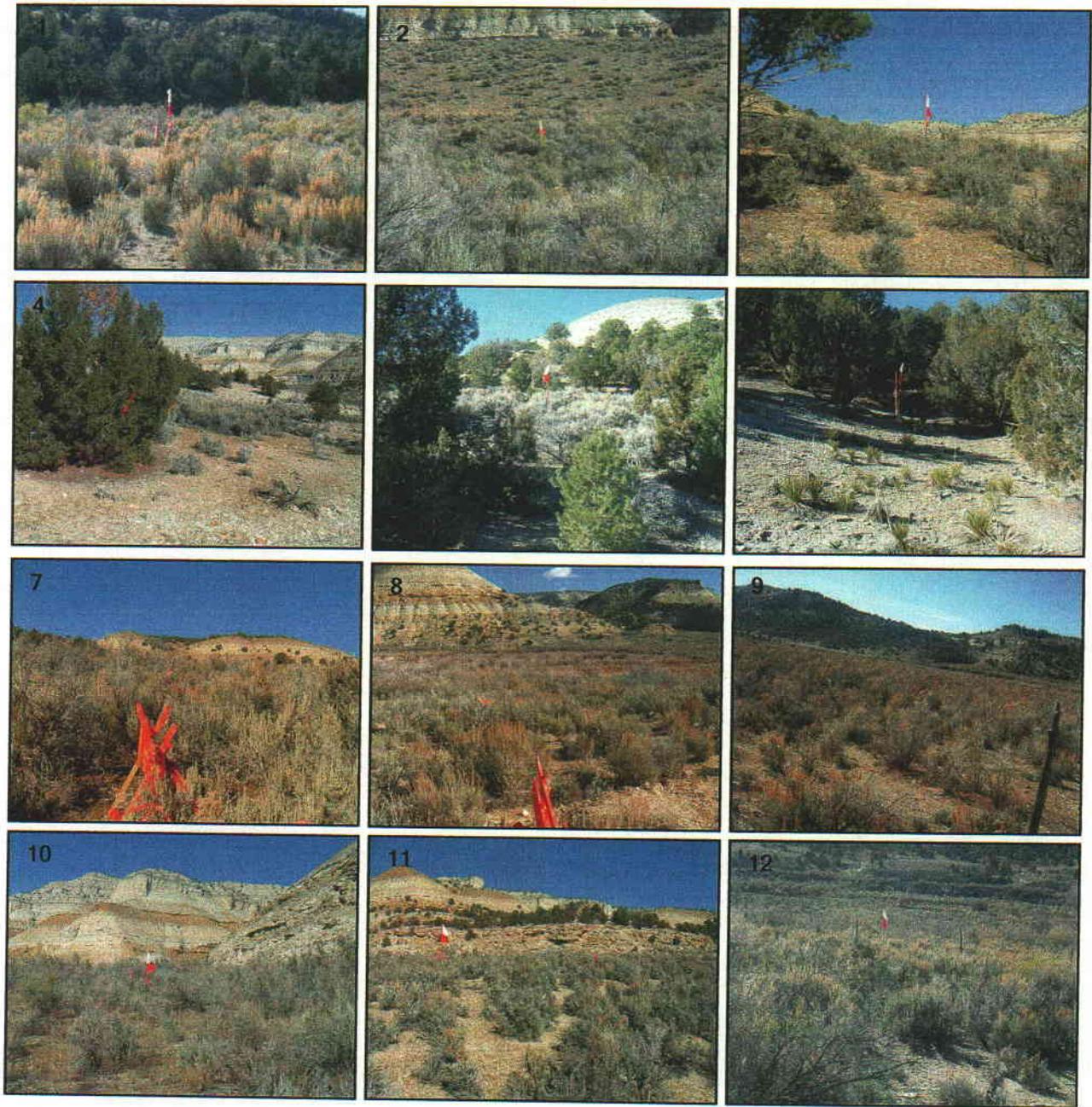
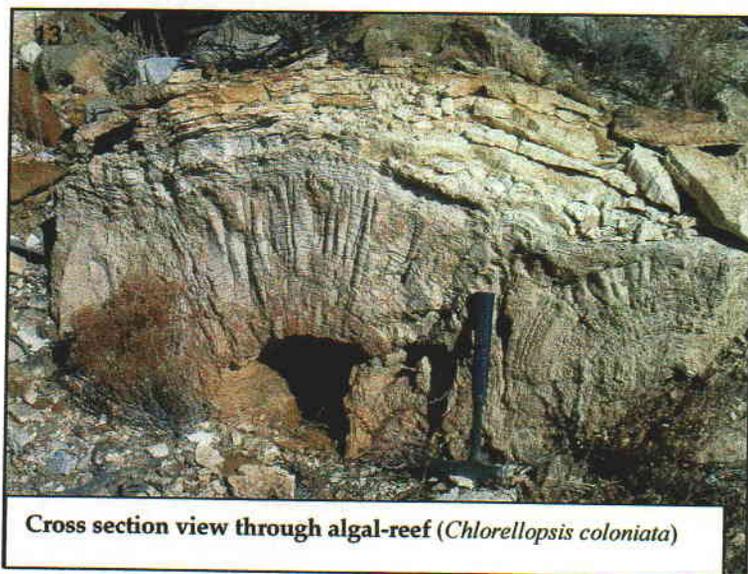
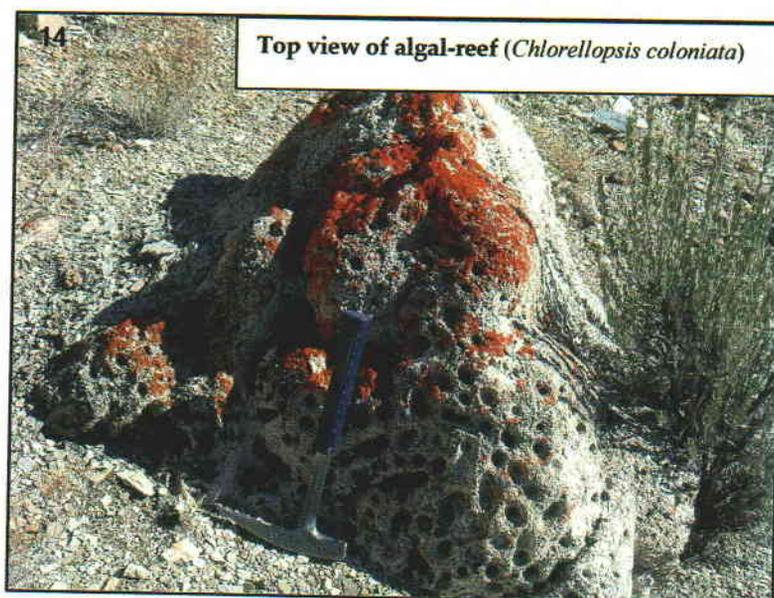


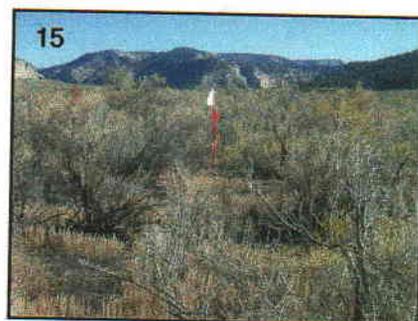
Figure 1. *continued...*



Cross section view through algal-reef (*Chlorellopsis coloniata*)



Top view of algal-reef (*Chlorellopsis coloniata*)



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CULTURAL RESOURCE INVENTORY OF MEDALLION  
EXPLORATION'S NINE WELL LOCATIONS IN  
EVACUATION CREEK, UINTAH COUNTY, UTAH

André Jendresen

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MOAC Report No. 05-446

October 31, 2005

United States Department of Interior (FLPMA)  
Permit No. 05-UT-60122

State of Utah Antiquities Project (Survey)  
Permit No. U-05-MQ-1192b,s

## ABSTRACT

A cultural resource inventory was conducted by Montgomery Archaeological Consultants Inc. (MOAC) in October 2005 for Medallion Exploration's nine proposed well locations Atchee Federal #12-34-11-25, #13-34-11-25, #14-34-11-25, #14-27-11-25, #21-34-11-25, #31-34-11-25, #42-34-11-25, #43-34-11-25, and #14-35-11-25 in Evacuation Creek, Uintah County, Utah. The nine proposed well locations with associated access routes are located in Township 11 South, Range 25 East, Sections 27, 34 and 35. A total of 126.1 acres was inventoried on lands administered by the Bureau of Land Management (BLM), Vernal Field Office.

The inventory resulted in the documentation of two new historic sites. Site 42Un5047 consists of a historic inscription on a isolated boulder located on a terrace north of Evacuation Creek. The lack of associated cultural materials coupled with no potential for subsurface remains as well as no apparent association with significant historical events or persons indicates the site is unlikely to provide data concerning the history of the region. Therefore the site is recommended as not eligible for inclusion to the NRHP. Site 42Un5048 is a historic trash scatter, which is a common and well documented site type for this area. The site lacks meaningful spatial patterning, and possesses very minimal potential for buried artifacts. Therefore this site is not likely to yield new data regarding the history of the area and is not eligible for nomination to the NRHP.

The Uintah Railway (42Un1801) has previously been evaluated as eligible to the NRHP under criterion A and C, while the historic inscription (42Un5047), and the historic trash scatter (42Un5048) are both recommended as in-eligible. The proposed access is staked across the railroad bed in an area previously disturbed by an existing buried pipeline and where no intact railroad ties occur. Therefore, the construction of well locations and accompanying access in this area is deemed not to have an adverse effect on the integrity of the historic property. A recommendation of "no historic properties adversely affected" is proposed for the project pursuant to Section 106, CFR 800.

## TABLE OF CONTENTS

ABSTRACT .....	i
TABLE OF CONTENTS .....	ii
LIST OF FIGURES .....	ii
INTRODUCTION .....	1
DESCRIPTION OF PROJECT AREA .....	4
Cultural Overview .....	4
SURVEY METHODOLOGY .....	7
INVENTORY RESULTS .....	8
Archaeological Sites .....	8
NATIONAL REGISTER OF HISTORIC PLACES .....	9
MANAGEMENT RECOMMENDATIONS .....	9
REFERENCES CITED .....	10
APPENDIX A: IMACS SITE FORMS .....	13

## LIST OF FIGURES

1. Inventory Area of Medallion Exploration's Nine Proposed Well Locations Showing Cultural Resources .....	3
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## INTRODUCTION

A cultural resource inventory was conducted by MOAC in October 2005 for Medallion Exploration's nine proposed well locations Atchee Federal #12-34-11-25, #13-34-11-25, #14-34-11-25, #14-27-11-25, #21-34-11-25, #31-34-11-25, #42-34-11-25, #43-34-11-25, and #14-35-11-25 in Evacuation Creek, Uintah County, Utah. The survey was implemented at the request of Ms. RaSchelle Richens, Medallion Exploration, Midvale, Utah. The project area occurs on property administered by the Bureau of Land Management, Vernal Field Office.

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Environmental and Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and the Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on October 8 and 9, 2005 by Rigden Glaab (Project Supervisor) and André Jendresen under the auspices of U.S.D.I. (FLPMA) Permit No. 05-UT-60122, and State of Utah Antiquities Permit (Survey) No. U-05-MQ-1192b,s issued to MOAC, Moab, Utah.

A file search for previous cultural resource inventories and archaeological sites was completed by Keith Montgomery (October 7, 2005) at the Utah State Historic Preservation Office in Salt Lake City, Utah. This consultation indicated that several archaeological inventories have occurred in the project area. In 1981, the University of Utah under contract with Woodward-Clyde inventoried a portion of MAPCO's Rocky Mountain Liquid Hydrocarbon Pipeline (Schroedl 1981). A sandstone and mortar dome shaped structure (coke kiln) was documented in Evacuation Creek, but outside of the current project area. In 1983, Grand River Consultants completed an inventory for the BJ Exploration seismic prospect (Babcock 1983). Several sites were documented near the current project area including a historic unmortared sandstone slab structure (42Un1391) and a lithic scatter (42Un1441). Sagebrush Archaeological Consultants surveyed a seismic line across Evacuation Creek in 1984; no sites were found in the current project area (Polk 1984). In 1990, Abajo Archaeology completed an inventory along TXO-Northwest Pipeline Corporation's Evacuation Creek underground pipeline (Montgomery 1990). One previously documented site (42Un1408) and five new sites were recorded (42Un1801 through 42Un1805) including the Uintah Railway (42Un1801), a segment which is located within the current project area. In 1994, Archeological-Environmental Research Corporation surveyed a pipeline corridor for Conoco Inc. south of the project area, finding no cultural resources (Hauck and Hadden 1994). In 2003 MOAC performed an inventory of Canyon Gas Resource's proposed pipeline in Evacuation Creek (Montgomery and Bond 2003), which resulted in the documentation of a segment of the Uintah Railway (42Un1801), which is in the current project area, and two new archaeological sites south of the current project area (42Un3329 and 42Un3330). The Uintah Railway had previously been evaluated as eligible to the NRHP under A and C. Site 42Un3329 consisted of a coke oven, hearth, and associated artifacts related to the gilsonite mining operations along Evacuation Creek. It was recommended as eligible to the NRHP under Criterion D. Site 42Un1330 was a low density trash scatter that lacked significant spatial patterning and failed to be associated with a historic property. It was recommended as not eligible for inclusion to the NRHP. In summary, only one previously documented archaeological site (42Un1801) occurs within the current project area, and it is evaluated as eligible to the National Register of Historic Places.

## DESCRIPTION OF PROJECT AREA

Medallion Exploration's nine proposed well locations is located along the east and west sides of Evacuation Creek and in the northern part of Threemile Canyon, Uintah County, Utah. The legal description is Township 11 South, Range 25 East, Sections 27, 34 and 35 (Figure 1, Table 1).

Well Location Designation	Legal Location	Access/Pipeline	Cultural Resources
Atchee Fed #14-27-11-25	T11S, R25E, S. 27 SW/SW	Access 100' Pipeline/Access 1000'	None
Atchee Fed #12-34-11-25	T11S, R25E, S. 34 NW/NE	Pipeline/Access 200'	None
Atchee Fed #13-34-11-25	T11S, R25E, S. 34 NW/SW	Pipeline/Access 1100'	None
Atchee Fed #14-34-11-25	T11S, R25E, S. 34 SW/SW	Pipeline/Access 500'	42Un5048
Atchee Fed #21-34-11-25	T11S, R25E, S. 34 NE/NW	Pipeline/Access 400'	None
Atchee Fed #31-34-11-25	T11S, R25E, S. 34 NW/NE	Access 350' Pipeline/Access 1200'	42Un1801
Atchee Fed #42-34-11-25	T11S, R25E, S. 34 SE/NE	Pipeline/Access 400'	None
Atchee Fed #43-34-11-25	T11S, R25E, S. 34 NE/SE	Pipeline/Access 400'	None
Atchee Fed #14-35-11-25	T11S, R25E, S. 35 SW/SW	Pipeline/Access 1500'	42Un5047

The project area is located approximately 20 miles south of Bonanza Utah within the Uintah Basin physiographic unit. The Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. Wonsits Valley occurs within the Central Badlands District of the Uintah Basin, which is an area of broad erosional benches with extensive badland rims along the drainages. The heavily eroded benches and mesas are capped with sand and silt which erode downslope forming areas of sand dunes, sand sheets, and colluvial clays. The geology is dominated by the lacustrine Green River Formation, composed of a great variety of rock types that intermingle with each other across wide transitional zones (Stokes 1986:154). This formation is also regarded as the world's greatest repository of oil shale. At an average elevation of 5600 feet, the proposed pipeline occurs along an alluvial terrace and gravel benches. The rocky talus slopes and upper benches are dominated by pinyon-juniper woodlands while the thick alluvial soil of Evacuation Creek supports a dense cover of tamarisk, greasewood, and sagebrush. Evacuation Creek is an intermittent stream with permanent sections and is part of the greater White River drainage system. Modern impacts to the landscape include grazing, a railroad, roads, mining and oil/gas development.

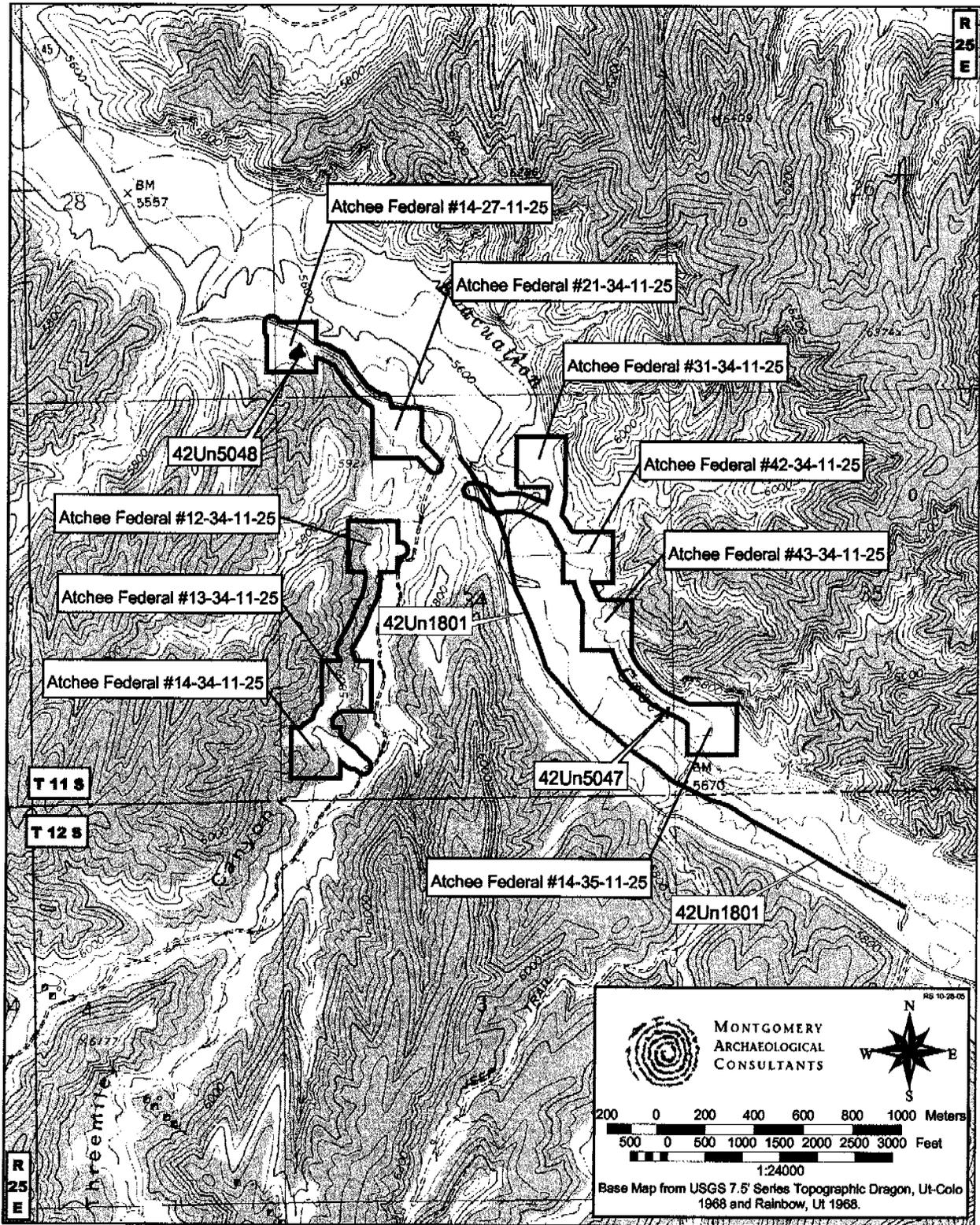


Figure 1. Inventory of Medallion Exploration's Nine Proposed Well Locations in Evacuation Creek Showing Archaeological Sites. USGS Dragon, UT and Rainbow, UT 1968.

## Cultural-Historical Background

The cultural-chronological sequence represented in the area includes the Paleoindian, Archaic, Fremont, Protohistoric, and Euro-American stages. The earliest inhabitants of the region are representative of the Paleoindian stage (ca. 12,000-8,000 B.P.), characterized by the adaptation to terminal Pleistocene environments and by the exploitation of big game fauna. The presence of Paleoindian hunters in the Uinta Basin region is implied by the discovery of Clovis and Folsom fluted points (ca. 12,000 B.P. - 10,000 B.P.), as well as the more recent Plano Complex lanceolate points (ca. 10,000 B.P. - 7,000 B.P.). Near the project area, a variety of Plano Complex Paleoindian projectile points have been documented, including Goshen, Alberta, and Midland styles (Hauck 1998). No sites with evidence of Folsom lithic technology have previously been documented near the project area. Spangler (1995:332) reports that there are no sealed cultural deposits in association with extinct fauna or with chronologically distinct Paleoindian artifacts in Utah. Specifically in the Uinta Basin, few Paleoindian sites have been adequately documented, and most evidence of Paleoindian exploitation of the area is restricted to isolated projectile points recovered in nonstratigraphic contexts. Copeland and Fike (1998:21) argue that many areas in Utah are conducive to the herding behavior of megafauna, and that there is a high probability that many of the sites in Utah of unknown age are Paleoindian.

The Archaic stage (ca. 8,000 B.P. - 1,500 B.P.) is characterized by peoples depending on a foraging subsistence strategy, seasonally exploiting a wide spectrum of plant and animal species in different ecozones. The shift to an Archaic lifeway was marked by the appearance of new projectile point types perhaps reflecting the development of the atlatl in response to a need to pursue smaller and faster game (Holmer 1986). In northeastern Utah, evidence of widespread Early Archaic exploitation is relatively sparse compared to the subsequent Middle and Late Archaic periods. Early Archaic (ca. 6000 to 3000 B.C.) sites in the basin include sand dune sites and rockshelters clustered mainly in the lower White River drainage as well as along the Green River in the Browns Park and Flaming Gorge area (Spangler 1995:373). Projectile points recovered from northeastern Utah include Pinto Series, Humboldt, Elko Series, Northern Side-notched, Hawken Side-notched, Sudden Side-notched and Rocker Base Side-notched points. The Middle Archaic period (ca. 3000 to 500 B.C.) is characterized by improved climatic conditions and increased human populations on the northern Colorado Plateau. Several stratified Middle Archaic sites have been excavated and dozens of sites have been documented in the study area. Middle Archaic sites in the area reflect cultural influences from the Plains, although a Great Basin and/or northern Colorado Plateau influence is represented in the continuation of the Elko Series projectile points. Hauck et al. (1990:15) postulate that twenty prehistoric campsites they documented within the project area date to the Middle Archaic, based on their similarity to known Middle Archaic sites in the Uinta Basin. However, none of the deposits at these sites have been dated and no diagnostic artifacts are present. The Late Archaic period (ca. 500 B.C. to A.D. 550) in the area is distinguished by the continuation of Elko Series atlatl points with the addition of semi-subterranean residential structures at base camps. By about A.D. 100, maize horticulture and Rose Springs arrow points had been added to the Archaic lifeway. Rock art styles commonly attributed to Colorado Plateau Archaic peoples include the Barrier Canyon Style which has been ascribed a temporal span of ca. 1000 B.C. to A.D. 500 by Cole (1990:67).

The Formative stage (A.D. 500-1300) is defined by Spangler (1993, 1995) by the Tavaputs Plateau adaptation which includes Formative peoples of the Book Cliffs, East Tavaputs and West Tavaputs Plateau (primarily Nine Mile, Range Creek, Hill Creek and Willow Creek) which have been traditionally assigned to the San Rafael or Uinta variant by Marwitt (1970). According to Spangler (1995:499) although groups in both areas (e.g., Uinta Basin and Tavaputs Plateau) were

semisedentary, manufactured pottery, and practiced maize horticulture, such traits such as architectural styles, storage strategies, settlement patterns, chronology, and rock art styles were significantly different. Differences between these two Fremont cultural adaptations are likely due to environmental differences between the two regions. The Tavaputs Plateau is dominated by deeply incised canyons while the Uintah Basin topography is characterized as relatively flat lowlands, sloping surfaces, and wide shallow valleys (Stokes 1986). In the Tavaputs Plateau area, habitation sites are usually confined along stream terraces and on outcrops in deeply striated canyons such as Hill Creek and Willow Creek (Spangler 1995:502). Compared to the Uinta Basin, the Fremont presence was apparently sparse prior to about A.D. 1000 as shown by a cluster of dates between A.D. 1000 and 1300 (Spangler 1999:63). Residential structures on the plateau are characterized by abundant dry-laid masonry construction and settlement patterns featuring clusters of pithouses along stream terraces and surface masonry structures on rock outcrops, pinnacles and cliff ledges (Spangler 1995, 1999). On both sides of the Green River, the use of dry-laid masonry "towers" and walled "forts", (dating after A.D. 700), suggests a defensive behavioral mode involving both the protection of people and the protection of stored resources (Spangler 1999:61) In terms of material culture, in the Tavaputs Plateau area the ceramic assemblage is dominated by Emery Gray types made of basalts found to the south in the vicinity of the San Rafael Swell. Spangler (1999:59) remarks that in comparison to the Uinta Basin, where ceramics appear to have played a significant role in the Fremont lifeway, pottery sherds are extremely rare at Tavaputs Plateau sites.

Archaeological evidence suggests that Numic peoples appeared in east-central Utah at approximately A.D. 1100 or shortly before the disappearance of Formative-stage peoples (Reed 1994). Numic or Numic-speakers may have coexisted with sedentary Fremont populations. The demise of the Fremont may have been nothing more than a shift in subsistence strategies from primarily horticulture to exclusively hunting/gathering (Simms 1979) rather than an actual arrival of new people. The archaeological remains of Numic-speaking Utes consist primarily of lithic scatters with low quantities of brown ware ceramics, rock art, and occasional wickiups. The brown ware ceramics appear to be the most reliable indicator of cultural affiliation, as Desert Side-notched and Cottonwood Triangular points were manufactured by other cultural groups beside the Ute (Horn, Reed, and Chandler 1994:130). The Protohistoric Utes are the decendents of these (Numic-speaking) hunter and gatherers whom exploited various fauna and flora resources. The cultural history of the Eastern Ute, comprising the bands living east of the Green River, has been divided into four phases (Reed 1988). The earliest and most tenuous phase is the Chipeta Phase, dated between ca. 1250 and 1400. Diagnostic artifacts include Desert Side-notched, Cottonwood Triangular, and small corner-notched arrow points and possibly Shoshonean knives. The Canalla phase (ca. A.D. 1400-1650) designates the period between the appearance of well-dated Uncompahgre brown ware ceramics and the adoption of an equestrian lifeway. Diagnostic artifacts include Uncompahgre Brown Ware ceramics, Desert Side-notched and Cottonwood Triangular points, and Shoshonean knives. The pedestrian hunter and gatherers probably lived in wickiups. Near the end of the phase, some groups may have obtained trade items from Spanish settlements in New Mexico (Horn, Reed, and Chandler 1994:131). The Antero phase (ca. A.D. 1650-1881) represents a shift to a fully equestrian lifestyle and integration of Euroamerican trade goods into Ute material culture. The horse permitted hunting of bison on the Plains and led to an increase in the importance of raiding for economic gain (Ibid:131). Euroamerican trade goods became important, and tepees as well as wickiups were inhabited. A number of Desert Side-notched points have been found within the current project area, indicating Numic occupation. Most of these sites are short-term camps or limited activity areas situated on ridges and within sand dunes.

The first Euro-Americans in the Uinta Basin were Spanish missionaries, traveling between Sante Fe, New Mexico up through western Colorado, towards the Utah Valley, and on to California. In 1776, under the leadership of Fray Francisco Atanasio Dominguez and Fray Silvestre Velez de Escalante, the Spanish commenced to explore a northern route from Santa Fe to the garrison of Monterey on the California coast (Spangler et al. 1995). Euro-American traders were another early factor in the history of the Uinta Basin. Some of these were Spaniards, who continued to visit the region until the Mexican war of independence in 1821, when most Spanish were expelled from the Southwest. It was the beaver trade in the early part of the nineteenth century, that cemented trade with Ute and Shoshone in the area, and resulted in the establishment of trading posts along the major rivers in the area, including the Duchesne, Green, and Uinta (Ibid 1995). From the early 1820s to 1845, the Uinta Basin became an important part of the expanding western fur trade.

The gilsonite boom of the 1880's opened up remote northeastern Utah to an influx of settlers. Gilsonite, a form of asphalt occurring in the bituminous sandstone and Green River Formation oil shales, is named after Sam Gilson. In 1884 Gilson became interested in the mineral and was responsible for its early development on the Ute Reservation. The largest and most important gilsonite deposits were mined by the Gilson Asphaltum Company who developed the Black Dragon mines along the side canyons of Evacuation Creek. The Uintah Railway Company ran from Mack, Colorado to Watson, Utah (68 miles) over narrow-gauge track. It was incorporated by William N. Vaile and others on November 4, 1903, to be operated from a Denver, Colorado office (Ormes 1975). Its primary function was to bring gilsonite from around Watson to the Denver and Rio Grande (D&RG) main line near Mack, Colorado. It was finished as far as Dragon, Utah in February 1905, and extended further north to the Watson and Rainbow mines in 1911. The railway was controlled by the Barber Asphalt Paving Company, and utilized to others prominent gilsonite shippers such as the American and Utah Asphalt companies. The 30-pound rail was initially used for the three foot-wide narrow-gauge, replaced later by 40-pound and succeeded by a 60-pound rail. Curves went up to 67% and grades to 7% on the Colorado side. Through the years people talked about extending the Uintah Railway line to Vernal, the county seat, 65 miles away; however, the project never materialized (Long 1990). By the close of 1938 it was apparent that the Uintah Railway could not survive due to the gilsonite operations being moved further north to Bonanza, Utah. By June, 1939 the railway was abandoned and the equipment was scrapped or sold to the highest bidder (Ibid 1990).

The towns of Atchee, Dragon, Mack, and the coal mining camp of Carbonera, were built to sustain the railroad and its workers. Dragon was located one mile from the Black Dragon Mine and camp, at the confluence of Dragon and Evacuation canyons. The peak of Dragon's activity was between 1908 and 1911 during which time 2,000 tons of ore were dug from the Black Dragon Mine each month. Residents of Dragon Junction included miners families (e.g. miners were boarded up at Dragon Camp), railroad employees, and cattle and sheep ranchers (Remington 1959). Most of the residents of Dragon Junction lived in log or frame houses, but at the mine the men resided mainly in tents. Tank cars hauled culinary water from Columbine, Colorado, near Baxter Pass, to Dragon. In 1909 a 21 room hotel (the Cottage Hotel) having hot and cold running water, a modern restaurant, and steam heat was built. Other enterprises included the Fruita Mercantile Company store, Billings Store, several saloons, a school, and a public library. Along the railroad tracks was a brick depot (having the only sidewalk in Dragon), offices of the Gilson Asphaltum Company, freight docks, and switching yards. Located in the switching yard were an engine or two, a few flat cars usually loaded with sacked gilsonite, empty cattle cars, and a coach or two (Ibid 1959:157).

In 1911, an explosion at the Black Dragon Mine (one of several) resulted in devastating damage to the mining operation, sweeping the mine clean and shooting mine timbers over Dragon Canyon (Remington 1959). Damage was sufficient to persuade Gilson Asphaltum Company to shift operations up Evacuation Creek to the Rainbow Mine. This became the major base for the company's mines until 1935 when it initiated its last move to the Bonanza Mine, north of the White River. Most of the residents at Dragon left during the 1930s, leaving a ghost town after the Uintah Railway abandoned the line in 1939.

## SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At each of the proposed well locations, a ten acre or larger area centered on the center stake of the location was surveyed by the archaeologist walking parallel transects spaced no more than 10 m (30 ft) apart. The access corridor was 200 feet wide, surveyed by walking parallel transects along the staked centerline, spaced no more than 10 m (30 ft) apart. Ground visibility was considered to be good. A total of 126.1 acres were inventoried on lands administered by the Bureau of Land Management (BLM), Vernal Field Office.

## INVENTORY RESULTS

The inventory of Medallion Exploration's nine proposed well locations resulted in the documentation of two new historic sites (42Un5047 and 42Un5048). One previously recorded site (42Un1801), a segment of the Uintah Railway occur in the project area.

Smithsonian Site No.: 42Un1801 (Previously Recorded)  
Jurisdiction: BLM  
Legal Description: Sec. 2 T 12S, R 25E and Sec. 34 T11S, R 25E  
NRHP Eligibility: Eligible

Description: This portion of the Uintah Railway extends from Threemile Canyon southeast along the west side of the Evacuation Creek road to just north of Missouri Creek. It was previously recorded by MOAC in 2003 for the Canyon Gas Evacuation Creek pipeline (Montgomery and Bond 2003). The railroad grade section measures approximately 2.5 miles long. The railroad bed is dominated by dugways excavated through the toe ends of ridges. Several areas are built up along the berm. On the north end of the segment the railroad has been disturbed by pipeline placed under the grade. The railroad bed measures a maximum of 10 feet wide, covered in most places with ballast gravel. There are areas along this segment of the railroad that exhibit in-situ railway ties and spikes. Lacking rails, the wood ties vary from 6 to 8 ft long, 8 inches wide, and 5 inches thick. The ties are spaced 3 ft 2 inches apart and are in various stages of decay. The spikes measure 5 ½ inches long with ½ inch square shanks.

Smithsonian Site No.: 42Un5047  
Jurisdiction: BLM  
Legal Description: NE/SW/SE Sec. 34 T 11S, R 25E  
NRHP Eligibility: Not Eligible

Description: The site consists of a historic inscription on a isolated boulder located on a terrace north of Evacuation Creek. The inscription is: "MAYO 21 1920 MANUEL TRUJILLO COYOTE NME." This individual appears to have been Spanish speaking from Coyote, New Mexico. No cultural materials were found in the area.

Smithsonian Site No.: 42Un5048  
Jurisdiction: BLM  
Legal Description: SW/SE/NW Sec. 2 T 12S, R 25E  
NRHP Eligibility: Not Eligible

Description: This is a dispersed historic trash scatter with a modern hearth located along the edge of Evacuation Creek. Cultural materials are restricted to tin can and glass items scattered within a 66 by 68 meter area. Tin cans include 14 hole-in-top milk cans, 31 sanitary cans, 7 hinged-lid tobacco tins, a shaker type lid, 12 metal fragments. Datable containers are commodity cans stamped with "Sanitary" (1904-1908) and milk cans which date between 1915-1930 and 1917-1929. Glass items consist of 49 pieces of amethyst, clear, aqua, and brown glass fragments from jars and bottles. The hearth (Feature A) occurs along the west edge of the site is a rock lined ring of angular sandstone and tabular shale pieces which contains ash, charcoal and burned wood chips. It is out-of-period based on the associated debris (burned pop-top cans and rusted sanitary cans). The hearth most likely post dates the rest of the occupation.

#### NATIONAL REGISTER OF HISTORIC PLACES EVALUATION

The National Register Criteria for Evaluation of Significance and procedures for nominating cultural resources to the National Register of Historic Places (NRHP) are outlined in 36 CFR 60.4 as follows:

The quality of significance in American history, architecture, archaeology, and culture is present in districts, sites, buildings, structures, and objects of State and local importance that possess integrity of location, design, setting, material, workmanship, feeling, and association, and that they:

- a)...are associated with events that have made a significant contribution to the broad patterns of our history; or
- b)...are associated with the lives of persons significant to our past; or
- c)...embody the distinctive characteristics of a type, period, or method of construction; or that represents the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- d)...have yielded or may be likely to yield information important in prehistory or history.

The inventory of Medallion Exploration's nine proposed well locations resulted in the documentation of two new historic sites. Site 42Un5047 consists of a historic inscription on a isolated boulder located on a terrace north of Evacuation Creek. The lack of associated cultural materials coupled with no potential for subsurface remains as well as no apparent association with significant historical events or persons indicates the site is unlikely to provide data concerning the

history of the region. Therefore the site is recommended as not eligible for inclusion to the National Register of Historic Places. Site 42Un5048 is a historic trash scatter, which is a common and well documented site type for this area. The site lacks meaningful spatial patterning, and possesses very minimal potential for buried artifacts. Therefore this site is not likely to yield new data regarding the history of the area and is not eligible for nomination to the NRHP.

#### MANAGEMENT RECOMMENDATIONS

The inventory of Medallion Exploration's nine proposed well locations resulted in the location of a previously recorded segment of the Uintah Railway and two new historic sites. The Uintah Railway (42Un1801) has previously been evaluated as eligible to the NRHP under criterion A and C, while the historic inscription (42Un5047), and the historic trash scatter (42Un5048) are both recommended as in-eligible. The proposed access is staked across the railroad bed in an area previously disturbed by an existing buried pipeline and where no intact railroad ties occur. Therefore, the construction of well locations and accompanying access in this area is deemed not to have an adverse effect on the integrity of the historic property. A recommendation of "no historic properties adversely affected" is proposed for the project pursuant to Section 106, CFR 800.

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# MEDALLION EXPLORATION

## ATCHEE FEDERAL #13-34-11-25

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 34, T11S, R25E, S.L.B.&M.

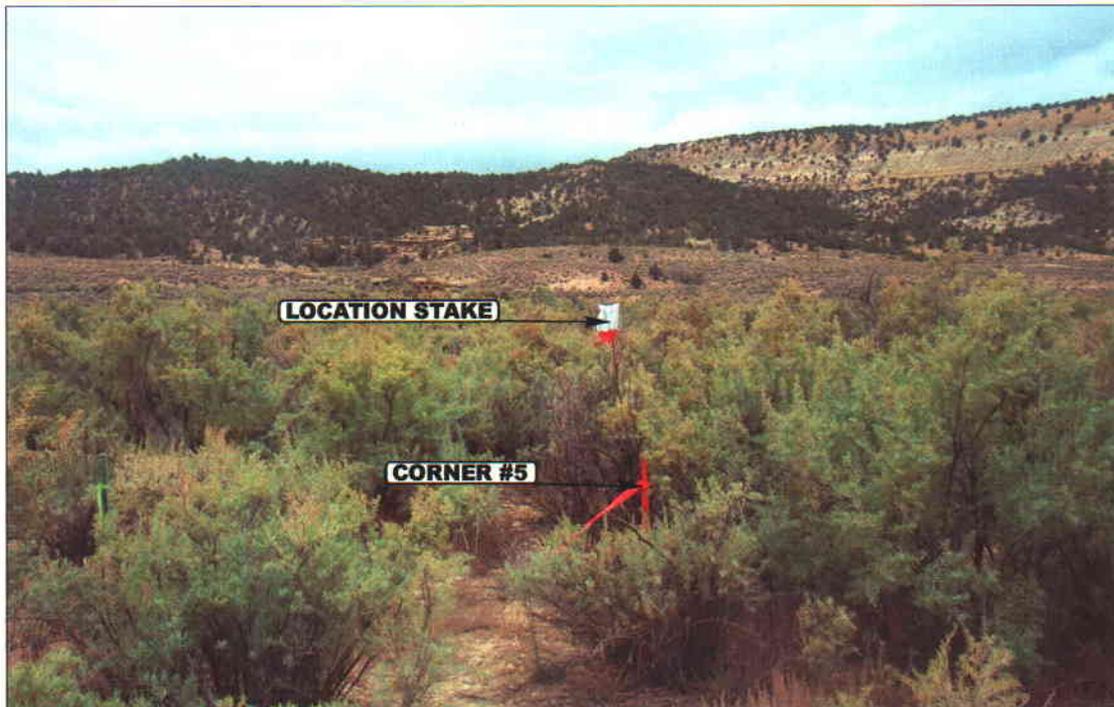


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

**UELS** Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

10 05 05  
MONTH DAY YEAR

PHOTO

TAKEN BY: G.O.

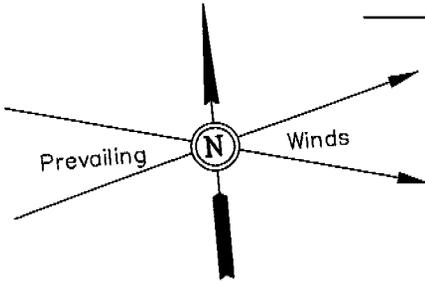
DRAWN BY: C.P.

REVISED: 00-00-00

# MEDALLION EXPLORATION

FIGURE #1

LOCATION LAYOUT FOR  
 ATCHEE FEDERAL #13-34-11-25  
 SECTION 34, T11S, R25E, S.L.B.&M.  
 1495' FSL 889' FWL



CONSTRUCT DIVERSION DITCH

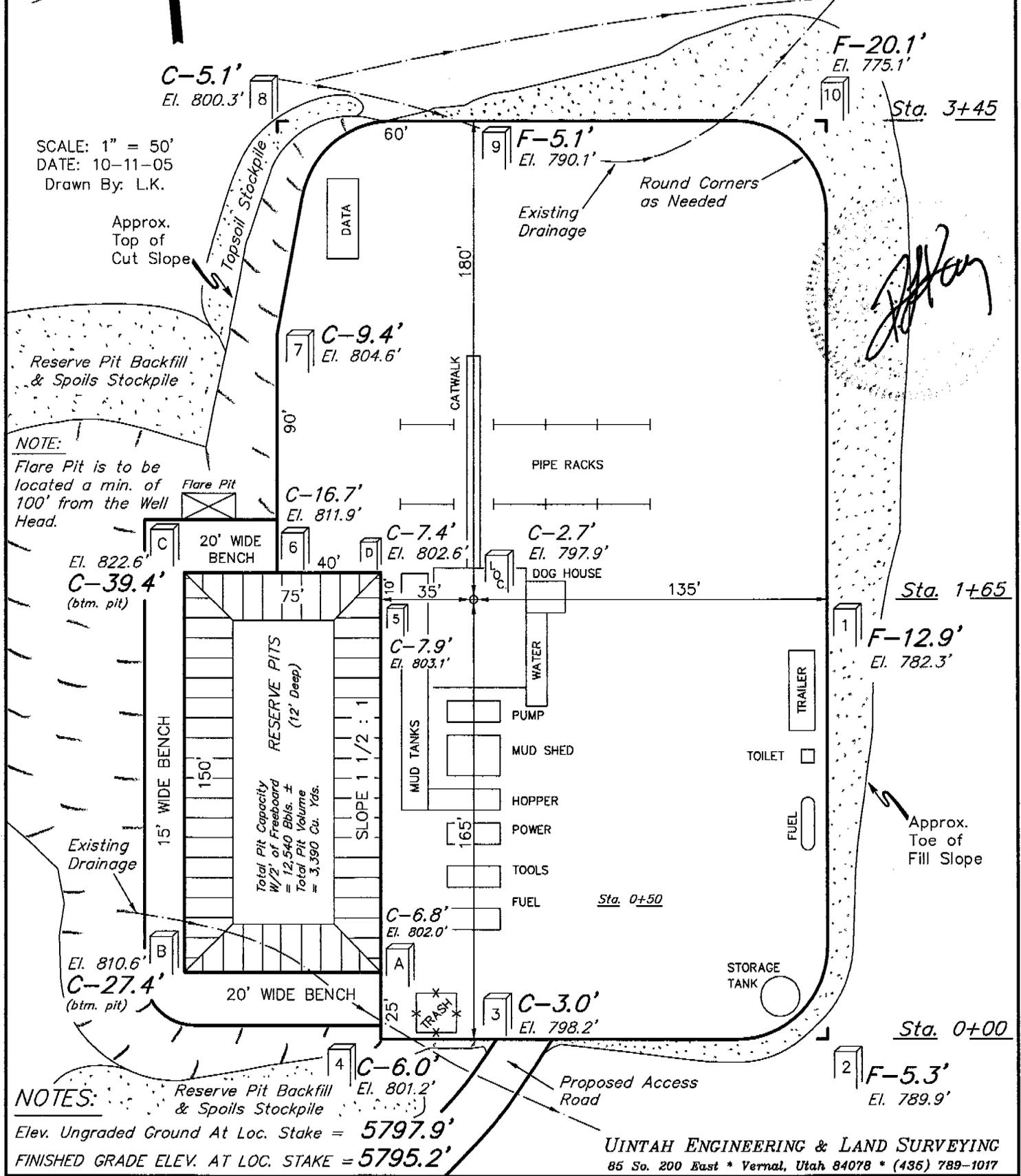
SCALE: 1" = 50'  
 DATE: 10-11-05  
 Drawn By: L.K.

Approx. Top of Cut Slope

Reserve Pit Backfill & Spoils Stockpile

**NOTE:**

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



**NOTES:**

Reserve Pit Backfill & Spoils Stockpile

Elev. Ungraded Ground At Loc. Stake = 5797.9'  
 FINISHED GRADE ELEV. AT LOC. STAKE = 5795.2'

UINTAH ENGINEERING & LAND SURVEYING  
 85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

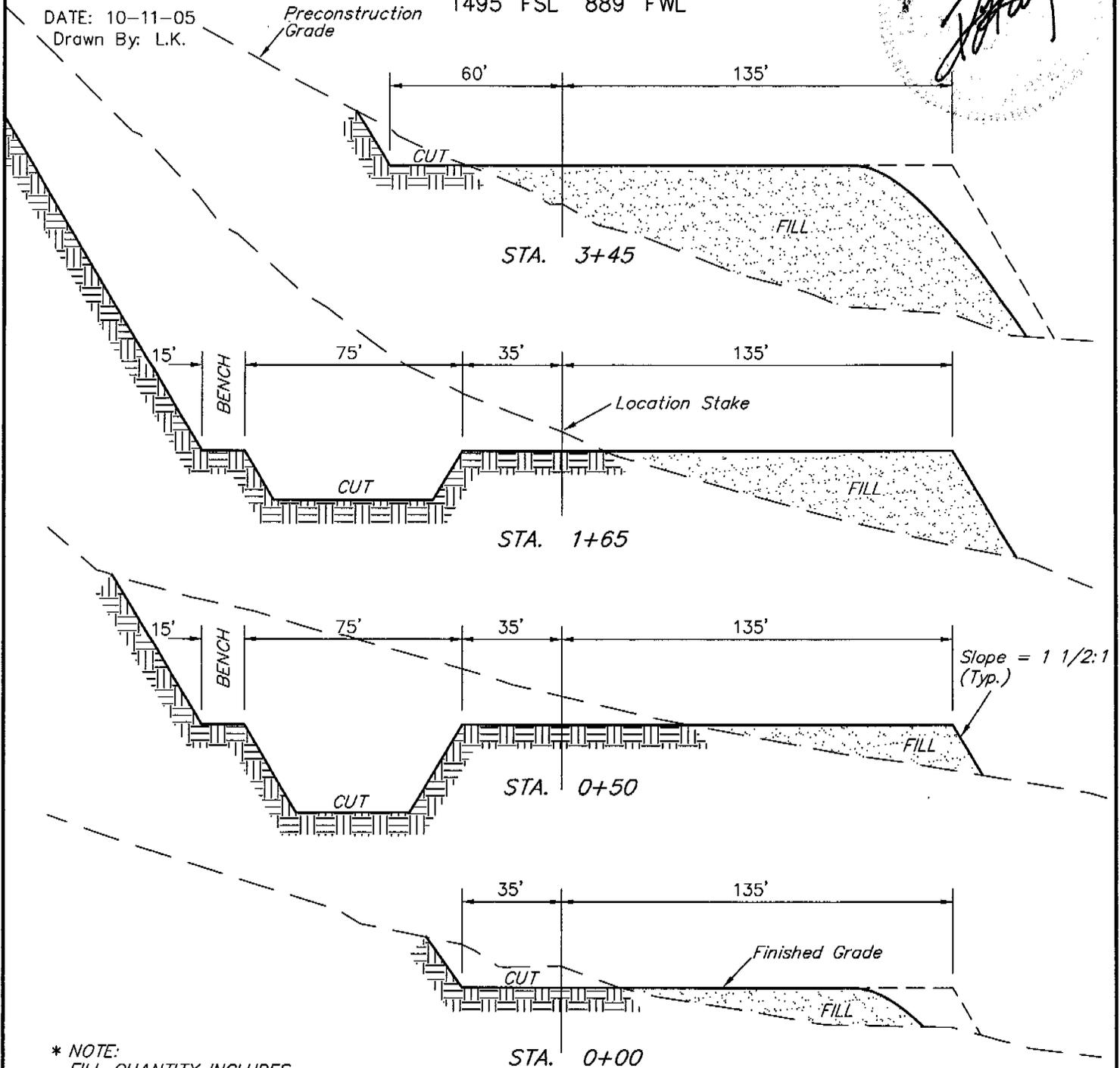
# MEDALLION EXPLORATION

FIGURE #2

TYPICAL CROSS SECTIONS FOR  
 ATCHEE FEDERAL #13-34-11-25  
 SECTION 34, T11S, R25E, S.L.B.&M.  
 1495' FSL 889' FWL

X-Section  
 Scale  
 1" = 50'

DATE: 10-11-05  
 Drawn By: L.K.



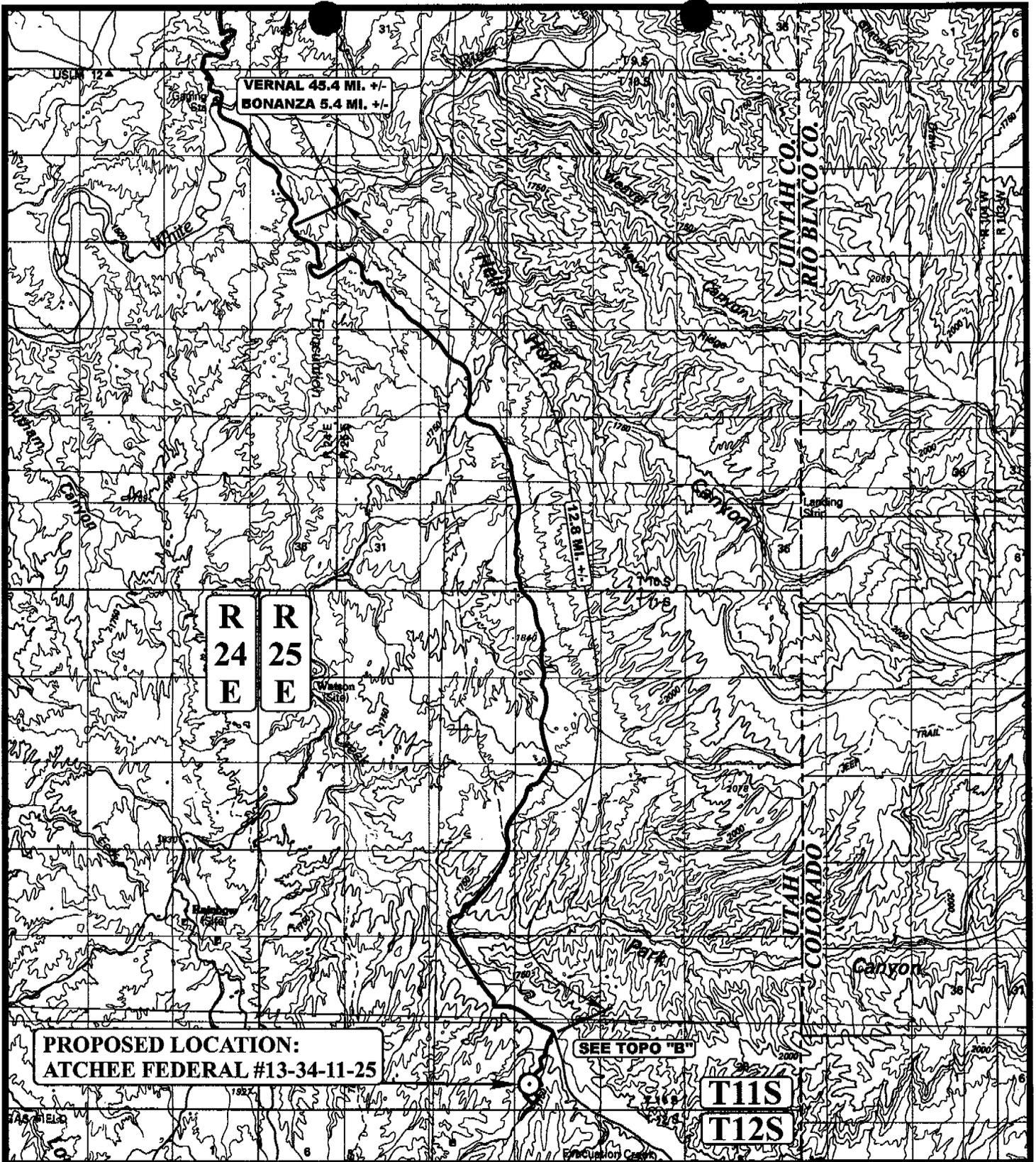
\* NOTE:  
 FILL QUANTITY INCLUDES  
 5% FOR COMPACTION

### APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 2,300 Cu. Yds.
Remaining Location	= 24,950Cu. Yds.
<b>TOTAL CUT</b>	<b>= 27,250CU.YDS.</b>
<b>FILL</b>	<b>= 16,690 CU.YDS.</b>

EXCESS MATERIAL	= 10,560Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 4,000 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 6,560 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING  
 85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017



**PROPOSED LOCATION:  
ATCHEE FEDERAL #13-34-11-25**

SEE TOPO "B"

**T11S  
T12S**

**LEGEND:**

○ PROPOSED LOCATION



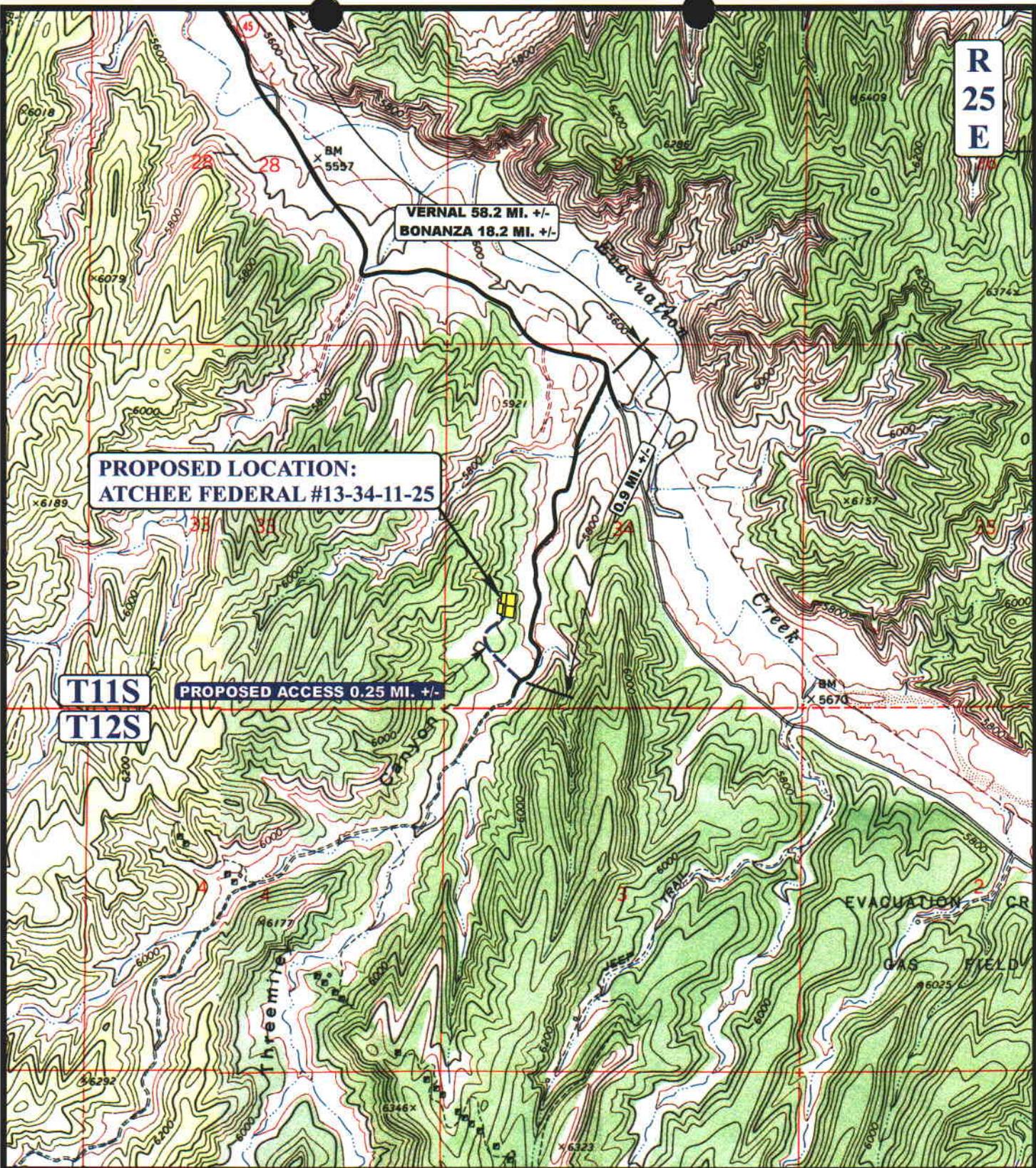
**MEDALLION EXPLORATION**

**ATCHEE FEDERAL #13-34-11-25  
SECTION 34, T11S, R25E, S.L.B.&M.  
1495' FSL 889' FWL**

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

**TOPOGRAPHIC** 10 05 05  
**MAP** MONTH DAY YEAR  
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD



**MEDALLION EXPLORATION**

**ATCHEE FEDERAL #13-34-11-25**  
**SECTION 34, T11S, R25E, S.L.B.&M.**  
**1495' FSL 889' FWL**

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

**TOPOGRAPHIC MAP** **10 05 05**  
 MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

**B**  
 TOPO



**PROPOSED LOCATION:  
ATCHEE FEDERAL #13-34-11-25**

**PROPOSED PIPELINE**

**TIE-IN POINT**

**PROPOSED ACCESS ROAD**

**EXISTING PIPELINE**

**APPROXIMATE TOTAL PIPELINE DISTANCE = 1,144' +/-**

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE



**MEDALLION EXPLORATION**

**ATCHEE FEDERAL #13-34-11-25  
SECTION 34, T11S, R25E, S.L.B.&M.  
1495' FSL 889' FWL**

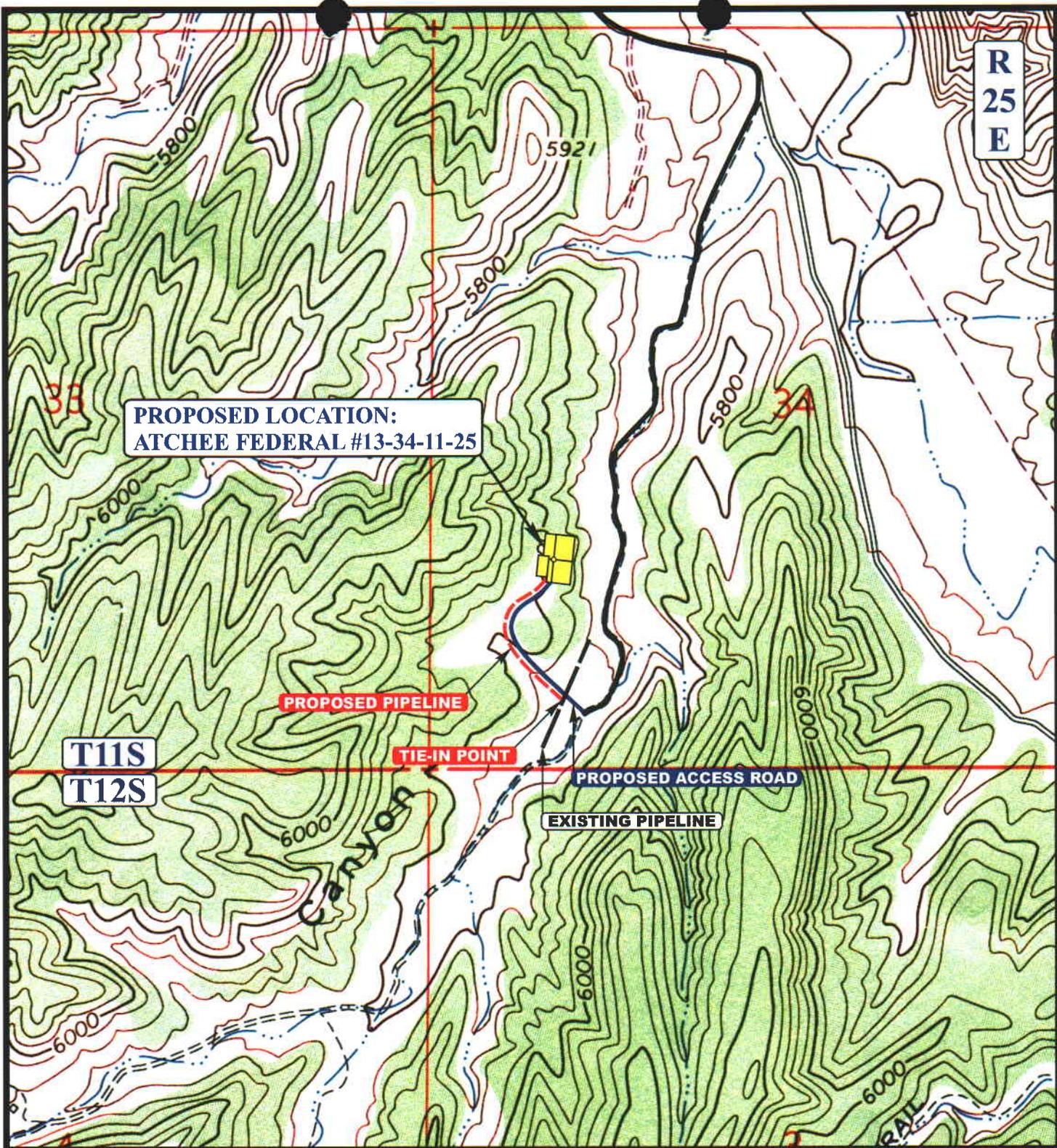


**Utah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** 10 05 05  
**MAP** MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00





**APPROXIMATE TOTAL PIPELINE DISTANCE = 1,144' +/-**

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE



**MEDALLION EXPLORATION**

**ATCHEE FEDERAL #13-34-11-25  
SECTION 34, T11S, R25E, S.L.B.&M.  
1495' FSL 889' FWL**



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

**TOPOGRAPHIC** **10 05 05**  
**MAP** MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 07-28-06



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/09/2006

API NO. ASSIGNED: 43-047-38454

WELL NAME: ATCHEE FED 13-34-11-25  
 OPERATOR: MEDALLION EXPLORATION ( N5050 )  
 CONTACT: RASCHELLE RICHENS

PHONE NUMBER: 801-566-7400

PROPOSED LOCATION:

NWSW 34 110S 250E  
 SURFACE: 1495 FSL 0889 FWL  
 BOTTOM: 1495 FSL 0889 FWL  
 COUNTY: UINTAH  
 LATITUDE: 39.81533 LONGITUDE: -109.1100  
 UTM SURF EASTINGS: 661773 NORTHINGS: 4408760  
 FIELD NAME: UNDESIGNATED ( 2 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU76736  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UTB000021 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 49-2218 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1- Pending Approval

2- Spacing Strip

T11S R25E

26

33

34

35

ATCHEE FED  
13-34-11-25

ATCHEE FED  
14-34-11-25

T12S R25E

OPERATOR: MEDALLION EXPL (N5050)

SEC: 34 T.11S R.22E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

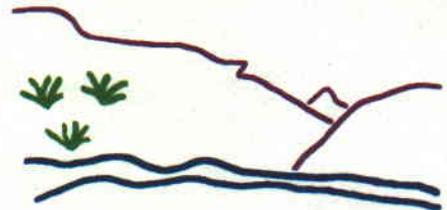
SPACING: R649-3-3 / EXCEPTION LOCATION

Wells Status

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

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

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



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
DATE: 15-AUGUST-2006



MEDALLION  
EXPLORATION

43-047-30454

October 24, 2006

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

RE: Sec 34, T11S, R25E

Dear Ms. Whitney:

Medallion Exploration is the operator of 100% of the Interest in the NWSW/4, Sec. 34, T11S, R25E, Uintah Co., Utah.

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,

RaSchelle Richens  
Regulatory Affairs Specialist

6985 Union Park Center  
S u i t e 3 7 5  
Midvale, UT 84047  
(801) 566-7400  
(801) 566-7477 fax

RECEIVED

OCT 27 2006

DIV. OF OIL, GAS & MINING



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

October 30, 2006

Medallion Exploration  
6985 Union Park Center, Ste. 375  
Midvale, UT 84047

Re: Atchee Federal 13-34-11-25 Well, 1495' FSL, 889' FWL, NW SW, Sec. 34,  
T. 11 South, R. 25 East, 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.

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38454.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Bureau of Land Management, Vernal District Office

Operator: Medallion Exploration  
Well Name & Number Atchee Federal 13-34-11-25  
API Number: 43-047-38454  
Lease: UTU-76736

Location: NW SW                      Sec. 34                      T. 11 South                      R. 25 East

### Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

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

RECEIVED  
VERNAL FIELD OFFICE

Form 3160-3  
(April 2004)

2006 AUG -8 PM 2:42

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
UTU76736

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.  
Atchee Federal 13-34-11-25

8. Lease Name and Well No.  
9. API Well No.  
43047.38454

10. Field and Pool, or Exploratory

11. Sec., T., R., M., or Blk. And Survey or Area  
Sec. 34 T.11S R25E

12. County or Parish  
13. State  
Uintah Utah

1a. Type of Work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name of Operator  
MEDALLION EXPLORATION

3a. Address  
6985 Union Park Center, Ste. 375 Midvale UT 84047

3b. Phone No. (include area code)  
801-566-7400

4. Location of well (Report location clearly and in accordance with any State requirements. \*)  
At surface  
NWSW 889' FWL & 1495' FSL  
At proposed prod. zone

14. Distance in miles and direction from the nearest town or post office\*  
59.65 Miles South of Vernal, Utah

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)  
889

16. No. of acres in lease  
3865.15

17. Spacing Unit dedicated to this well  
640 acs.

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
NA

19. Proposed Depth  
4500'

20. BLM/ BIA Bond No. on file  
UTB000021

21. Elevations (Show whether DF, RT, GR, etc.)  
5798'

22. Approximate date work will start\*  
Upon Approval

23. Estimated duration  
10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan ( if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

- 4. Bond to cover the operations unless covered by existing bond on file(see item 20 above).
- 5. Operator certification.
- 6. Such other site specific information and/ or plans as may be required by the a authorized officer.

25. Signature 	Name (Printed/ Typed) RaSchelle Richens	Date 7-Aug-06
Title Regulatory Affairs		

Approved By (Signature) 	Name (Printed/ Typed) JERRY KUCZYKA	Date 12-18-2006
Title Assistant Field Manager Lands & Mineral Resources	Office VERNAL FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon.

Conditions of approval, if any, are attached.

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

\*(Instructions on page 2)

NOTICE OF APPROVAL CONDITIONS OF APPROVAL ATTACHED

DEC 21 2006

066M0681A

DIV. OF OIL, GAS & MINING

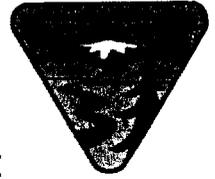


UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-440



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

**Company:** Medallion Exploration  
**Well No:** Atchee Federal 13-34-11-25  
**API No:** 43-047-38454

**Location:** NWSW, Sec 34, T11S, R25E  
**Lease No:** UTU-76736  
**Agreement:** N/A

Petroleum Engineer:	Matt Baker	Office: 435-781-4490	Cell: 435-828-4470
Petroleum Engineer:	Michael Lee	Office: 435-781-4432	Cell: 435-828-7875
Petroleum Engineer:	Jim Ashley	Office: 435-781-4470	Cell: 435-828-7874
Supervisory Petroleum Technician:	Jamie Sparger	Office: 435-781-4502	Cell: 435-828-3913
Environmental Scientist:	Paul Buhler	Office: 435-781-4475	Cell: 435-828-4029
Environmental Scientist:	Karl Wright	Office: 435-781-4484	
Natural Resource Specialist:	Holly Villa	Office: 435-781-4404	
Natural Resource Specialist:	Melissa Hawk	Office: 435-781-4476	
Natural Resource Specialist:	Chuck MacDonald	Office: 435-781-4486	
Natural Resource Specialist:	Scott Ackerman	Office: 435-781-4437	
<b>After Hours Contact Number:</b>	<b>435-781-4513</b>	<b>Fax:</b> 435-781-4410	

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

- Location Construction (Notify Paul Buhler) - Forty-Eight (48) hours prior to construction of location and access roads.
- Location Completion (Notify Paul Buhler) - Prior to moving on the drilling rig.
- Spud Notice (Notify Petroleum Engineer) - Twenty-Four (24) hours prior to spudding the well.
- Casing String & Cementing (Notify Jamie Sparger) - Twenty-Four (24) hours prior to running casing and cementing all casing strings
- BOP & Related Equipment Tests (Notify Jamie Sparger) - Twenty-Four (24) hours prior to initiating pressure tests
- First Production Notice (Notify Petroleum Engineer) - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

Conditions for Approval are in the APD

- The Company has agreed to bury the pipeline.
- If paleontologic materials are uncovered during construction, the operator shall immediately stop work that might further disturb such materials and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation will be necessary for the discovered paleontologic material.
- All Facilities on the well pad will be **Olive Black**
- The project area is also within crucial deer winter range. There will also be a timing restriction to protect deer winter range from 12/1- 4/30.
- Pile Pinyon/Juniper separate from topsoil
- After the well has been completed, it will be require to do interim management on the portion of the well that is not being used. This would require bringing the topsoil back to the deadman anchor and reseed with 6 lbs of crested wheat grass and 6 lbs of western wheat grass.

### **DOWNHOLE CONDITIONS OF APPROVAL**

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

#### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- A surface casing shoe integrity test shall be performed.
- Production casing cement shall be brought to surface.

#### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- The lessee/operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled and analyzed (a copy of the analyses to be submitted to the BLM Field Office in Vernal, Utah).

- All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
- The lessee/operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, etc.) to Peter Sokolosky or another geologist of the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- All shows of fresh water and minerals shall be reported and protected. A sample shall be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a

summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- A cement bond log (CBL) will be run from the production casing shoe to the surface casing shoe and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.
- All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers 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 shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location ( $\frac{1}{4}$  $\frac{1}{4}$ , Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and / or participating area name and number, if applicable.

- Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
UTU76736

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE** – Other instructions on page 2.

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

1. Type of Well

Oil Well     Gas Well     Other

8. Well Name and No.  
Atchee Federal 13-34-11-25

2. Name of Operator  
Medallion Exploration

9. API Well No.  
43-047-38454

3a. Address  
3165 E. Millrock Dr. #550  
Holladay, Utah 84121

3b. Phone No. (include area code)  
801-566-7477

10. Field and Pool or Exploratory Area

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
NWSW 1495' FSL & 889' FWL Sec. 34, T11S, R25E

11. Country or Parish, State  
Uintah Co., Utah

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

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

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

Medallion Exploration requests a drilling extension for the above referenced well due to rig availability.

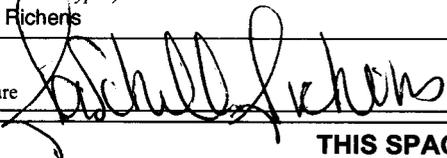
RECEIVED  
 VERNAL FIELD OFFICE  
 2007 OCT 15 PM 2:01  
 DEPT. OF THE INTERIOR  
 BUREAU OF LAND MGMT.

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

Name (Printed/Typed)  
RaSchelle Fichers

Title Regulatory Affairs Specialist

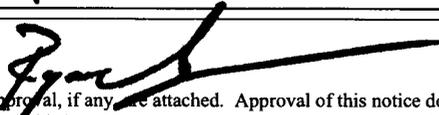
Signature



Date 10/12/2007

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by



Title **Petroleum Engineer**

Date **OCT 22 2007**

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

Office

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

(Instructions on page 2)



NOV 07 2007

DIV. OF OIL, GAS & MINING

CONDITIONS OF APPROVAL ATTACHED

# CONDITIONS OF APPROVAL

## Medallion Exploration

### Notice of Intent APD Extension

**Lease:** UTU-76736  
**Well:** Atchee Federal 13-34-11-25  
**Location:** NWSW Sec 34-T11S-R25E

An extension for the referenced APD is granted with the following conditions:

---

1. The extension and APD shall expire on 12/19/08.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Ryan Angus of this office at (435) 781-4430

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

FORM 9

6. LEASE DESIGNATION AND SERIAL NUMBER:  
UTU76736

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
Atchee Federal 13-34-11-25

9. API NUMBER:  
4304738454

10. FIELD AND POOL OR WILDCAT:

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Medallion Exploration

3. ADDRESS OF OPERATOR:  
3165 E. Millrock Dr. Ste. 550 City Holladay STATE UT ZIP 84121

PHONE NUMBER:  
(801) 566-7400

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 1495' FSL & 889' FWL COUNTY: Uintah

QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 34 11S 25E STATE: UTAH

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

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

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

Medallion Exploration requests an extension due to drilling rig availability.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 12-26-07  
By: [Signature]

NAME (PLEASE PRINT) RaSchelle Richens TITLE Regulatory Affairs Specialist

SIGNATURE [Signature] DATE 12/26/2007

(This space for State use only)

RECEIVED  
DEC 26 2007  
DIV. OF OIL, GAS & MINING



RECEIVED  
DEC 26 2007  
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:** 43-047-38454  
**Well Name:** Atchee Federal 13-34-11-25  
**Location:** 1495' FSL & 889' FWL NWSW Sec. 34, T11S,R25E,  
**Company Permit Issued to:** Medallion Exploration  
**Date Original Permit Issued:** 10/30/2006

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

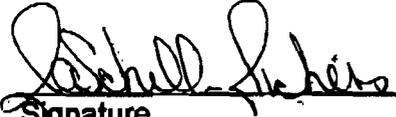
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

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

  
Signature

12/26/2007  
Date

**Title:** Regulatory Affairs Specialist

**Representing:** Medallion Exploration



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/ep/fo/vernal/html>



IN REPLY REFER TO:

3160

LLUTG01100

January 26, 2009

RaSchelle Richens  
Medallion Exploration  
6985 Union Park Center, Suite 375  
Midvale, UT 84047

43047-38454

Re: Notice of Expiration  
Well No. Atchee Federal 13-34-11-25  
NWSW, Sec. 34, T11S, R25E  
Uintah County, Utah  
Lease No. UTU-76736

Dear Ms. Richens:

The Application for Permit to Drill the above-referenced well was approved on December 18, 2006. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until December 19, 2008. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

*Cindy Severson*

Cindy Severson  
Land Law Examiner

cc: UDOGM

RECEIVED  
FEB 02 2009  
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

February 26, 2009

Medallion Exploration  
6985 Union Park Center, Ste. 375  
Midvale, UT 84047

Re: APD Rescinded – Atchee Fed. 13-34-11-25, Sec.34, T. 11S, R. 25E,  
Uintah County, Utah API No. 43-047-38454

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 30, 2006. On December 26, 2007, 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 February 26, 2009.

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

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

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal