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

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: ML46104
6. SURFACE: State

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL ☐ GAS ☑ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. UNIT or CA AGREEMENT NAME: Seep Canyon

2. NAME OF OPERATOR: Medallion Exploration Ste #550

9. WELL NAME and NUMBER: Atchee Ridge 7-20

3. ADDRESS OF OPERATOR: 3165 East Millrock Drive CITY Holladay STATE Ut ZIP 84121
PHONE NUMBER: (801) 566-7400

10. FIELD AND POOL, OR WILDCAT: ~~Wildcat~~ Undesignated

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 2131' FNL & 1808' FEL 659458X 39.761866
AT PROPOSED PRODUCING ZONE: 4402775Y -109.138485

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: swne 20 12s 25E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 63.8 miles South of Vernal, Ut

12. COUNTY: Uintah
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 1808'
16. NUMBER OF ACRES IN LEASE: 2000
17. NUMBER OF ACRES ASSIGNED TO THIS WELL:

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)
19. PROPOSED DEPTH: 4,000
20. BOND DESCRIPTION: RLB0005889

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6700'
22. APPROXIMATE DATE WORK WILL START: 10/10/2007
23. ESTIMATED DURATION: 10 days

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	9-5/8" 36#	500	295 sx Class G w/2% calc2. Vol is 100% excess
7-7/8"	5-1/2" 17#	4,000	115 sx 28-72 poz & 360 sx G, the actual amnt will be
			determined off the caliper log

25. **ATTACHMENTS**

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

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☑ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☑ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) RaSchelle Richens TITLE Regulatory Affairs

SIGNATURE _____ DATE 8/13/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-047-39520

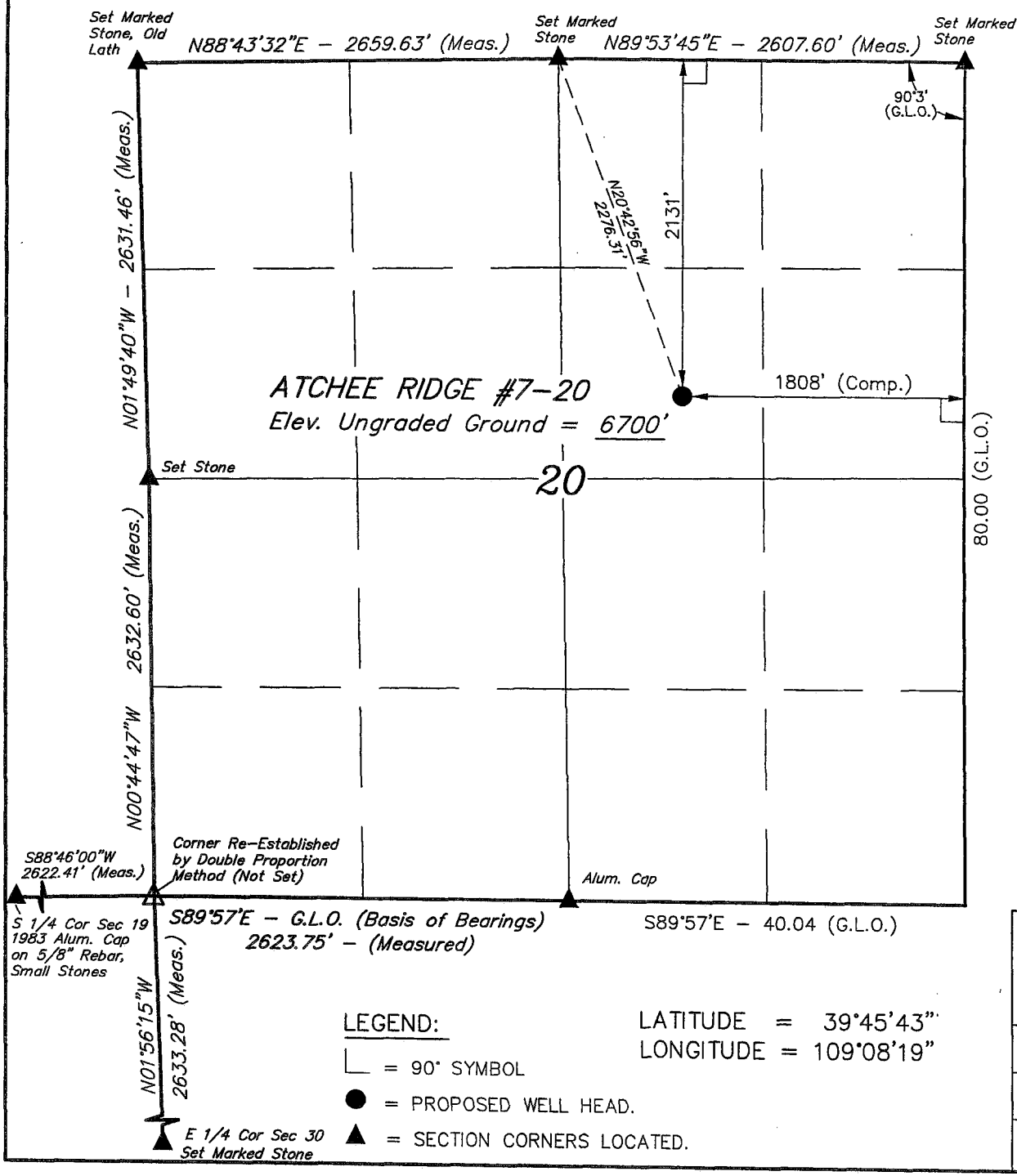
Approved by the Utah Division of Oil, Gas and Mining
APPROVAL:

Date: 07-23-08
(See Instructions on Reverse Side)
By: _____

RECEIVED
AUG 16 2007
DIV. OF OIL, GAS & MINING

(11/2001)

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



LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

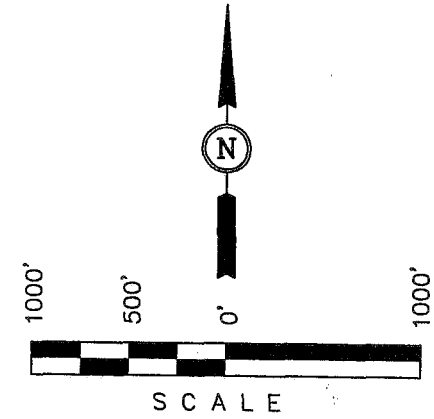
LATITUDE = 39°45'43"
LONGITUDE = 109°08'19"

MEDALLION EXPLORATION

Well location, ATCHEE RIDGE #7–20, located as shown in the SW 1/4 NE 1/4 of Section 20, T12S, R25E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TRIANGULATION STATION JEK 13 LOCATED IN THE SE 1/4 OF SECTION 20, T12S, R25E, S.L.B.&M. TAKEN FROM THE RAINBOW, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6762 FEET.



CERTIFICATE

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

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 11–12–01	DATE DRAWN: 11–26–01
PARTY K.K. J.T. C.G.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE MEDALLION EXPLORATION	

Division of Oil, Gas and Mining
MEDALLION EXPLORATION
Atchee Ridge #7-20
SW1/4NE1/4 Sec. 20, T12S, R25E
Uintah County, Utah

LEASE NO. ML-46104
SEEP CANYON UNIT
DRILLING PLAN

R649-8-4

All Lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (R649-3), Utah Division of Oil, Gas and Mining and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

1. **Estimated Tops of Important Geologic Markers:**

Formation	Depth	Subsea
Green River	Surface	+6739'
Wasatch	1552'	+5187'
Mesa Verde	2422'	+4317'
T.D	4000'	+2739'

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

Substance	Formation	Depth
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, 2000 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 in 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 BOPS 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 preformed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

m. The proposed casing will be as follows:

Purpose	Depth	Hole Size	O.D.	Wt.	Grade	Type	New or Used
Surface	0-300'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Production	0-4000'	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	Type and Amount
0-500'	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 State representative on location while running all casing strings and cementing.

q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.

r. The following reports shall be filed with the Div. of Oil, Gas and Mining within 30 days after the work is completed.

1. Progress reports, Form 9 (R649-8-10) "Sundry Notices and Reports on Wells", must include complete information concerning:

a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.

b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.

s. Auxiliary equipment to be used is as follows:

1. Kelly cock.
2. No bit float is deemed necessary.
3. A sub with a full opening valve.

5. Mud Program:

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

Interval	Mud Type	Mud Wt.	Visc.	F/L	PH
0-300'	Native	8.4-8.8	N/A	NC	9.0
300-4000'	LSND	8.4-8.8	36-38	10-15cc	9.0

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations. A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

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

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

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

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

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

6. Evaluation Program:

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

a. No drill stem tests are anticipated, however, if they are run the following will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night.
A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

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

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

b. The logging program consisted of a DIL-GR form T.D. to base of surface casing with the GR to surface. A CNL-FDC and FMI will be run from T.D. to 1000' (minimum run). A DSI-GR will be run for T.D. to base of surface casing.

c. No cores are anticipated.

d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 8) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with R649-8-9. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 8. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Div. of Oil, Gas and Mining.

e. The anticipated completion program is as follows:
The Mesa Verde and the Wasatch formations will be perforated, tested and sand fraced if necessary in sequence until a paying zone has been establish.

f. Daily drilling and completion progress reports shall be submitted to the Div. of Oil, Gas, and Mining in SLC on a weekly basis.

7. Abnormal Temperatures of Pressures

a. No abnormal temperatures or pressures are anticipated. No H2S has been encountered in or known to exist from previous wells drilled to similar depths in the general area.

b. The maximum anticipated bottom hole pressure will be approximately 900 psi at T.D.

8. Anticipated Starting Dates and Notification of Operations

a. Drilling will commence immediately upon approval of this application and the availability of a Drilling Rig.

b. It is anticipated that the drilling of this well will take approximately 5 days.

c. The Div. of Oil, Gas and Mining shall be notified, during regular work hours (7:45 a.m. - 4:30 p.m., Monday through Friday with the exception of holidays), at least 24 hours prior to spudding the well.

d. Operator shall report production data to Div. of Oil, Gas and Mining.

e. The date on which productions is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

f. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operation may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

g. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the Div. of Oil, Gas and Mining. If operations are to be suspended, prior approval of the Div. of Oil, Gas and Mining will be obtained and notification given before resumption of operations.

h. The spud date will be reported orally to the Div. of Oil, Gas and Mining within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.

i. In accordance with R649-8-11, this well will be reported on Form 10 "Monthly Oil and Gas Production, starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Div. of Oil, Gas and Mining. 1594 West North Temple, Suite 1210, P.0. Box 145801, Salt Lake City, Utah, 84114-5801

j. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Div. of Oil, Gas and Mining.

k. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 9 to that effect will be filed, for prior approval of the Div. of Oil, Gas, and Mining and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

l. Should the well be successfully completed for production, the Div. of Oil, Gas, and Mining will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, no later than 5 days following the date on which the well is placed on production.

m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the Div. of Oil, Gas and Mining.

n. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the Div. of Oil, Gas and Mining and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.

o. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

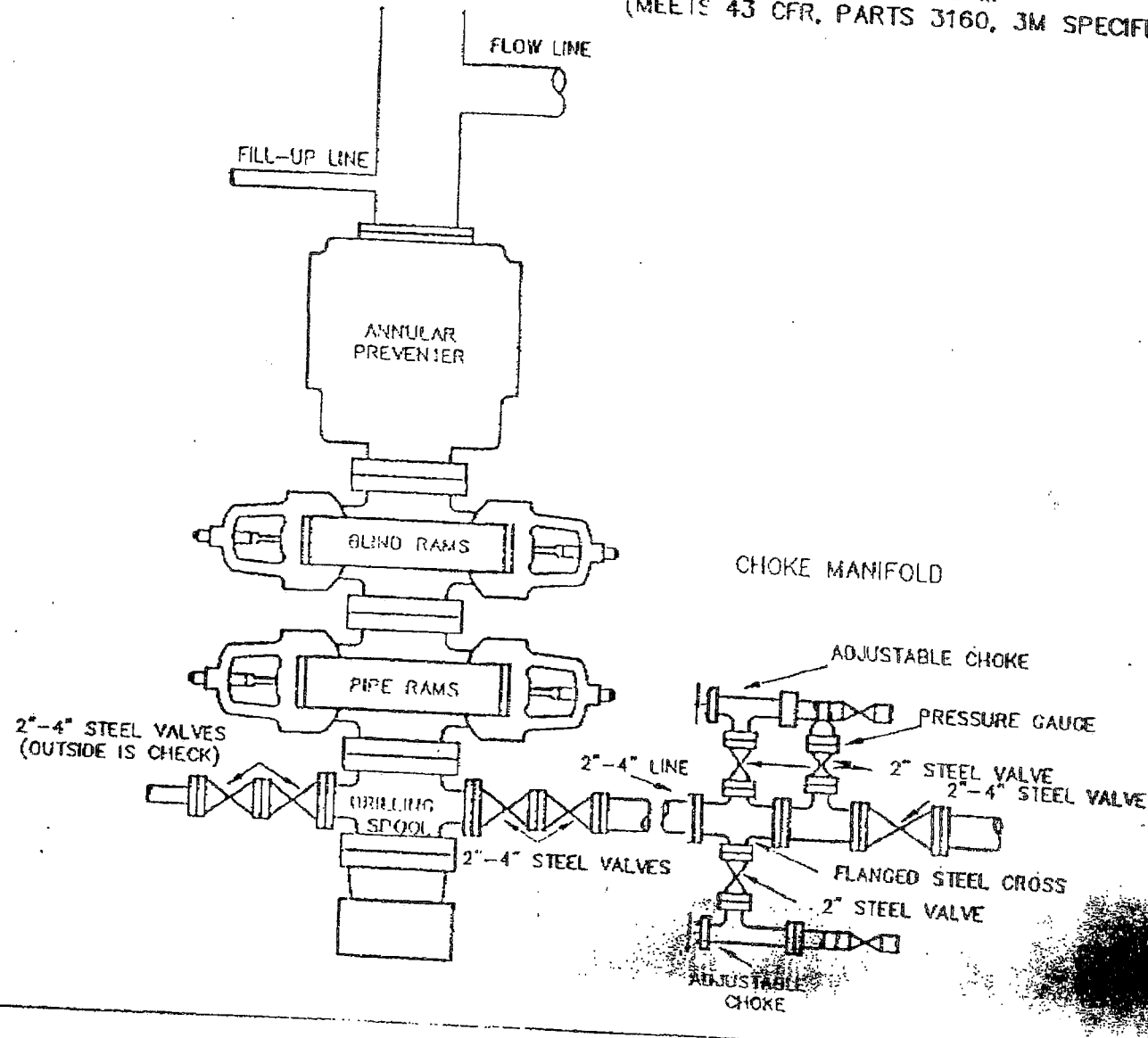
p. A first production conference will be scheduled within 15 days after receipt of the first production notice.

q. No well abandonment operations will be commenced without the prior approval of the Div. of Oil, Gas and Mining. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Div. of Oil, Gas and Mining. A "Subsequent Report of Abandonment" Form 9 will be filed with the Div. of Oil, Gas and Mining within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Div. of Oil, Gas and Mining or his representative, or the appropriate Surface Managing Agency.

r. Lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable State laws and regulations.

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

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



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

State of Utah

DEPARTMENT OF NATURAL RESOURCES
Division of Water Rights

MICHAEL R. STYLER
Executive Director

JERRY D. OLDS
State Engineer/Division Director

ORDER OF THE STATE ENGINEER

For Temporary Application Number 49-2251 (T77005)

Temporary Application Number 49-2251 (T77005) in the name of Medallion Exploration was filed on April 2, 2007, to appropriate 20.00 acre-feet of water from a well to be 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 3/10/06 to 3/9/07). The water is to be used in all or portion(s) of T12S, R25E, SLB&M; T13S, R23E, SLB&M; T13S, R25E, SLB&M; T11S, R23E, SLB&M; T11S, R25E, SLB&M; T13S, R24E, SLB&M; T12S, R23E, SLB&M; T12S, R24E, SLB&M; and T11S, R24E, 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.

The application proposes the construction of a well for temporary use. When this application expires, the well must be properly abandoned according to Administrative Rule R655-4-12, unless another water right has been approved for future use in the well.

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

It is, therefore, **ORDERED** and Temporary Application Number 49-2251 (T77005) is hereby **APPROVED** subject to prior rights and the condition that this application will automatically, **PERMANENTLY LAPSE** on **April 19, 2008**.

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.

1594 West North Temple, Suite 220, PO Box 146300, Salt Lake City, UT 84114-6300
telephone (801) 538-7240 • facsimile (801) 538-7467 • *www.waterrights.utah.gov*

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.

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 19th day of April, 2007.

Jerry D. Olds

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

Mailed a copy of the foregoing Order this 19th day of April, 2007 to:

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

BY: Kelly K. Horne

Kelly K. Horne, Appropriation Secretary

R649-8
NOTIFICATION REQUIREMENTS

Location Construction - forty-eight (48) hours prior to construction of location and access roads.

Location Completion - prior to moving on the drilling rig.

Spud Notice - at least twenty-four (24) hours prior to spudding the well.

Casing string and 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 23.8 miles south of Bonanza, Utah.

b. Directions to the location from Vernal, Utah are as follows:
Proceed in a southerly direction from Vernal, Utah along highway 45 approximately 56.9 miles to Bonanza, Utah and an existing road to the south; proceed in a southerly direction approximately 16.9 miles to Rainbow, Utah and the junction of this road and an existing road to the south; turn left and proceed in a southerly direction approximately 7.1 miles to the junction of this road and the beginning of the proposed access road to the east approximately 0.2' + or - miles into 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 0.1' +/- miles 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.

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

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

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

a. Water wells - none.

b. Injection wells - none

c. Producing wells - none

d. Drilling wells - none

e. Shut-in wells - none

f. Temporarily abandoned wells - none

g. Disposal wells - none

h. Abandoned wells - none

i. Dry Holes - none

4. **Location of 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 will be submitted showing placement of all production facilities prior to construction.

d. All loading lines will be placed inside the berm surrounding the tank battery.

e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Div. of Oil, Gas, and Mining once. All meter measurement facilities will conform with all regulations for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.

g. Any necessary pits will be properly fenced to prevent any wildlife entry.

h. All site security guidelines identified in R649-3-34 regulations will be adhered to.

i. All off-lease storage, off-lease measurement, or commingling on-lease or off lease will have prior written approval from the Div. of Oil, Gas, and Mining.

j. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.

k. The road will be maintained in a safe useable condition.

5. Location and Type of Water Supply

a. All water needed for drilling purposes will be obtained from Evacuation Creek. A copy of the permit identifying the permit number and point of diversion is submitted with APD.

b. Water will be hauled to location over the roads marked on Maps A and B.

6. Source of Construction Material

a. Surface and subsoil materials in the immediate area will be utilized.

b. Any gravel used will be obtained from a commercial source.

c. No construction materials will be removed from State land.

7. Methods of Handling Waste Disposal

a. The reserve pit will be constructed so as not to leak, break, or allow discharge. If fractured rock is encountered, a 12 mil plastic nylon reinforced liner will be utilized. The pit will be first lied with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the Div. of Oil, Gas, and Mining. If a pit liner is deemed to be unnecessary, the pit must be inspected by a representative of the Div. Of oil, Gas, and Mining prior to putting fluids in the pit.

c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.

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 Div. of Oil, Gas, and Mining forty-eight (48) hours prior to construction of activities.

b. The reserve pit will be located on the southwest side of the location.

c. The flare pit will be located downwind of the prevailing wind direction on the west 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 west side corner of the location between points B & 6.

e. Access to the well pad will be from the south between points 3 and 4.

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 Div. of Oil, Gas, and Mining.

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

Dry Hole

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

11. Surface Ownership

Access Roads - All roads are County maintained.

Wellpad - The well pad is located on State lands

12. Other Information

a. A Class III archeological survey was conducted by Montgomery Archaelogical Consultants. No cultural resources were found and clearance has been recommended. A copy of this is attached.

b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archeological sites, or for collecting artifacts. If historic or archeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the Div. of Oil, Gas, and Mining. Within rive working days the Div. of Oil, Gas, and Mining will inform the Operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
- A time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO Will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

c. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the appropriate County Extension Office.

d. Drilling rig and/or equipment used during drilling operations on this well site will not be stacked or stored on State Lands after the conclusion of drilling operations or at any other time without State authorization. However, if authorization is obtained, it is only a temporary measure.

e. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

f. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.

g. There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas and Mining. Safe drilling and operating practices must be observed. All wells whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.

h. "Sundry Notice and Report on Wells" (Form 9) will be filed for approval for all changes of plans and other operations.

i. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expirations of the original approval period. After permit termination, a new application will be filed for approval for any future operations.

j. The operator or his contractor shall contact the Division of Oil, Gas and Mining at 801-538-5277 48 hours prior to construction activities.

k. The Division of Oil, Gas and Mining shall be notified upon site completion prior to moving on the drilling rig.

l. In the event after-hours approvals are necessary, please contact the following individual.

12. <u>Lessee's or Operator's Representative and Certification</u>

Permit Matters Drilling & Completion Matters	RaSchelle Richens 3165 E. Millrock Dr. #550 Holladay, Utah 84121 801-566-7400 Office 801-566-7477 Fax

13. 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.

RaSchelle Richens 8/13/07
RaSchelle Richens - Permitting

CULTURAL RESOURCE INVENTORY OF MEDALLION EXPLORATION'S SIX PROPOSED WELL LOCATIONS, ATCHEE RIDGE SWD, #2-20, #3-20, #6-20, #7-20 AND #11-20 UINTAH COUNTY, UTAH

Katie Simon
and
Keith R. Montgomery

CULTURAL RESOURCE INVENTORY OF MEDALLION EXPLORATION'S SIX PROPOSED WELL LOCATIONS, ATCHEE RIDGE SWD, #2-20, #3-20, #6-20, #7-20 AND #11-20 UINTAH COUNTY, UTAH

By:

Katie Simon
and
Keith R. Montgomery

Prepared For:

State of Utah
School and Institutional
Trust Lands Administration

Prepared Under Contract With:

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

Prepared By:

Montgomery Archaeological Consultants
P.O. Box 147
Moab, Utah 84532

MOAC Report No. 04-299

December 3, 2004

United States Department of Interior (FLPMA)
Permit No. 04-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-04-MQ-1383s

INTRODUCTION

In November 2004 Montgomery Archaeological Consultants (MOAC) inventoried Medallion Exploration's proposed Atchee Ridge well locations SWD, #2-20, #3-20, #6-20, #7-20, and #11-20. The project area is on Atchee Ridge about 50 miles south of the town of Vernal, Uintah County, Utah. The survey was implemented at the request of Ms. RaSchelle Richens, Medallion Exploration, Midvale, Utah. The project area occurs on property of the State of Utah School and Institutional Trust Lands Administration (SITLA).

The objectives of the inventory were to locate, document, and evaluate any cultural resources within the project area in accordance 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 Historic Preservation Act (NHPA) of 1969 (as amended), the Archaeological and Historic Conservation Act of 1974, the Archaeological Resources Protection Act of 1979, and the American Indian Religious Freedom Act of 1978.

The fieldwork was performed on November 3 and 4, 2004 by Mark Bond, Mark Lane and Katie Simon under the direction of Keith R. Montgomery (Principal Investigator). Permits issued to MOAC for this project are U.S.D.I. (FLPMA) Permit No. 04-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-04-MQ-1383b issued to MOAC. A file search was performed by Marty Thomas at the Utah Division of State History (May 17, 2004). This consultation indicated that several inventories have been completed in the area. In 1995, Metcalf Archaeological Consultants surveyed a well location for Amoco Productions which resulted in the documentation of a prehistoric isolated find (Spath 1995). Senco-Phenix inventoried four well locations for Medallion Exploration in 1998; no cultural resources were found (Senulis 1998). In 2000, Montgomery Archaeological Consultants surveyed the Medallion Exploration's Seep Canyon pipeline (Montgomery 2000). The inventory resulted in the documentation of an eligible cattle line camp (42Un2744) and an ineligible well (42Un2745). In 2004, MOAC inventoried one well location for Medallion that resulted in no cultural resources (Motgomery 2004). None of these cultural resources occur in the immediate project area.

DESCRIPTION OF PROJECT AREA

The project area occurs east of East Seep Canyon, along Atchee Ridge road in the Uintah Basin. The six proposed well locations with associated access routes are located in Township 12 South, Range 25 East, Section 20 (Table 1 and Figure 1).

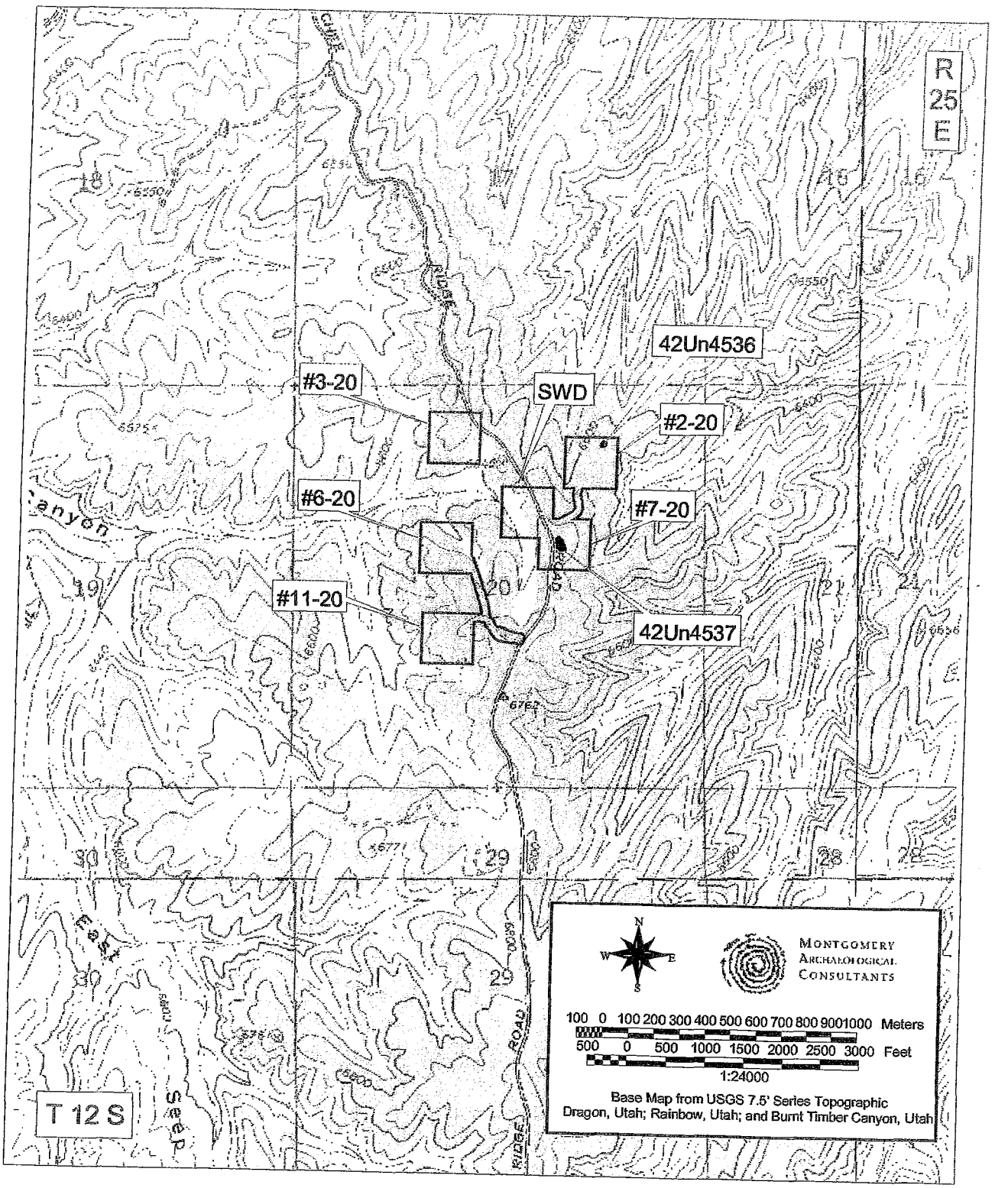


Figure 1. Medallion Exploration's Six Proposed Well Locations, Uintah County, UT.

Table 1. Medallion Exploration's Six Proposed Well Locations with Legal Descriptions, Land Status, Access Corridor Lengths, and Cultural Resources

Well Location Designation	Well Pad Legal Location	Access	Cultural Resources
Atchee Ridge SWD	T 12 S, R 25 E, Sec. 20 SW/NE	100 ft	None
Atchee Ridge #2-20	T 12 S, R 25 E, Sec. 20 NW/NE	1,050 ft	42Un4536
Atchee Ridge #3-20	T 12 S, R 25 E, Sec. 20 NE/NW	300 ft	None
Atchee Ridge #6-20	T 12 S, R 25 E, Sec. 20 SE/NW	520 ft	None
Atchee Ridge #7-20	T 12 S, R 25 E, Sec. 20 SW/NE	520 ft	42Un4537
Atchee Ridge #11-20	T 12 S, R 25 E, Sec. 20 NE/SW	520 ft	None

Environment

The study area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. Topographically, this area consists of north-south trending interfluvial ridges dissected by extensive draws and canyons. The geology is comprised of Quaternary and Tertiary age deposits which include sedimentary rocks. The Green River Formation is predominate in the project area, and contains claystone, sandstone, and carbonate beds. The soil in the area consists of shale and silt. Elevations in the inventory area range between 6560 and 6720 feet. Vegetation is dominated by a pinyon-juniper and sagebrush community intermixed with mountain mahogany, prickly pear cactus, greasewood, and grasses. The nearest permanent water source in the area is Evacuation Creek located approximately 5 miles to the east, although intermittent springs occur in East Seep Canyon. Fauna which inhabit the area include deer, antelope, rabbits, badgers, ground squirrels, prairie dogs, and various other rodents and reptiles. Modern disturbances to the landscape include well locations, access roads, pipelines, and livestock grazing.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At the proposed well location, 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 100 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 64 acres was inventoried on land administered by SITLA.

RESULTS AND CONCLUSIONS

The inventory of Medallion Exploration's proposed Atachee Ridge well locations SWD, #2-20, #3-20, #6-20, #7-20, and #11-20 with access roads resulted in the documentation of two new archaeological sites (42Un4536 and 42Un4537).

Archaeological Site

Smithsonian Site No.: 42Un4536
Land Status: SITLA
Well Location: Atchee Ridge #2-20
NRHP Eligibility: Not Eligible

Description: This site is a small, low density historic camp situated on the eastern slope of a north-south trending ridge. It consists of an artifact scatter and a brush enclosure with a stove platform inside. The artifact assemblage includes two tobacco tins, one sanitary can, two hole-in-top milk cans, two sanitary food cans and scattered axe-cut wood. Feature A is a stove platform measuring 32 x 18 inches and consists of five tabular sandstone rocks averaging 15 x 6 x 2" in size. The stones appear to have originally formed a flat surface and functioned as a stove platform. All exhibit red-orange oxidation. Five axe-cut wood pieces are located near the feature. No charcoal or soil staining was observed. One 1 lb. coffee can was present within the feature. Feature B is a brush enclosure measuring 25 feet in diameter, up to 3 feet high, and 4 feet wide. It consists of felled pinyon and juniper trees and branches aligned in a roughly circular formation with a large pinyon tree on the western side. Feature A is located within this enclosure. Axe-cut wood was observed throughout the site and surrounding area. Site 42Un4536 is a common site type in the area and fails to be associated with important people or events significant to the past. Therefore, it is recommended as not eligible to the NRHP due to its lack of potential to yield additional information important to the history of the area.

Smithsonian Site No.: 42Un4537
Land Status: SITLA
Well Location: Atchee Ridge #7-20
NRHP Eligibility: Not Eligible

Description: This site is a small, low density historic camp situated on the eastern slope of a north-south trending ridge. The artifact assemblage includes three baking soda tins, one KC Baking Powder tin, one hole-in-top milk can, four lids, and one purple glass bottle finish. In addition, 20+ long, de-limbed wood poles. Five of these are 9-11 feet long and 3-5 inches in diameter, while the remaining 15+ are slightly shorter. Five of these poles are laid vertically across the live branches of a pinyon and a juniper tree. One 11 inch piece of 6 x 1" milled wood is also present and axe-cut and saw-cut wood was observed throughout the site and greater surrounding area. The site also includes one depression feature situated between a juniper and a pinyon. It measures 6 feet in diameter and 9 inches at it's deepest point (the center). Just northwest of the feature is a scatter of 15+charcoal pieces. Site 42Un4537 is a common site type in the area and fails to be associated with important people or events significant to the past. Therefore, it is recommended as not eligible to the NRHP due to its lack of potential to yield additional information important to the history of the area.

MEDALLION EXPLORATION

ATCHEE RIDGE #7-20

LOCATED IN UINTAH COUNTY, UTAH
SECTION 20, T12S, R25E, S.L.B.&M.

PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE **CAMERA ANGLE: NORTHEASTERLY**

PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS **CAMERA ANGLE: NORTHEASTERLY**

- Since 1964 -

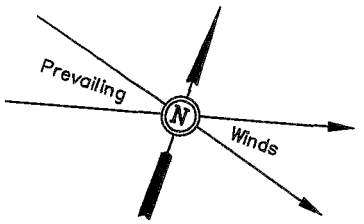
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	11 MONTH	15 DAY	01 YEAR	PHOTO
TAKEN BY: K.K.	DRAWN BY: K.G.	REVISED: 00-00-00		

MEDALLION EXPLORATION

LOCATION LAYOUT FOR

ATCHEE RIDGE #7-20
SECTION 20, T12S, R25E, S.L.B.&M.
2131' FNL 1808' FEL



SCALE: 1" = 50'
DATE: 11-27-01
Drawn By: C.G.

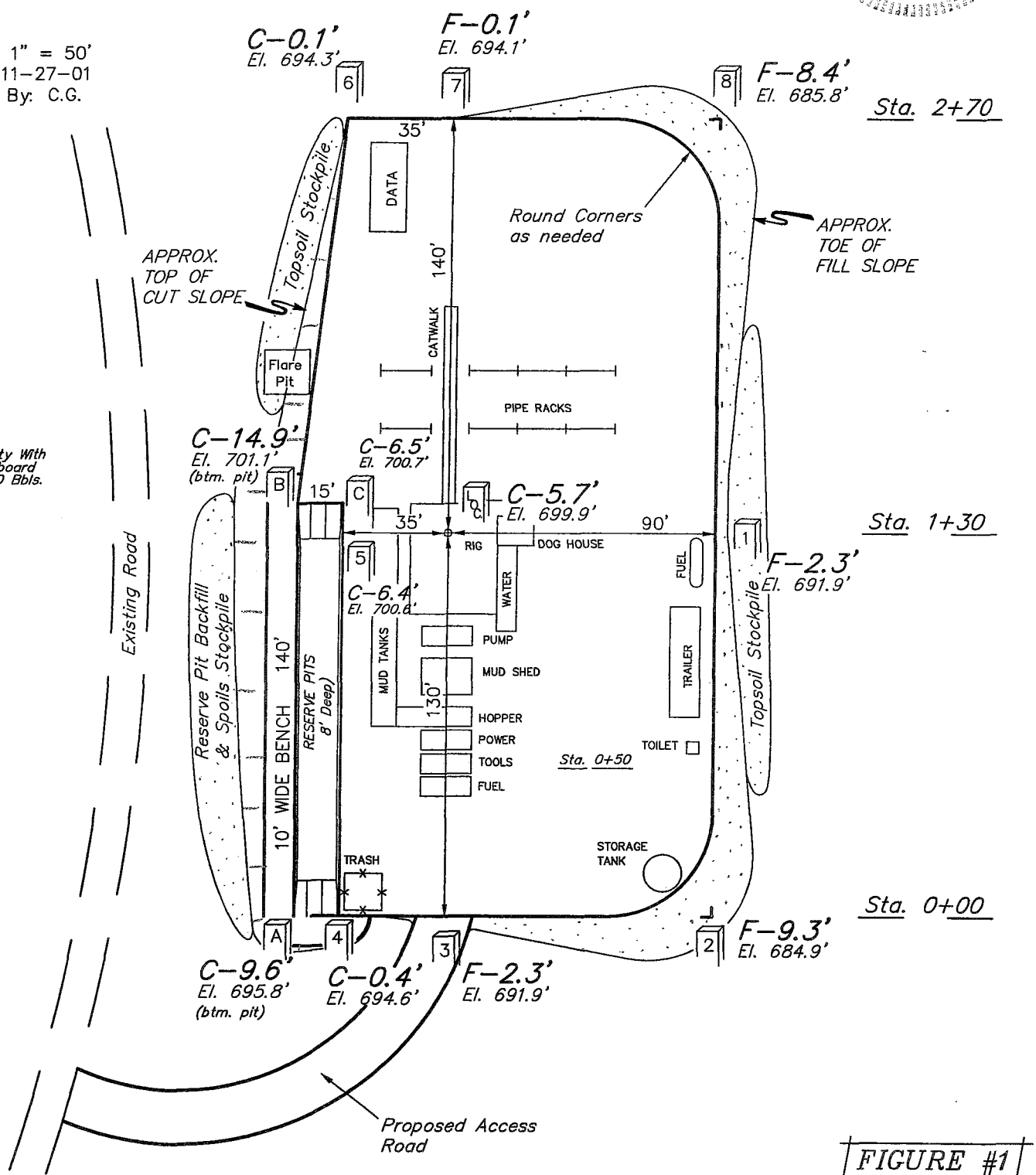


FIGURE #1

Elev. Ungraded Ground at Location Stake = 6699.9'
Elev. Graded Ground at Location Stake = 6694.2'

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

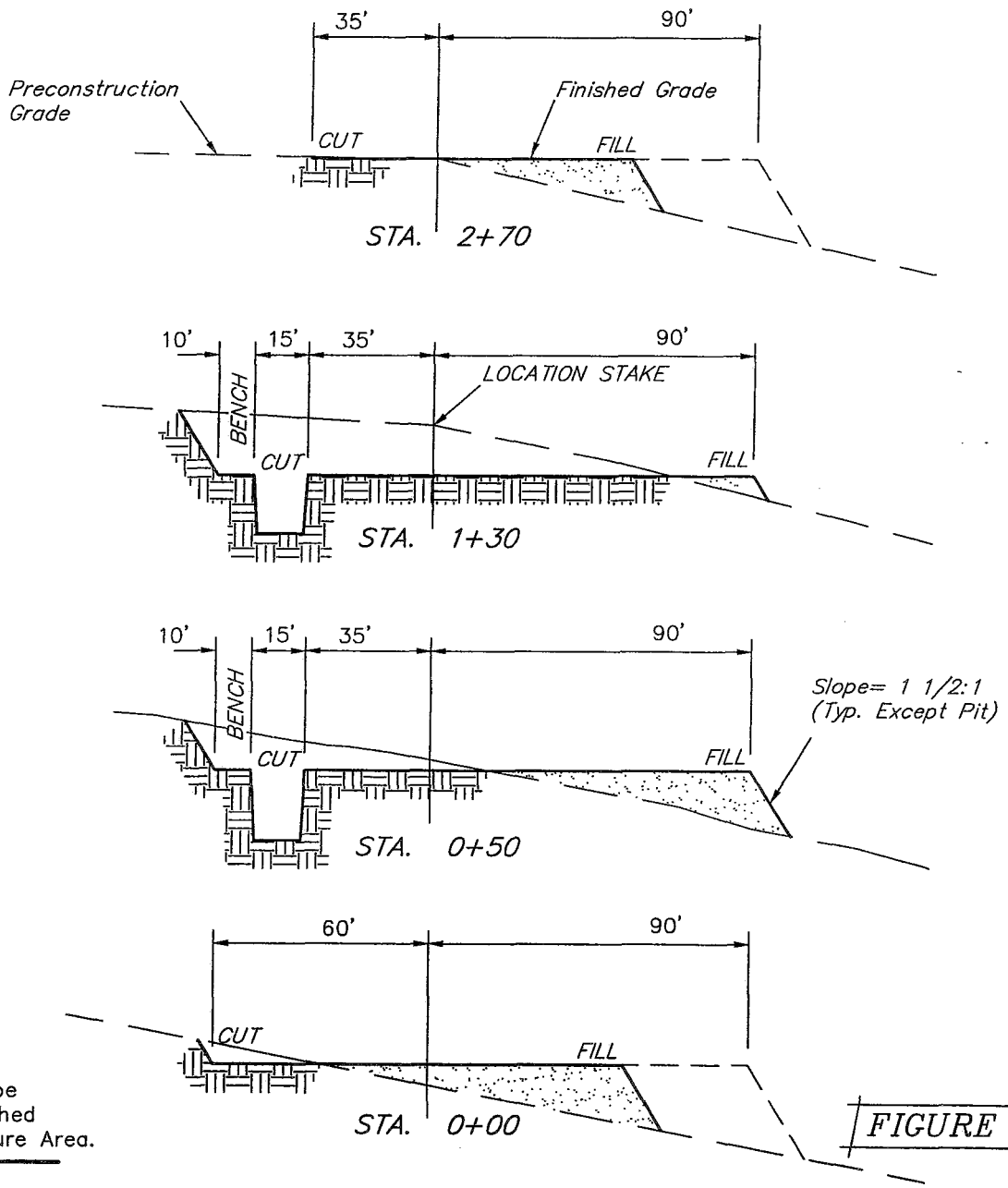
MEDALLION EXPLORATION

TYPICAL CROSS SECTIONS FOR

ATCHEE RIDGE #7-20
SECTION 20, T12S, R25E, S.L.B.&M.
2131' FNL 1808' FEL

1" = 20'
X-Section Scale
1" = 50'

DATE: 11-27-01
Drawn By: C.G.



NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

FIGURE #2

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 720 Cu. Yds.
Remaining Location = 3,230 Cu. Yds.

TOTAL CUT = 3,950 CU.YDS.
FILL = 2,810 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION = 990 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 990 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation) = 0 Cu. Yds.

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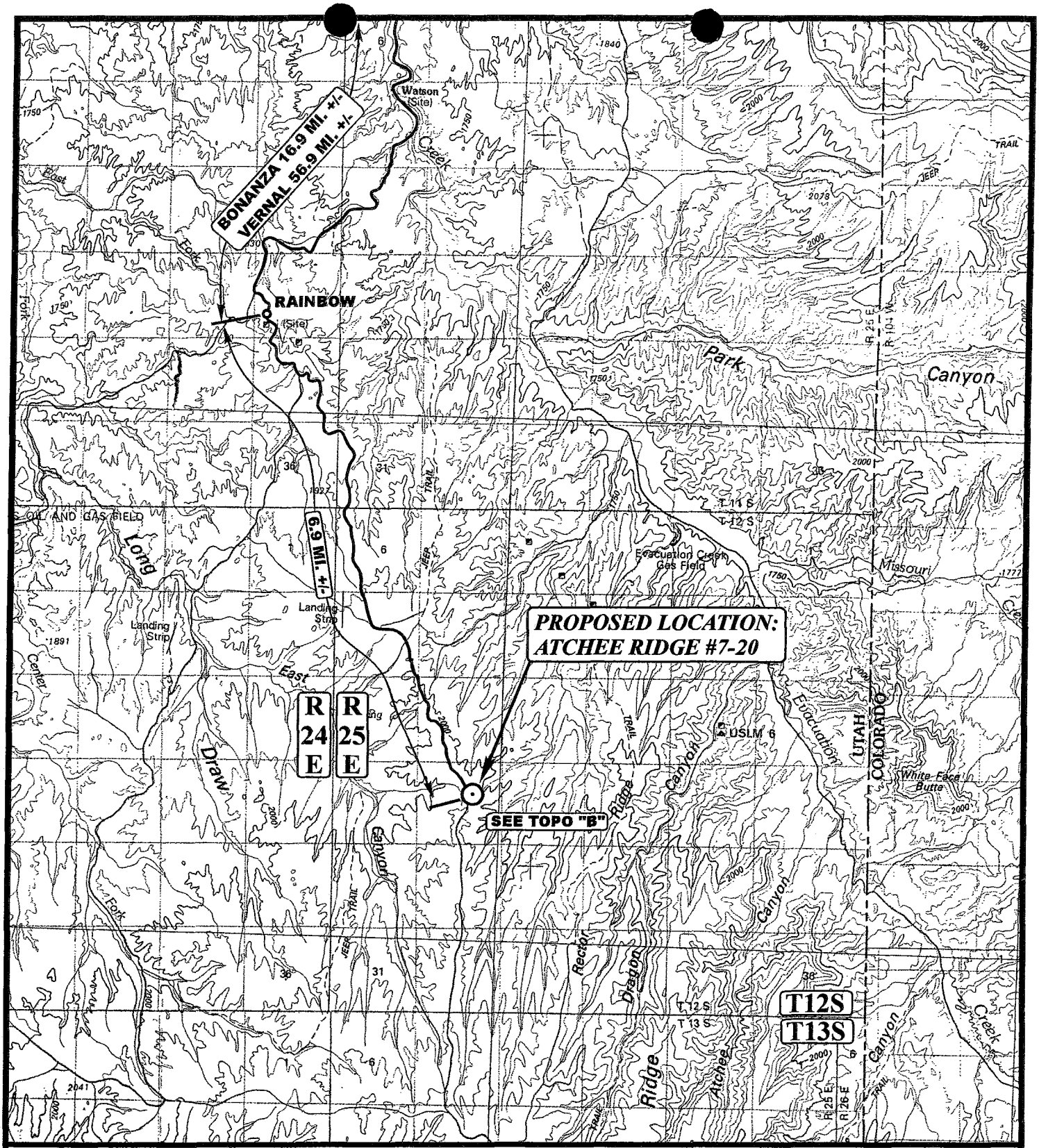


LEGEND:

⊙ PROPOSED LOCATION

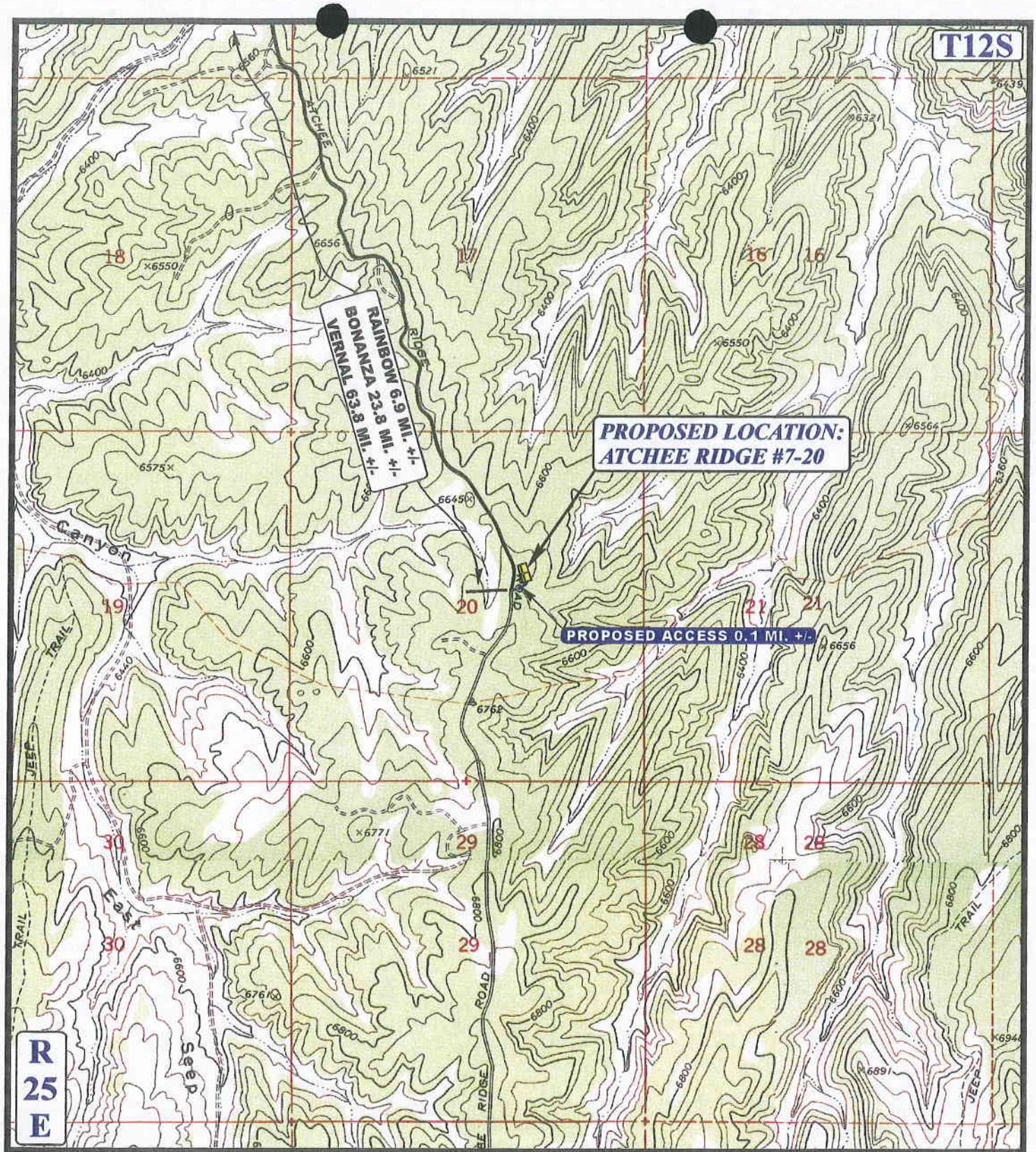
N

MEDALLION EXPLORATION

ATCHEE RIDGE #7-20
SECTION 20, T12S, R25E, S.L.B.&M.
2131' FNL 1808' FEL

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

TOPOGRAPHIC MAP	11 MONTH	15 DAY	01 YEAR	A TOPO
SCALE: 1 : 100,000	DRAWN BY: K.G.	REVISED: 00-00-00		



LEGEND:

PROPOSED ACCESS ROAD

EXISTING ROAD

N

MEDALLION EXPLORATION

ATCHEE RIDGE #7-20

SECTION 20, T12S, R25E, S.L.B.&M.

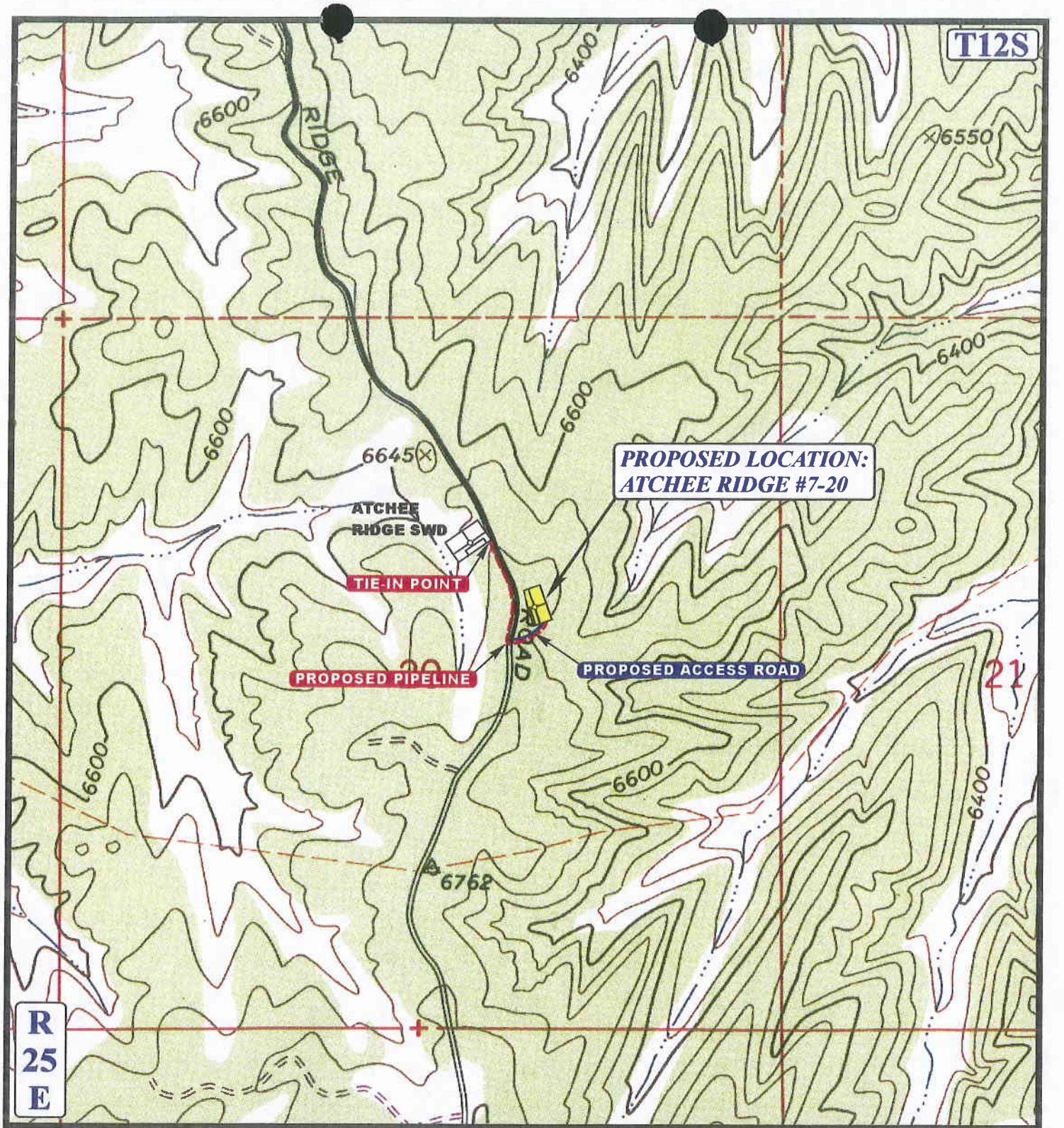
2131' FNL 1808' FEL

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078

(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	11 MONTH	15 DAY	01 YEAR	B TOPO
SCALE: 1" = 2000'	DRAWN BY: K.G.	REVISED: 00-00-00		



APPROXIMATE TOTAL PIPELINE DISTANCE = 1200' +/-

LEGEND:

- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED ACCESS

N

MEDALLION EXPLORATION

ATCHEE RIDGE #7-20
SECTION 20, T12S, R25E, S.L.B.&M.
2131' FNL 1808' FEL

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

TOPOGRAPHIC MAP	11 MONTH	15 DAY	01 YEAR	C TOPO
SCALE: 1" = 1000'	DRAWN BY: K.G.	REVISED: 00-00-00		

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/16/2007

API NO. ASSIGNED: 43-047-39520

WELL NAME: ATCHEE RIDGE 7-20
OPERATOR: MEDALLION EXPLORATION (N5050)
CONTACT: RASCHELLE RICHENS

PHONE NUMBER: 801-566-7400

PROPOSED LOCATION:
SWNE 20 120S 250E
SURFACE: 2131 FNL 1808 FEL
BOTTOM: 2131 FNL 1808 FEL
COUNTY: UINTAH
LATITUDE: 39.76187 LONGITUDE: -109.1385
UTM SURF EASTINGS: 659458 NORTHINGS: 4402775
FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	11/14/07
Geology		
Surface		

LEASE TYPE: 3 - State
LEASE NUMBER: ML46104
SURFACE OWNER: 3 - State

PROPOSED FORMATION: MVRD
COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

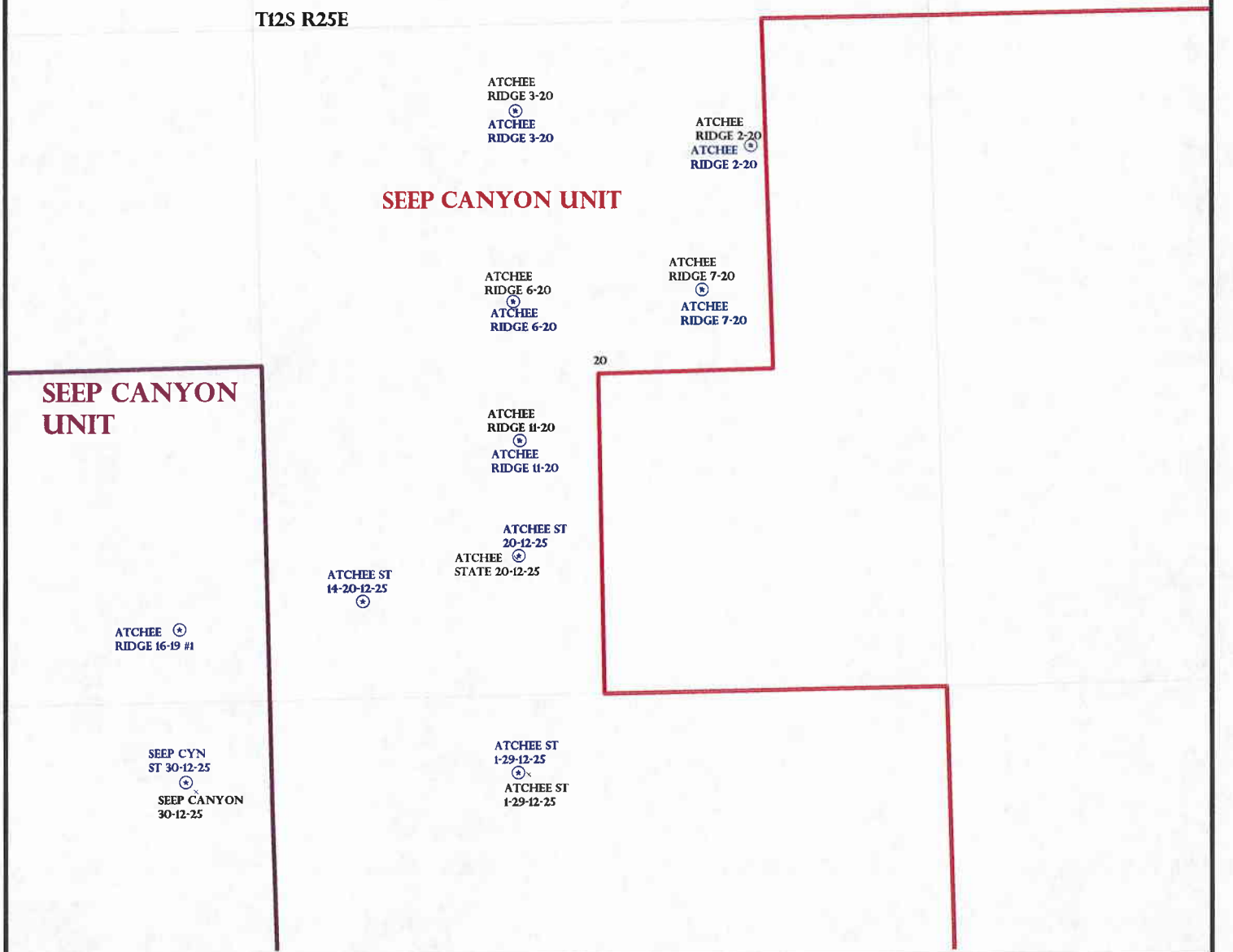
✓ Plat
✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0005890)
N Potash (Y/N)
N Oil Shale 190-5 (B) or 190-3 or 190-13
✓ Water Permit
(No. 49-2251)
N RDCC Review (Y/N)
(Date:)
NA Fee Surf Agreement (Y/N)
NA Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS: Needs Phone (10-10-07)

STIPULATIONS: 1- Spacing Stip
2- Statement of Basis



OPERATOR: MEDALLION EXPL (N5050)

SEC: 20 T.12S R. 25E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

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

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

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

UTAH DNR OIL, GAS & MINING

N W E S

PREPARED BY: DIANA MASON

DATE: 17-AUGUST-2007

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
508	43-047-39520-00-00		GW	S	No

Operator MEDALLION EXPLORATION **Surface Owner-APD**
Well Name ATCHEE RIDGE 7-20 **Unit**
Field UNDESIGNATED **Type of Work**
Location SWNE 20 12S 25E S 2131 FNL 1808 FEL GPS Coord (UTM) 659458E 4402775N

Geologic Statement of Basis

Medallion proposes to set 500' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 4,400', which is below the T.D. for the proposed well. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the proposed location. The surface formation at this site is the Green River Formation and alluvium derived from the Green River Formation The Green River Formation is made up of interbedded limestones, shales and sandstones and may include fresh water zones above the moderately saline water. The proposed casing and cementing program should adequately protect any underground sources of useable water near the surface.

Brad Hill	10/17/2007
APD Evaluator	**Date / Time**

Surface Statement of Basis

The general location is Atchee Ridge. Atchee Ridge runs in a north-south direction with the drainages on the east running into Evacuation Creek approximately 3 miles away. Evacuation Wash contains intermittent flows augmented by spring runoff and intense summer rainstorms. Drainages on the west are sub-drainages in the head of Asphalt Wash. All drainages in the immediate area are dry except for spring snowmelt and following summer storms. Intermittent flows occur from springs in East Seep Canyon about 1 mile to the west. Other seeps or springs are uncommon and not known to exist in the immediate area. Topography consists of many side drainages with gentle to moderate side slopes and ridges.

Atchee Ridge is about 23 miles southeast of Bonanza, Utah and 64 road miles south of Vernal, Utah. Assess from Vernal is by existing county and oilfield development roads. A new road 50 feet in length is planned leading from the Atchee ridge road.

The proposed Atchee Ridge 7-20 gas well is located immediately east of the Atchee Ridge road with the pit and spoils next to the shoulder of the road. The center of the location is on a flat part of the ridge with the location sloping off to the east. Spoils from the pit need to be kept off the road. No drainage concerns exist.

Both the surface and minerals are owned by SITLA. Jim Davis represented SITLA at the presite visit. He had no concerns regarding the proposed site.

Ben Williams represented the DWR at the site visit. He stated the area is within the heart of the critical winter habitat for both deer and elk. He suggested to Jim Davis of SITLA and Ms. Richens of Medalion a seasonal restriction period in which road and pad construction, drilling and work-over activities not occur. This period would be from November 15 to March 31. No other wildlife species are expected to be significantly affected. Mr. Williams gave Mr. Davis and Ms. Richens a copy of his written wildlife evaluation and a DWR recommended seed mix to be used when areas on the site are reclaimed. Mr. Davis stated that SITLA should be contacted by telephone if Medalion cannot follow UDWR's recommendations.

The selected site appears to be the best location for drilling and operating a well in the immediate area.

Floyd Bartlett	10/10/2007
Onsite Evaluator	**Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator MEDALLION EXPLORATION
Well Name ATCHEE RIDGE 7-20
API Number 43-047-39520-0 **APD No** 508 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SWNE **Sec** 20 **Tw** 12S **Rng** 25E 2131 FNL 1808 FEL
GPS Coord (UTM) 659448 4402806 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Raschelle Richens. O.W. Exley and Dana Christensen (Medalion), Ben Williams (UDWR)

Regional/Local Setting & Topography

The general location is Atchee Ridge. Atchee Ridge runs in a north-south direction with the drainages on the east running into Evacuation Creek approximately 3 miles away. Evacuation Wash contains intermittent flows augmented by spring runoff and intense summer rainstorms. Drainages on the west are sub-drainages in the head of Asphalt Wash. All drainages in the immediate area are dry except for spring snowmelt and following summer storms. Intermittent flows occur from springs in East Seep Canyon about 1 mile to the west. Other seeps or springs are uncommon and not known to exist in the immediate area. Topography consists of many side drainages with gentle to moderate side slopes and ridges.

Atchee Ridge is about 23 miles southeast of Bonanza, Utah and 64 road miles south of Vernal, Utah. Assess from Vernal is by existing county and oilfield development roads. A new road 50 feet in length is planned leading from the Atchee ridge road.

The proposed Atchee Ridge 7-20 gas well is located immediately east of the Atchee Ridge road with the pit and spoils next to the shoulder of the road. The center of the location is on a flat part of the ridge with the location sloping off to the east. Spoils from the pit need to be kept off the road. No drainage concerns exist.

Both the surface and minerals are owned by SITLA.

Surface Use Plan

Current Surface Use
Recreational
Wildlfe Habitat
Deer Winter Range

New Road Miles	Well Pad		Src Const Material	Surface Formation
0	**Width** 150	**Length** 270	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Vegetation type is pinion/juniper. Common plants are pinion, juniper, Birch leaf mountain mahogany, ephedra and a few annual forms. Vegetative cover is sparse.

Common fauna includes deer, elk, coyote, mountain lion rabbits and smaller mammals and birds.

Soil Type and Characteristics

Soils are shallow shaley sandy clay loam.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N **Paleo Potental Observed?** N **Cultural Survey Run?** Y **Cultural Resources?** N

Reserve Pit

Site-Specific Factors			Site Ranking	
Distance to Groundwater (feet)	>200		0	
Distance to Surface Water (feet)	>1000		0	
Dist. Nearest Municipal Well (ft)	>5280		0	
Distance to Other Wells (feet)	>1320		0	
Native Soil Type	Mod permeability		10	
Fluid Type	Fresh Water		5	
Drill Cuttings	Normal Rock		0	
Annual Precipitation (inches)	10 to 20		5	
Affected Populations	<10		0	
Presence Nearby Utility Conduits	Not Present		0	
		Final Score	20	**Sensitivity Level**

Characteristics / Requirements

The reserve pit is a long and narrow located mostly in an area of cut on the southwest side of the location. Dimensions are 15'x140'x8' deep. A liner with the minimum thickness of 16 mils is required.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y

Other Observations / Comments

This location was previously permited under API # 4304736360.

Floyd Bartlett — **Evaluator**

10/10/2007 — **Date / Time**

2007-11 Medallion Atchee Ridge 7-20

Casing Schematic

Surface

BHP 0.052(4000)8.8 = 1830 psi
anticipate 900 psi

Gas .12(4000) = 480
1830-480 = 1350 psi, MASP

BOPE 3M (text says 2000)

Burst 3520
70% 2464 psi

Max P @ surf shoe
.22(3500) = 770
1830-770 = 1060 psi

test to 1060 psi

Adequate DKD 11/14/07

9-5/8"
MW 8.4
~~Frac 19.3~~

5-1/2"
MW 8.8

TOC @
0.

Surface
500. MD

TOC @
656.

Production
4000. MD

Green River

to surf w/9% w/o

1552' Wasatch

2422' Mesaverde

-4400' ± BMSW

Well name:	**2007-11 Medallion Atchee Ridge 7-20**
Operator:	**Medallion Exploration**
String type:	Surface
Project ID:	43-047-39520
Location:	Uintah

Design parameters:

Collapse

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 440 psi

Internal gradient: 0.120 psi/ft

Calculated BHP 500 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 438 ft

Environment:

H2S considered? No

Surface temperature: 75 °F

Bottom hole temperature: 82 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 170 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 4,000 ft

Next mud weight: 8.800 ppg

Next setting BHP: 1,829 psi

Fracture mud wt: 19.250 ppg

Fracture depth: 500 ft

Injection pressure: 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	500	9.625	36.00	K-55	ST&C	500	500	8.765	217

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	2020	9.260	500	3520	7.04	16	423	26.84 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801-538-5357
FAX: 801-359-3940

Date: November 9,2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	**2007-11 Medallion Atchee Ridge 7-20**
Operator:	**Medallion Exploration**
String type:	Production
Location:	Uintah
Project ID:	43-047-39520

Design parameters:

Collapse

Mud weight: 8.800 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 949 psi

Internal gradient: 0.220 psi/ft

Calculated BHP 1,828 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on buoyed weight.

Neutral point: 3,466 ft

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	131 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	1,500 ft
Cement top:	656 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	4000	5.5	17.00	J-55	LT&C	4000	4000	4.767	522.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1828	4910	2.685	1828	5320	2.91	59	247	4.19 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801-538-5357
FAX: 801-359-3940

Date: November 9,2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 4000 ft, a mud weight of 8.8 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

From: Ed Bonner
To: Mason, Diana
Date: 10/18/2007 3:01 PM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

Enduring Resources, LLC
- Hanging Rock 11-23-23-36 (API 43 047 39648)
- Hanging Rock 11-23-32-36 (API 43 047 39649)
- Hanging Rock 11-23-33-36 (API 43 047 39650)
- Hanging Rock 11-23-22-36 (API 43 047 39651)
- Hanging Rock 11-23-31-36 (API 43 047 39656)
- Hanging Rock 11-23-21-36 (API 43 047 39657)

Kerr McGee Oil & Gas Onshore LP
- NBU 1022-14A (API 43 047 39524)
- NBU 1021-20H (API 43 047 39525)
- NBU 1021-20G (API 43 047 39526)
- NBU 1021-20F (API 43 047 39527)
- NBU 1021-20E (API 43 047 39528)
- NBU 1021-20D (API 43 047 39529)
- NBU 1021-20B (API 43 047 39530)
- NBU 1021-20O (API 43 047 39531)
- NBU 1021-20L (API 43 047 39532)
- NBU 1021-20K (API 43 047 39533)
- NBU 1021-20J (API 43 047 39534)

Medallion Exploration
- Atchee Ridge 2-20 (API 43 047 39517)
- Atchee Ridge 11-20 (API 43 047 39518)
- Atchee Ridge 6-20 (API 43 047 39519)
- Atchee Ridge 7-20 (API 43 047 39520)
- Atchee Ridge 3-20 (API 43 047 39521)

If you have any questions regarding this matter please give me a call.

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

July 23, 2009

Medallion Exploration
3165 E Millrock Dr., Ste. #550
Holladay, UT 84121

Re: Atchee Ridge 7-20 Well, 2131' FNL, 1808' FEL, SW NE, Sec. 20, T. 12 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.

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 43-047-39520.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Operator: Medallion Exploration
Well Name & Number Atchee Ridge 7-20
API Number: 43-047-39520
Lease: ML46104

Location: SW NE **Sec.** 20 **T.** 12 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**

   The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

   - 24 hours prior to cementing or testing casing – contact Dan Jarvis
   - 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
   - 24 hours prior to spudding the well – contact Carol Daniels
   - Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
   - Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

   The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

   - Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
   - Any changes to the approved drilling plan – contact Dustin Doucet

   The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

   - Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
   - Carol Daniels at: (801) 538-5284 office
   - Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. **Reporting Requirements**

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

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

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

6. 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.

GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

September 29, 2010

Medallion Exploration
3165 E Millrock Dr., Ste. #550
Holladay, UT 84121

Re: APD Rescinded – Atchee Ridge 7-20, Sec. 20, T. 12S, R. 25E
Uintah County, Utah API No. 43-047-39520

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 July 23, 2009. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 29, 2010.

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
SITLA, Ed Bonner

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114 -5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

ABSTRACT

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) in November 2004 for Medallion Exploration's six proposed well locations on Atchee Ridge, Uintah County, Utah. The proposed well locations are designated Atchee Ridge SWD, #2-20, #3-20, #6-20, #7-20, and #11-20. The six proposed well locations with associated access routes are located in Township 12 South, Range 25 East, Section 20. A total of 64 acres was inventoried on land administered by State of Utah School and Institutional Trust Lands Administration (SITLA).

The inventory of Medallion Exploration's six proposed well locations resulted in the documentation of two new historic archaeological sites. Both of these sites are small, low density historic temporary camps. They possess limited artifact assemblages and are common site types to the area. The sites are evaluated as not eligible to the NRHP as they lack potential for providing information relevant to the history of the area. Based on these findings, recommendation of "no historic properties affected" pursuant to Section 106, CFR 800 is proposed for this project.

43047395 60

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 Westport Oil and Gas Company's proposed state #1022-36J well location with associated access and pipeline corridors resulted in the location of one previously recorded ineligible historic temporary camp (42Un3091) and the documentation of one new historic site (42Un3696). Site 42Un3696 is a historic rock cairn which lacks any associated artifacts. The feature fails to exhibit significant structural attributes and is a common site type in the area. It is recommended as not eligible to the NRHP since it is unlikely to contribute to the historic research domains of the area.

MANAGEMENT RECOMMENDATIONS

The inventory of Medallion Exploration's proposed Atachee Ridge well locations SWD, #2-20, #3-20, #6-20, #7-20, and #11-20 with access roads resulted in the documentation of two new historical archaeological sites (42Un4536 and 42Un4537) which are recommended as not eligible to the NRHP. On the basis of the findings, a recommendation of "no historic properties affected" pursuant to Section 106, CFR 800 is proposed for this project.

43-049-9520

REFERENCES CITED

Montgomery, K.R.

2000 Cultural Resource Inventory of Medallion Exploration's Seep Canyon Pipeline, Uintah County, Utah. Montgomery Archaeological Consultants, Moab, Utah. Report No. U-00-MQ-0716b.

2004 Cultural Resource Inventory of Medallion Exploration's Proposed Well Location Atchee Ridge 16-19 #1, Uintah County, Utah. Montgomery Archaeological Consultants, Moab, Utah. Report No. U-04-MQ-0452s.

Senulis, J.A.

1998 An Intensive Cultural Resource Survey and Inventory of the Proposed Oil Springs #1; Seep Canyon State #30-12-25, Atchee Ridge State #2-29-12-25, Atchee State #20-12-25 and Atchee State #1-29-12-25 Well Pads and Access Roads, Uintah County, Utah. Senco-Phenix, Mount Pleasant, Utah. Report No. U-98-SC-0347.

Spath, C.

1995 Amoco Production's Proposed Seep Canyon #24-19-12-25 Well Pad and Access, Section 19, T12S, R25E, Uintah County, Utah. Class III Cultural Resource Inventory. Metcalf Archaeological Consultants, Inc., Eagle, Colorado. Report No. U-95-MM-044.

Stokes, W.L.

1986 *Geology of Utah*. Utah Museum of Natural History and Utah Geological and Mineral Survey. Salt Lake City.

43-047-39520