

CONFIDENTIAL

Release Date 2-11-95

MEDALLION OIL CO. 1-15 FEDERAL
SE SE 15-37N-12W. MOHAVE (879)

COUNTY MOHAVE AREA WOLFHOLE LEASE NO. FED A-24952

WELL NAME MEDALLION OIL COMPANY 1-15 FEDERAL

LOCATION SE SE SEC 15 TWP 37N RANGE 12W FOOTAGE 1060' FEL & 626' FSL

ELEV 5511' GR KB SPUD DATE 5/24/94 STATUS DRY TOTAL DEPTH 5000'
 COMP. DATE 7/15/94 P&A

CONTRACTOR MEDALLION DRILLING COMPANY

CASING SIZE	DEPTH	CEMENT	LINER SIZE & DEPTH	DRILLED BY ROTARY	X (AIR)
<u>10 3/4"</u>	<u>445'</u>	<u>110 sx</u>		DRILLED BY CABLE TOOL	
<u>7"</u>	<u>2735'</u>	<u>150 sx</u>		PRODUCTIVE RESERVOIR	<u>NONE</u>
				INITIAL PRODUCTION	<u>NONE</u>

FORMATION TOPS	DEPTHS	SOURCE		REMARKS
		L.L.	E.L.	
<u>PERMIAN</u>	<u>SURF</u>			<u>TOPS PICKED BY OPERATOR</u>
<u>MISSISSIPPIAN</u>	<u>3368'</u>			
<u>DEVONIAN</u>	<u>4116'</u>			
<u>CAMBRIAN</u>	<u>4305'</u>			
<u>total depth</u>	<u>5000'</u>			

ELECTRIC LOGS	PERFORATED INTERVALS	PROD. INTERVALS	SAMPLE LOG
<u>SPECTRAL DEN DUAL SPACED</u>	<u>NONE</u>	<u>NONE</u>	<u>X</u>
<u>DUAL INDUCTION</u>			<u>SAMPLE DESCRP. ON LOG</u>
			<u>SAMPLE NO. 1876</u>
			<u>CORE ANALYSIS NONE</u>
			<u>DSTs NONE</u>

REMARKS COULD NOT GET LOGS BELOW 3361' APP. TO PLUG VERBAL 6/27
SOME WATER FLOW AT 4393' EST C1 2000 PPM PLUGGING REP. _____
 COMP. REPORT YES

WATER WELL ACCEPTED BY _____

BOND CO. THE TRAVELERS INDEMNITY COMPANY BOND NO. 479G8000
 BOND AMT. \$ 25,000 CANCELLED 3/25/98 DATE 3/18/86
 FILING RECEIPT 3064 LOC. PLAT ✓ WELL BOOK ✓ ORGANIZATION REPORT 3/21/94 PLAT BOOK ✓
 API NO. 02-015-20028 DATE ISSUED 3/30/94 DEDICATION SOUTH 1/2 SOUTHEAST 1/4

PERMIT NUMBER 879

WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

DESIGNATE TYPE OF COMPLETION:

New Well Work-Over Deepen Plug Back Same Reservoir Different Reservoir Oil Gas Dry

DESCRIPTION OF WELL AND LEASE

Operator **MEDALLION OIL COMPANY** Address **P O BOX 1101**

Federal, State or Indian Lease Number or name of lessor if free lease **FEDERAL A - 24952** Well Number **1-15** Field & Reservoir **WILDCAT**

Location **1060.19' FR EL & 625.9' FR SL** County **MOHAVE**

Sec. TWP-Range or Block & Survey **15 T37N R12 W**

Date spudded **24 MAY 1994** Date total depth reached **27 JUNE, 1994** Date completed, ready to produce **15 JULY, 1994** Elevation (DF, RKB, RT or Gr.) **5517.2** feet Elevation of casing hd. flange **5511.2** feet

Total depth **5000'** P.B.T.D. **0'** Single, dual or triple completion? **P & A** If this is a dual or triple completion, furnish separate report for each completion.

Producing interval (s) for this completion **N/A** Rotary tools used (interval) **0-5000'** Cable tools used (interval) **N/A**

Was this well directionally drilled? **NO** Was directional survey made? **NO** Was copy of directional survey filed? **NO** Date filed **8-10-94**

Type of electrical or other logs run (check logs filed with the commission) **SPECTRAL DENSITY, DUAL SPACED NEUTRON, DUAL INDUCTION LOG** Date filed **8-10-94**

CASING RECORD

Casing (report all strings set in well - conductor, surface, intermediate, producing, etc.)						
Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amt. pulled
SURFACE	13 1/2	10 3/4	40.5	445	110	0
INTERMEDIATE	9 7/8	7	20	2735	150	360

TUBING RECORD

LINER RECORD

Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft)
in.	ft.	ft.	in.	ft.	ft.		
N/A							

PERFORATION RECORD

ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Number per ft.	Size & type	Depth Interval	Amt. & kind of material used	Depth Interval
N/A				

INITIAL PRODUCTION

Date of first production **N/A** Producing method (indicate if flowing, gas lift or pumping—if pumping, show size & type of pump:)

Date of test	Hrs. tested	Choke size	Oil prod. during test	Gas prod. during test	Water prod. during test	Oil gravity
			bbls.	MCF	bbls.	*API (Corr)

Disposition of gas (state whether vented, used for fuel or sold):

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the **VICE PRESIDENT** of the **MEDALLION OIL COMPANY** (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

10 August 1994 Date **AZ OIL & GAS CONSERVATION COMMISSION** Signature

AUG 11 1994

CONFIDENTIAL

Permit No. **879** Release Date 2-11-95 Form No. 4 **STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Well Completion or Recompletion Report and Well Log File One Copy**

DETAIL OF FORMATIONS PENETRATED

FORMATION	TOP	BOTTOM	DESCRIPTION*
PERMIAN	0	3368	NO TESTS
MISSISSIPPIAN	3368	4116	WELL DRILLED WITH AIR AND AIR - MIST.
DEVONIAN	4116	4305	WATER FLOW AT 4393.' ESTIMATED CHLORIDES
CAMBRIAN	4305	5000'D	2000PPM. COULD NOT GET ELOG BELOW 3361.'

* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

INSTRUCTIONS:

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report and well log shall be filed with the State of Arizona Gas Conservation Commission not later than thirty days after project completion.

Form No. 4

Form 3160-4
(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE
(See other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.
FEDERAL A - 24952

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
#1 - 15

9. API WELL NO.
02-015-20028

10. FIELD AND POOL OR WILDCAT
WILDCAT

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

SECTION 15
T37N, R12W

12. COUNTY OR PARISH
MOHAVE

13. STATE
ARIZONA

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

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

2. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP EN FLOW BACK DIFF. DENUR Other _____

3. NAME OF OPERATOR
MEDALLION OIL COMPANY

3. ADDRESS AND TELEPHONE NO.
P O BOX 1101 HOUSTON TX 77251

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1060.19' FEL & 625.9' PSL OF SECTION 15
At top prod. interval reported below
N/A
At total depth
SAME

14. PERMIT NO. 3100(010) DATE ISSUED 22 APRIL 1994

15. DATE SPUNDED 24 MAY '94 16. DATE T.D. REACHED 27 JUNE '94 17. DATE COMPL. (Ready to prod.) 15 JULY 1994 18. ELEVATIONS (DP, RKB, ST, OR, ETC.)* 5517.2 19. ELEV. CASINGHEAD 5511.2

20. TOTAL DEPTH, MD & TVD 5000' 21. FLOW BACK T.D., MD & TVD 0' 22. IF MULTIPLE COMPL., HOW MANY* N/A 23. INTERVALS DRILLED BY ROTARY TOOLS 0-5000' CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* NONE 25. WAS DIRECTIONAL SURVEY MADE NO

26. TYPE ELECTRIC AND OTHER LOGS RUN SPECTRAL DENSITY, DUAL SPACED NEUTRON, DUAL INDUCTION LOG 27. WAS WELL CORED NO

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

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
10 3/4" K-55	40.5	445'	13 1/2"	SURFACE - 110 SACKS	0
7" J-55	20	2735'	9 7/8"	150 SACKS	360'

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
N/A							

31. PERFORATION RECORD (Interval, size and number) 32. ACID, SHOT, FRACTURE CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
N/A	

33. PRODUCTION

DATE FIRST PRODUCTION N/A PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) N/A WELL STATUS (Producing or shut-in)

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

FLOW TUBING PRESS. CASING PRESSURE CALCULATED 24-HOUR RATE OIL—BBL. GAS—MCF. WATER—BBL. OIL GRAVITY-API (CORR.)

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

35. LIST OF ATTACHMENTS

PLUGGING PROCEDURE

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

SIGNED: [Signature] TITLE VICE PRESIDENT DATE 8/8/94 7/1/879

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

Title 18 U.S.C. Section 1001 makes 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.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, cored intervals; and all drill-stem tests, including depth, interval tested, cushion used, time tool open, flowing and shut-in pressures, and recovery.)

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
PERMIAN	0	3368	NO TESTS.
MISSISSIPPIAN	3368	4116	WELL DRILLED WITH AIR AND AIR-MIST WATER FLOW AT 4393'. ESTIMATED CHLORIDES 2000 PPM.
DEVONIAN	4116	4305	COULD NOT GET LOG BELOW 3361'. T.D. IN CAMBRIAN.
CAMBRIAN	4305		

38. GEOLOGIC MARKERS

NAME	MEAS. DEPTH	TRUE VERT. DEPTH
PERMIAN	0	0
MISSISSIPPIAN	3368	3368
DEVONIAN	4116	4116
CAMBRIAN	4305	4305

39. SUMMARY OF TESTS

TEST	DATE	DEPTH	RESULTS
DRILL-STEM TEST	APR 12 1951	4393'	WATER FLOW AT 4393'. ESTIMATED CHLORIDES 2000 PPM.

214879

Medallion Oil Company

Federal # 1 -15 Well

Plugging Procedure

June 27, 1994:

Set Halliburton EZ drill cement retainer at 2700'.

Loaded hole with mud, pumped 15 sacks of cement below retainer leaving plug from 2700' to 2783'.

Spotted 15 sacks on top of EZ drill cement retainer from 2700' to 2622'.

Halliburton pumped 30 sack cement plug down 10 3/4" / 7" annulus and displaced with 18.8 Bbls of mud to spot plug from 380' to 488' in annulus.

Welded temporary steel plate on top of 7" casing.

July 15, 1994:

Removed temporary steel plate from 7" casing.

Backed off 7" casing at 360'. Pulled and laid down 9 joints of 7" casing.

Mixed 24 sacks of cement and set cement plug from 50' to surface.

Welded 1/2" plate of top of 10 3/4" casing (3' below ground level) and installed 2" riser on same to 1' above ground level with well name inscribed on same.

Well plugging complete this date.

P/N 879

6-27-94

Don McClellin

logging today about noon
probably be plugging well - will contact Hags @ BLM
Some blackish wtr @ 4390' (~ 2500 ppm) small amt!
equivalent to flow reported in Gulf well
air-drilled hole like dst all the way down
few little specks of dead oil - that's all
Essentially no water encountered
T. D. @ 5000'



PERMIT TO DRILL

This constitutes the permission and authority from the
**OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,**

To: MEDALLION OIL COMPANY
(OPERATOR)

to drill a well to be known as

1-15 FEDERAL
(WELL NAME)

located 1060.19 FEET FROM EAST LINE & 625.9 FEET FROM SOUTH LINE

Section 15 Township 37 N Range 12 W, MORAVE County, Arizona.

The SOUTH HALF OF THE SOUTHEAST QUARTER of said
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 30th day of MARCH, 19 94.

OIL AND GAS CONSERVATION COMMISSION

By Steven L. Rainey
~~EXECUTIVE DIRECTOR~~
OIL & GAS PROGRAM ADMINISTRATOR

PERMIT **00879**

RECEIPT NO. 3064

A.P.I. NO. 02-015-20028

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill
FORM NO. 27

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL

RE-ENTER OLD WELL

NAME OF COMPANY OR OPERATOR MEDALLION OIL COMPANY		
Address City State P O BOX 1101 HOUSTON TEXAS 77251		
Drilling Contractor MEDALLION DRILLING COMPANY		
Address P O BOX 1101 HOUSTON TEXAS 77251		
DESCRIPTION OF WELL AND LEASE		
Federal, State or Indian Lease Number, or if fee lease, name of lessor FEDERAL A-24952	Well number 1-15	Elevation (ground) 5511.1' GR
Nearest distance from proposed location to property or lease line: 1060.19' feet	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease: N/A feet	
Number of acres in lease: 1920	Number of wells on lease, including this well, completed in or drilling to this reservoir: ONE	
If lease, purchased with one or more wells drilled, from whom purchased: N/A		
Well location (give footage from section lines) 1060.19' fr EL & 625.9' fr SL	Section—township—range or block and survey 15 T37N R12W	Dedication (Comply with Rule 105) 80 AC
Field and reservoir (if wildcat, so state) WILDCAT	County MOHAVE	
Distance in miles, and direction from nearest town or post office 12 MILES SOUTH OF WOLFHOLE, ARIZONA		
Proposed depth: 5000'	Rotary or cable tools ROTARY	Approx. date work will start MAY 1, 1994
Bond Status ON FILE-SEE ATTACHED	Organization Report On file <input type="checkbox"/> Attached <input checked="" type="checkbox"/>	Filing Fee of \$25.00 Attached <input checked="" type="checkbox"/>
Remarks:		
<p>CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the <u>VICE PRESIDENT</u> of the <u>MEDALLION OIL COMPANY</u> (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.</p> <p align="right">Signature <u>(I. Gerald E. McQueen)</u> Date <u>27 MARCH, 1994</u></p>		
Permit Number: <u>879</u>	STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Application to Drill or Re-enter File Two Copies Form No. 3	
Approval Date: <u>3-30-94</u>		
Approved By: <u>Steven L. Rainey</u>		
Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.		

API # 02-015-20028

(Complete Reverse Side)

- Operator shall outline the dedicated acreage for both oil and gas wells on the plat.
- A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
- ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.
- Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO **XX** _____.
- If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES **XX** NO _____. If answer is "yes," Type of Consolidation FARMOUT AGREEMENT
- If the answer to question four is "no," list all the owners and their respective interests below:

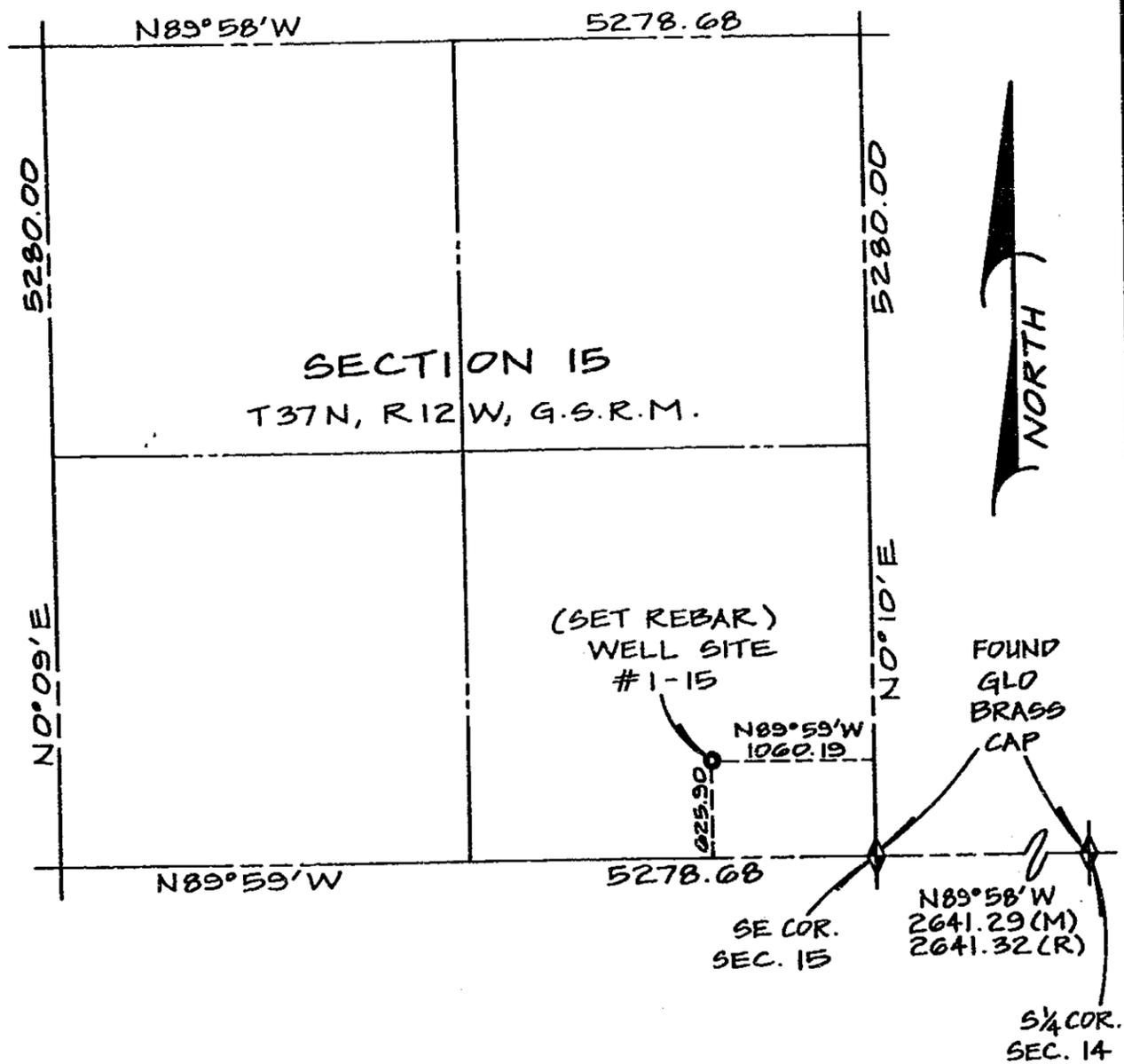
Owner H. S. FINKELSTEIN - 75%	Land Description SECTIONS 15, 21 & 22 T37N-R12W, G & SRM
MOHAVE COUNTY, ARIZONA	
	<p style="text-align: center;">CERTIFICATION</p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <hr/> <p>Name JERALD E. MCQUEEN</p> <p>Position VICE PRESIDENT</p> <p>Company MEDALLION OIL COMPANY</p> <p>Date 22 MARCH 1994</p> <hr/> <p>I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <hr/> <p>Date Surveyed SEE ATTACHED PLAT</p> <p>Registered Professional Engineer and/or Land Surveyor</p> <hr/> <p>Certificate No.</p>

PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
9 5/8"	36#	K-55	0	300	300' - SURFACE	90	CLASS A
7"	23#	J-55	0	2700	2700' - 1350'	150	CLASS A
4 1/2"	11.5#	J-55	0	TD	5000' - 2850'	150	CLASS A

Subj. Casing Amended use letter of 4-27-94

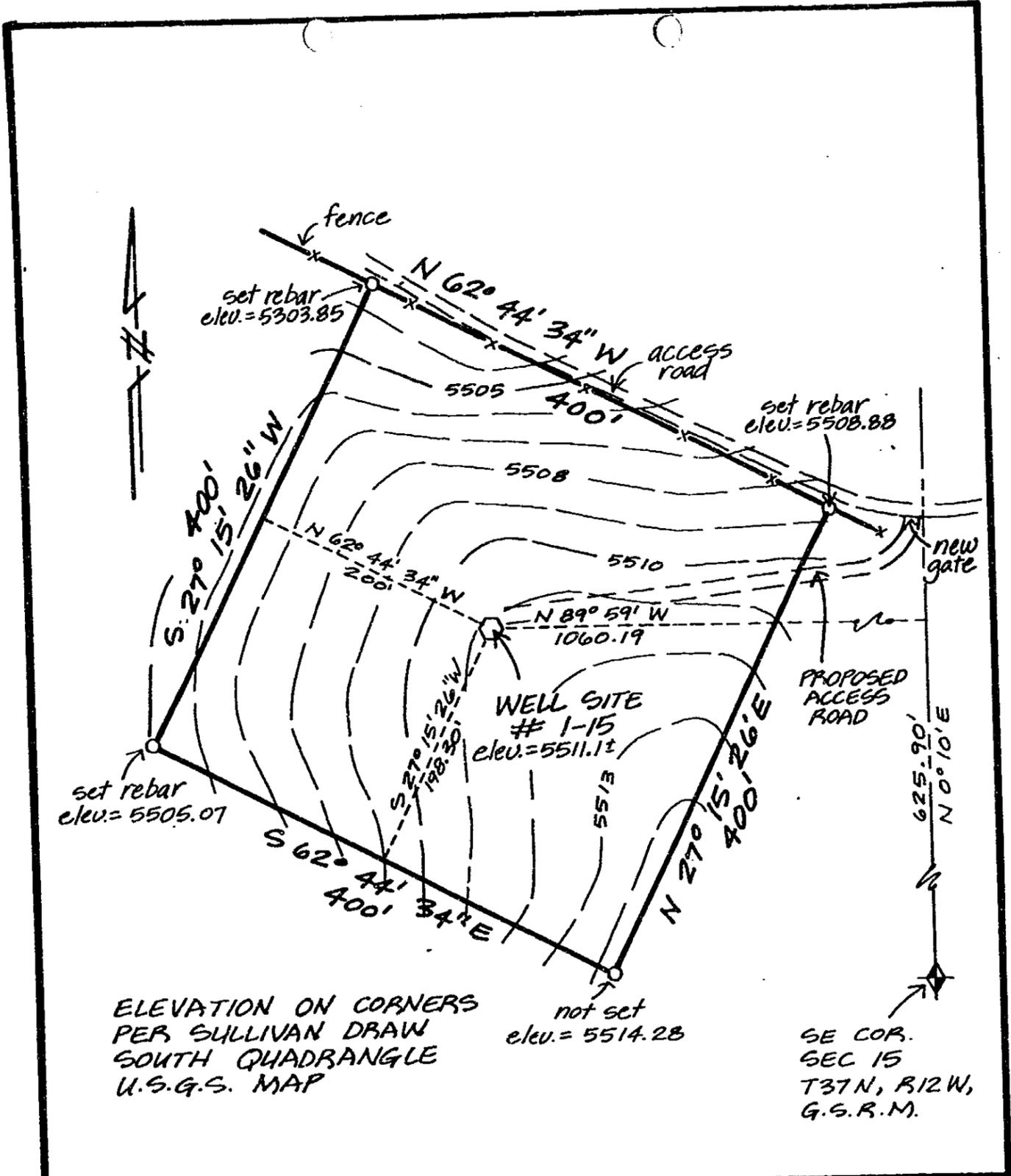
OPERATOR: MEDALLION OIL COMPANY
 WELL NUMBER: 1-15 FEDERAL
 LOCATION: SECTION 15, T37N, R12W, G.S.R.M.
 COUNTY: MOHAVE
 STATE: ARIZONA



BULLOCH BROTHERS
 ENGINEERING INC.
 2 WEST ST. GEORGE BLVD.
 ST. GEORGE, UTAH 84770

WELL LOCATION
 MAP FOR
 WELL #1-15
 MEDALLION OIL
 COMPANY

SCALE: 1" = 1000'
 DRAWN: JAS
 JOB NO.: 1957
 DATE: SEPT. 1992



ELEVATION ON CORNERS
 PER SULLIVAN DRAW
 SOUTH QUADRANGLE
 U.S.G.S. MAP

SE COR.
 SEC 15
 T37N, R12W,
 G.S.R.M.

BULLOCH BROTHERS ENGINEERING INC. 2 WEST ST. GEORGE BLVD. ST. GEORGE, UTAH 84770	CONTOUR MAP FOR WELL # 1-15 MEDALLION OIL COMPANY	SCALE: 1" = 100'
		DRAWN: L.M.
		JOB Nos
		DATE: SEPT. 1993

Form 3160-3
(July 1992)

SUBMIT IN TRIPlicate
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN

b. TYPE OF WELL
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
MEDALLION OIL COMPANY

3. ADDRESS AND TELEPHONE NO.
P O BOX 1101 HOUSTON, TEXAS 77521

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
1060.19' fr EL & 625.9' fr SL OF SECTION 15
At proposed prod. zone
AS ABOVE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
12 MILES SOUTH OF WOLF HOLE, ARIZONA

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any)
1060.19

16. NO. OF ACRES IN LEASE
1920

17. NO. OF ACRES ASSIGNED TO THIS WELL
80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
N/A

19. PROPOSED DEPTH
5000'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5511.1" GR

22. APPROX. DATE WORK WILL START*
MAY 1, 1994

5. LEASE DESIGNATION AND SERIAL NO.
A-24952

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
FEDERAL

9. AIR WELL NO.

10. FIELD AND POOL, OR WILDCAT
WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
SEC. 15, T37N, R12W

12. COUNTY OR PARISH
MOHAVE

13. STATE
ARIZONA

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	K-55 9 5/8"	36.0	300'	80 → amend 4-27-94 *
8 3/4"	J-55 7"	23.0	2700'	150
6 1/4"	J-55 4 1/2"	11.5	5000'	150

- 10 POINT RESOURCE PROTECTION PLAN ATTACHED.
- MULTIPOINT SURFACE USE AND OPERATIONS PLAN ATTACHED.
- SURVEYOR PLAT AND APD EXHIBITS ATTACHED.

THIS WELL TO BE DRILLED UNDER STATE WIDE OIL AND GAS BOND NO.480G2748 AND STATE PERFORMANCE BOND 479G8000.

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

24. SIGNED (Jerald E. McQueen) TITLE VICE PRESIDENT DATE 22 March, 1994
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
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 conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

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

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill or deepen an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the operator elects to initiate drilling operation on an oil and gas lease.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0136), Washington, D.C. 20503.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling operations on an oil and gas lease.

TEN POINT RESOURCE PROTECTION PLAN

**MEDALLION OIL COMPANY
WELL NO. 1-15 FEDERAL
SECTION 15, T37N R12W
MOHAVE COUNTY, ARIZONA**

4

TEN POINT RESOURCE PROTECTION PLAN
MEDALLION OIL COMPANY NO. 1-15 FEDERAL

1. SURFACE FORMATION:

Permian Kaibab

2. GEOLOGIC MARKERS ESTIMATED TOPS:

<u>Formation</u>	<u>Depth</u>
Permian Kaibab	0'
Permian Toroweap	475'
Permian Hermit	1,015'
Permian Queantoweap	1,795'
Pennsylvanian Pakoon	2,418'
Mississippian Redwall Limestone	3,279'
Mississippian Mooney Falls	3,519'
Mississippian Thunder Springs	3,729'
Devonian Temple Butte	3,979'
Cambrian Lynch	4,159'
Cambrian Upper Bright Angel Shale	4,664'
Cambrian Mauv	4,854'
 Total Depth	 5,000'

3. WATER, OIL AND GAS ZONES (est. top):

Pennsylvanian Pakoon	2,418'	Gas/Oil
Mississippian Thunder Springs	3,729'	Gas/Oil

If any zones produce water, they will be adequately protected and reported.

All potentially productive hydrocarbon zones will be cemented off.

4. PROPOSED CASING STRING:

Primary Plan:

<u>Depth</u>	<u>Size</u>	<u>Grade</u>	<u>Weight</u>	<u>Joint</u>	<u>Thread</u>
0-300'	9 5/8"	K-55	36.0#	S'T&C	8 Round
0-2700'	7 "	J-55	23.0#	LT&C	8 Round
0-TD	4 1/2"	J-55	11.5#	LT&C	8 Round

*amended: see letter
of 4-27-54*

CEMENTING:

All casing strings will be cemented with standard oil field Class A or Class H cements designed for at least 1000 psi final compressive strength. Volumes of cement utilized for each particular cementing job will be determined based on caliper logs and cement yields.

5. PRESSURE CONTROL EQUIPMENT:

Type: ONE - 11", 3000 psi Annular BOP with remote operated Hydraulic Accumulator.

ONE - 2", 2000 psi Choke Kill Manifold.

Testing Procedure: Annular BOP and Choke Manifold will be tested to 1000 psi upon installation before drilling out cement.

Testing Frequency: All tests must be done at the time of installation, prior to drilling out and at least every 14 days thereafter.

BOP Configuration: See attached Exhibit A (BOP Diagram)

6. DRILLING FLUIDS:

Due to extremely low subsurface pressure in the entire area and the extreme possibility of lost circulation, the entire hole will be drilled with air.

Sufficient water and mud inventory will be maintained on location during drilling operations to handle any adverse conditions that may arise.

<u>Material on Hand</u>	<u>Minimum Amount</u>
Barite	100 sacks
Gel (Bentonite)	200 sacks
Non-Phosphate Foaming Agent	As Necessary

Two air compressors will be utilized to achieve a maximum of 1600 ACFM to provide sufficient hole cleaning velocity. Air returns will be through an 6" bloopie line discharging into the reserve pit area at a distance of 100' or more from the wellbore.

7. AUXILIARY EQUIPMENT:

- A. A down hole drill string back pressure valve will be kept just above the bit at all times to prevent any flow up the drill string.
- B. A drill pipe safety valve will be kept on the derrick floor at all times.
- C. A drill pipe safety valve will be kept on the derrick floor at all times.

8. EVALUATION PROGRAM:

<u>Type Log</u>	<u>Depth</u>
Mud Gas Log	Surface Casing - Total Depth
GR-DIL	Surface Casing - Total Depth
FDC-CNL-GR	Surface Casing - Total Depth

The logging program may be changed at the discretion of the well-site geologist.

Cores:

Cores as needed.

Drillstem Tests

None anticipated.

Stimulation:

Stimulation and/or fracture treatment procedures cannot be determined at this time. Prior to any treatment, the BLM Oil & GAS will be notified by "Sundry Notice" Form 3160-5 for approval.

The drill site, if approved, will be of sufficient size to accommodate all completion operations.

9. ABNORMAL CONDITIONS:

It is not anticipated that abnormal temperatures, pressures or toxic gases will be encountered at this location. Anticipated maximum formation pressure at a depth of 5,000' is approximately 1100 psi. H₂S is not present in the formations to be encountered by this well.

10. DRILLING ACTIVITY:

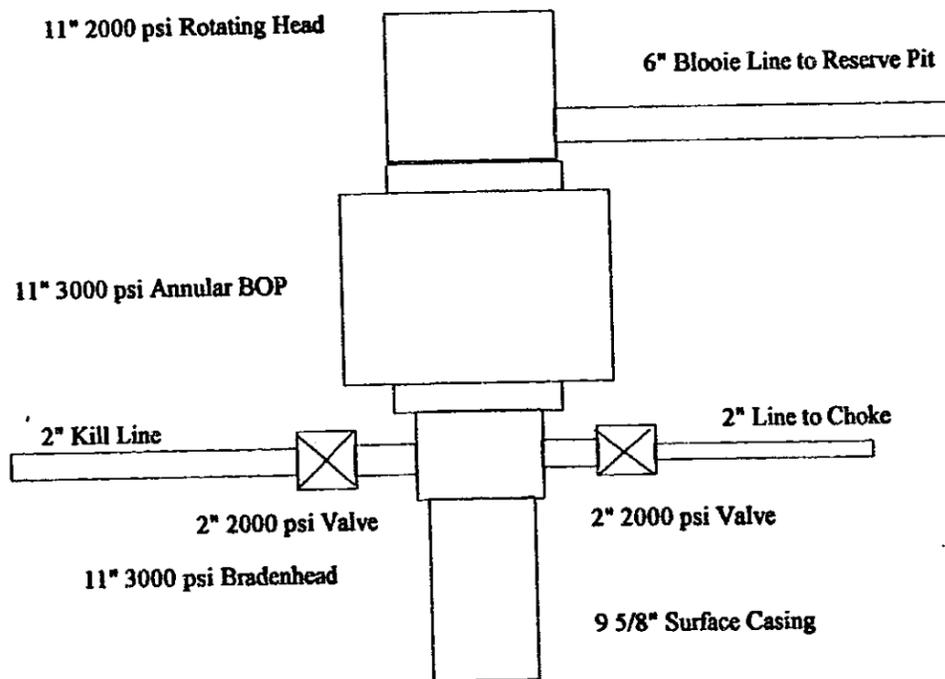
Estimated spud date is May 1, 1994. It will require approximately 30 days to complete this well.

4

EXHIBIT A

Medallion Oil Company

Federal # 1-15 BOP Stack



A

**MULTI-POINT
SURFACE USE AND OPERATIONS PLANS**

**MEDALLION OIL COMPANY
WELL NO. 1-15 FEDERAL
SECTION 15, T37N R12W
MOHAVE COUNTY, ARIZONA**

A

MULTI-POINT
SURFACE USE AND OPERATIONS PLAN
MEDALLION OIL COMPANY NO. 1-15 FEDERAL

1. EXISTING ROADS

A. Proposed Well Site

The proposed well-head location, pad configuration, reserve pit and 400 foot reference points are staked. The Surveyor's Plat is attached. (Exhibits A and A').

B. Proposed Route

To reach the well location from St. George, Utah, travel south on Bureau of Land Management (BLM) Access Road No. 1069, 30 miles; bear left and travel southeast on BLM Access Road No. 5, 2 miles; turn right onto BLM Access Road No. 1040, go south 9.3 miles; turn west onto BLM Access Road, go west 1.2 miles to the well location.

C. Access Roads

See Exhibit B.

D. Improvement and Maintenance Plans

Minor improvements to portions of the existing roads will be in accordance with the standards of the BLM.

Existing roads will be maintained as necessary in accordance with the standards of the BLM to provide access during the drilling operations.

2. PLANNED ACCESS ROADS

Access to the well location is by an existing BLM Access Road across Federal lands. No new access roads are planned (see Exhibit C). If any new roads were to be required, the specifications of the new roads would be as follows:

A. Width - 18 feet.

B. Maximum grade - 2%.

C. Turn-outs - none.

D. Drainage Design - The road will be crowned, ditched and water turn-outs constructed as required.

E. Culverts - None.

F. Surface Material - Native materials will be used in accordance with the standards of the BLM.

G. Gates, Cattleguards or Fence Cuts - One fence cut and a

new gate will be required to reach the well location. The fence cut and gate will be constructed as required.

H. The access road will be staked and flagged where applicable.

3. LOCATION OF EXISTING WELLS

No wells exist within a six mile radius of the well location.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. Existing Facilities

None.

B. Proposed New Facilities (See Exhibits D & D')

1. All production facilities will be located on the disturbed portion of the well pad.
2. Production facilities will require an area approximately 150' X 200'.
3. Production facilities will be accommodated on the well pad. Construction materials needed for installation of the production facilities will be obtained from a local supplier, if possible.
4. Reserve and burn pits will be fenced to protect livestock and wildlife.

C. Rehabilitation

Rehabilitation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as specified by the BLM.

5. LOCATION AND TYPE OF WATER SUPPLY

A. Location and Type of Water Supply

Primary water source will be obtained from a water reservoir, located 1 mile southeast of the location. Water will be purchased from the grazing rights lessee.

Secondary water source will be the Virgin River located 33 miles north of the drill site. Water will be purchased from the River Authority.

B. Method of Transportation

Water will be hauled in transport trucks from the water sources to the well location. Existing BLM Access roads will be used. No new access roads are planned.

C. Water Wells

No water wells exist in the area; no water strata.

B

6. SOURCE OF CONSTRUCTION MATERIALS

A. Materials

Construction materials required for the access road and well pad construction will be obtained from local suppliers, and will be in accordance with the standards of the BLM.

B. Land Ownership

The land is in the public domain, administered by the Bureau of Land Management, Arizona Strip District, 390 N. 3050 East, St. George, Utah 84770.

C. Materials Foreign to Site

If production is obtained, any construction materials needed for surfacing access road and installation of production facilities will be obtained from a local supplier, and will be in accordance with the standards of the BLM.

D. Planned Access Roads

No new access roads for construction materials will be required.

7. METHODS OF HANDLING WASTE MATERIAL DISPOSAL

A. Cuttings

Well cuttings will be deposited in the reserve pit.

B. Drilling Fluids

Drilling fluids and muds will remain in the reserve pit until dry. If methods to facilitate drying are required, the BLM will be contacted about approved methods. After drying, the pit will be backfilled. When the pit is backfilled cuttings and drilling materials will be covered with at least three feet of earth.

C. Produced Fluids

Fluids produced during the completion operation will be collected in test tanks. Any oil or noxious fluids will be removed and disposed of in accordance with NTL-2B.

D. Sewage

Chemical toilets will be provided for the on-site facilities.

E. Garbage and Other Waste Material

Garbage and waste will be stored and disposed of in a trash/burnpit. The pit will be completely enclosed with small

t

mesh wire. The pit will be buried with a minimum of three feet of earth upon completion of operations. Burnable and other solid waste will not be disposed of in the reserve pit.

F. Cleanup of Well Site

After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. All pits will be fenced during drilling and kept fenced until such time as the pits are backfilled.

8. ANCILLARY FACILITIES

None

9. WELLSITE LAYOUT

A. Drilling Facilites

Exhibit E shows the rig layout. No permanent living facilities are planned. There will be three trailers on location, one each for mudlogger, tool pusher and geologist/engineer.

B. Cross-sections of Drill Pad

Exhibit E' Cross sections have been drafted to visualize the planned cuts and fills across the wellsite. See Exhibit E for location of cross sections.

C. Production Facilities

Exhibit D & D' shows the proposed production facilities layout.

D. Lining of Pits

There is no sustained water flow in the area. The ground water table is far below any excavation. No liners are needed; however, liners may be used at the discretion of the drilling engineer.

E. Environmental Considerations

1. Topsoil on the site will be removed and stockpiled. The stockpiled soil will not be used for any purpose except the rehabilitation of the disturbed area.
2. During construction and restoration, surface use and disturbance will not extend more than 40 feet beyond the cut and fill slopes of the drill pad.
3. During drilling and production, all surface use will be confined to the drill pad and access road unless approval is secured.

4

4. For production or abandonment, final cut and fill slopes will be no steeper than 3:1, and will be left rough or serrated to prevent erosion.

10. PLANS FOR RESTORATION OF THE SURFACE

A. Site Cleanup

Backfilling, leveling and contouring will be done as soon as all pits have dried. Spoils materials will be buried immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.

B. Restoration Plans

The stockpiled soil will be spread over the area. Revegetation will be accomplished by planting mixed grasses as stipulated by the BLM. Revegetation will also be applied to the planned access road as well as the drill pad.

C. Fencing

The reserve and burn pits will be fenced during drilling operations. The fencing will be maintained until leveling and cleanup are completed.

D. Overhead Flagging

If any oil or other substances are in the pits and are not immediately removed after operations cease, the pit containing the oil or adverse substances will be flagged overhead or covered with wire mesh.

E. Timetable for Rehabilitation

The rehabilitation operations will begin after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately. Other cleanup will be done as soon as appropriate. Planting and revegetation will be done under the supervision of the BLM.

11. OTHER INFORMATION

A. Environment

Bureau of Land Management, Arizona Strip District, St. George, Utah, has determined that the drill site has no archeological, historical or cultural resources.

B. Surface Use and Ownership

The surface use is administered by the BLM.

C. Proximity of Water, Dwellings and Historical Sites.

4

1. The closest source of live water is a water reservoir, 1 mile southeast.
2. The closest dwellings are located at Wolf Hole, Arizona, NE1/4 of Section 26, T39N R12W.
3. No known archeological, historical or cultural resources will be disturbed by this drilling operation.

D. Access and Surface Damage Negotiations

Access will be over right-of-ways obtained from the BLM.

12. LESSEE'S OR OPERATOR'S REPRESENTATIVES

Jereld E. McQueen
MEDALLION OIL COMPANY
P.O. Box 1101
Houston, Texas 77251
(Office) (713) 654-0144
(Fax) (713) 654-1524
(Residence) (713) 358-2463

Donald R. McLelland
MEDALLION OIL COMPANY
P.O. Box 1101
Houston, Texas 77251
(Office) (713) 461-9934
(Fax) 654-1524
(Residence) (713) 781-2590

13. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exists; 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 OIL COMPANY and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Date: 22 MARCH, 1994


MEDALLION OIL COMPANY
Donald R. McLelland
Vice President

OPERATOR: MEDALLION OIL COMPANY
 WELL NUMBER: 1-15 FEDERAL
 LOCATION: SECTION 15, T37N, R12W, G.S.R.M.
 COUNTY: MOHAVE
 STATE: ARIZONA

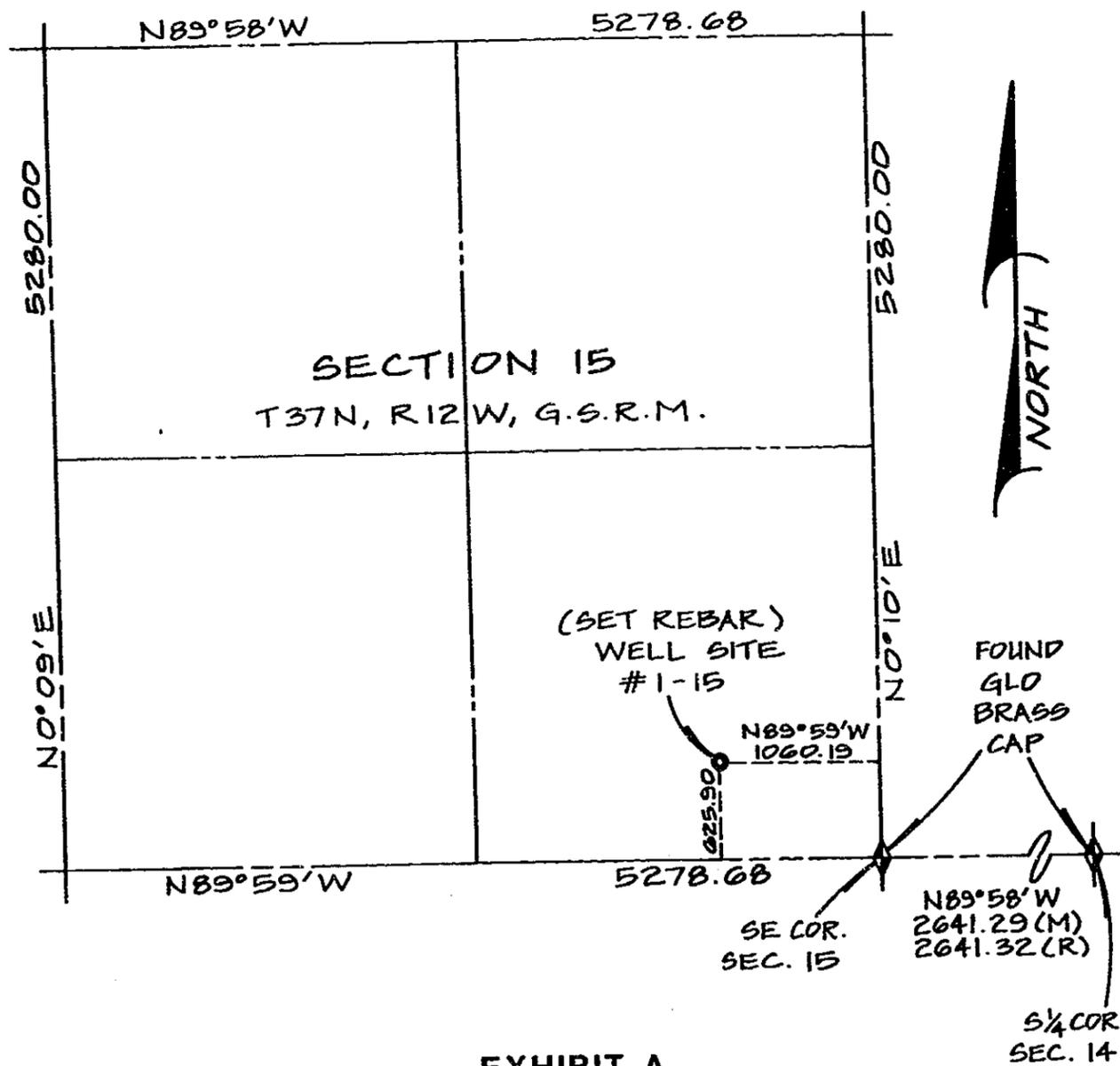


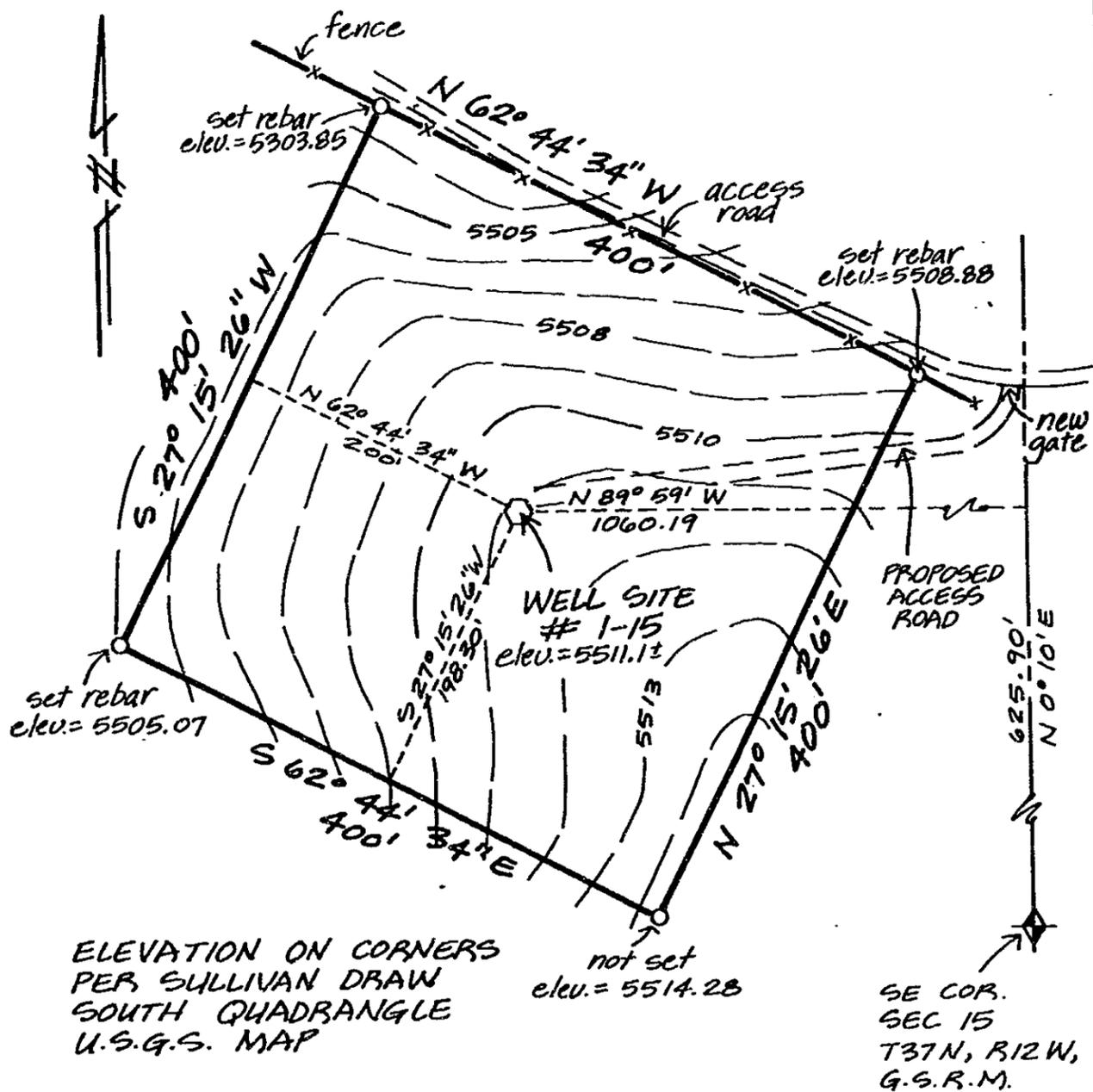
EXHIBIT A

BULLOCH BROTHERS
 ENGINEERING INC.
 2 WEST ST. GEORGE BLVD.
 ST. GEORGE, UTAH 84770

WELL LOCATION
 MAP FOR
 WELL #1-15
 MEDALLION OIL
 COMPANY

SCALE: 1" = 1000'
 DRAWN: JAS
 JOB NO.: 1957
 DATE: SEPT. 1992

EXHIBIT A'



BULLOCH BROTHERS ENGINEERING INC.
 2 WEST ST. GEORGE BLVD.
 ST. GEORGE, UTAH 84770

CONTOUR MAP FOR
 WELL # 1-15
 MEDALLION OIL COMPANY

SCALE: 1" = 100'
 DRAWN: L.M.
 JOB NO:
 DATE: SEPT. 1993

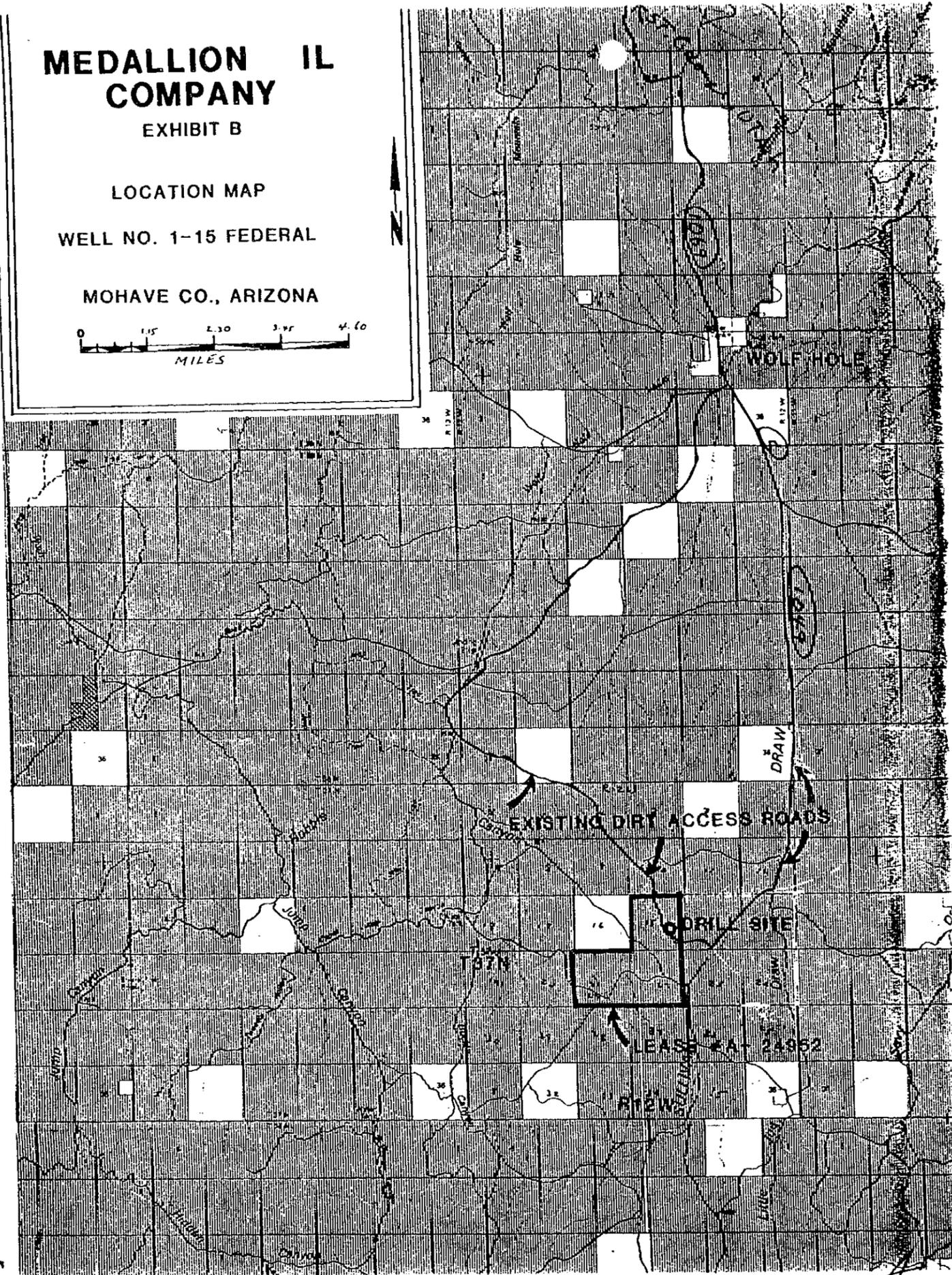
MEDALLION IL COMPANY

EXHIBIT B

LOCATION MAP

WELL NO. 1-15 FEDERAL

MOHAVE CO., ARIZONA



MEDALLION OIL COMPANY

EXHIBIT C

PLANNED ACCESS ROAD

WELL NO. 1-15 FEDERAL

15 T37N R12W

MOHAVE CO., ARIZONA



SCALE 1"=2000'

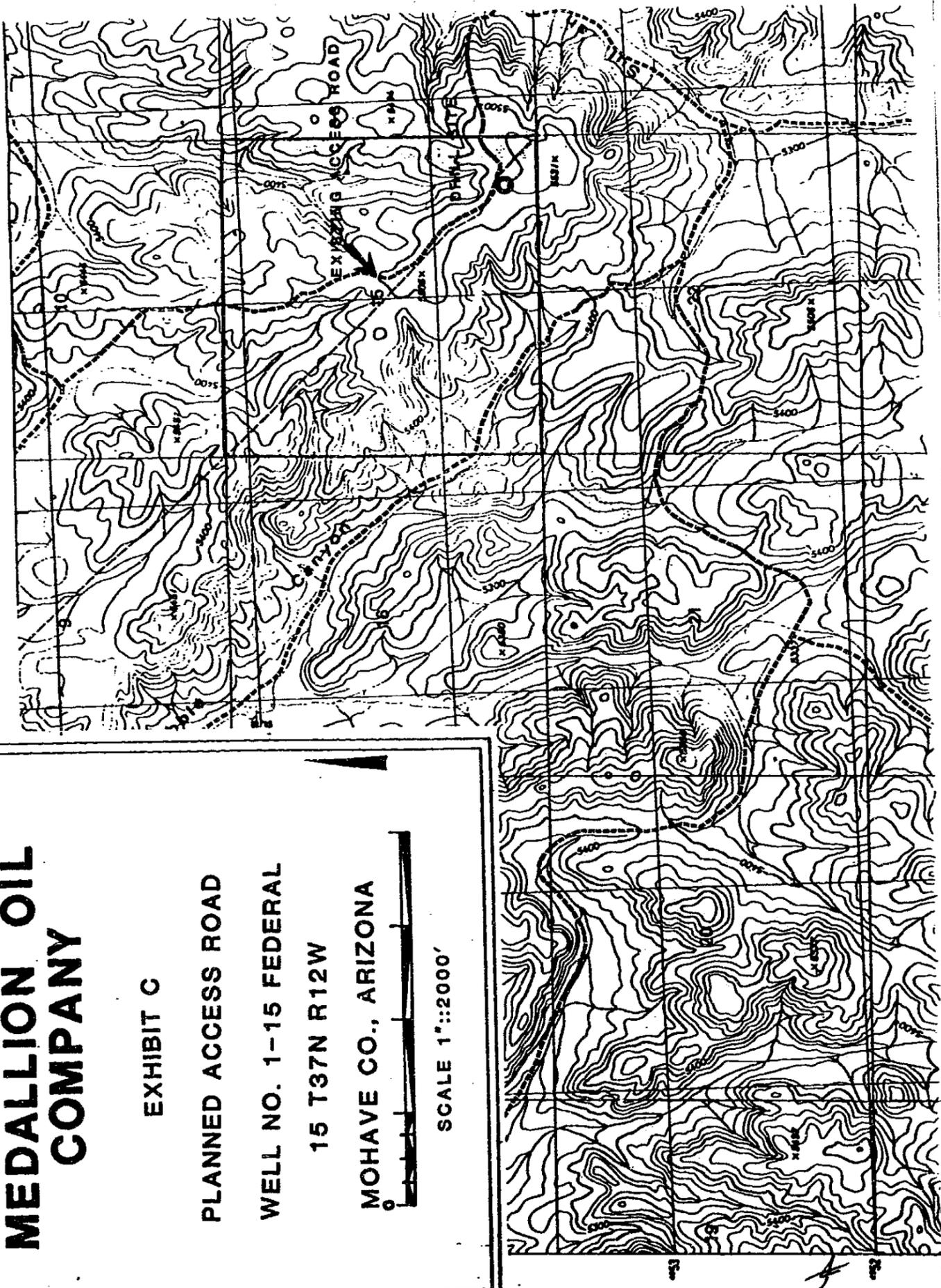
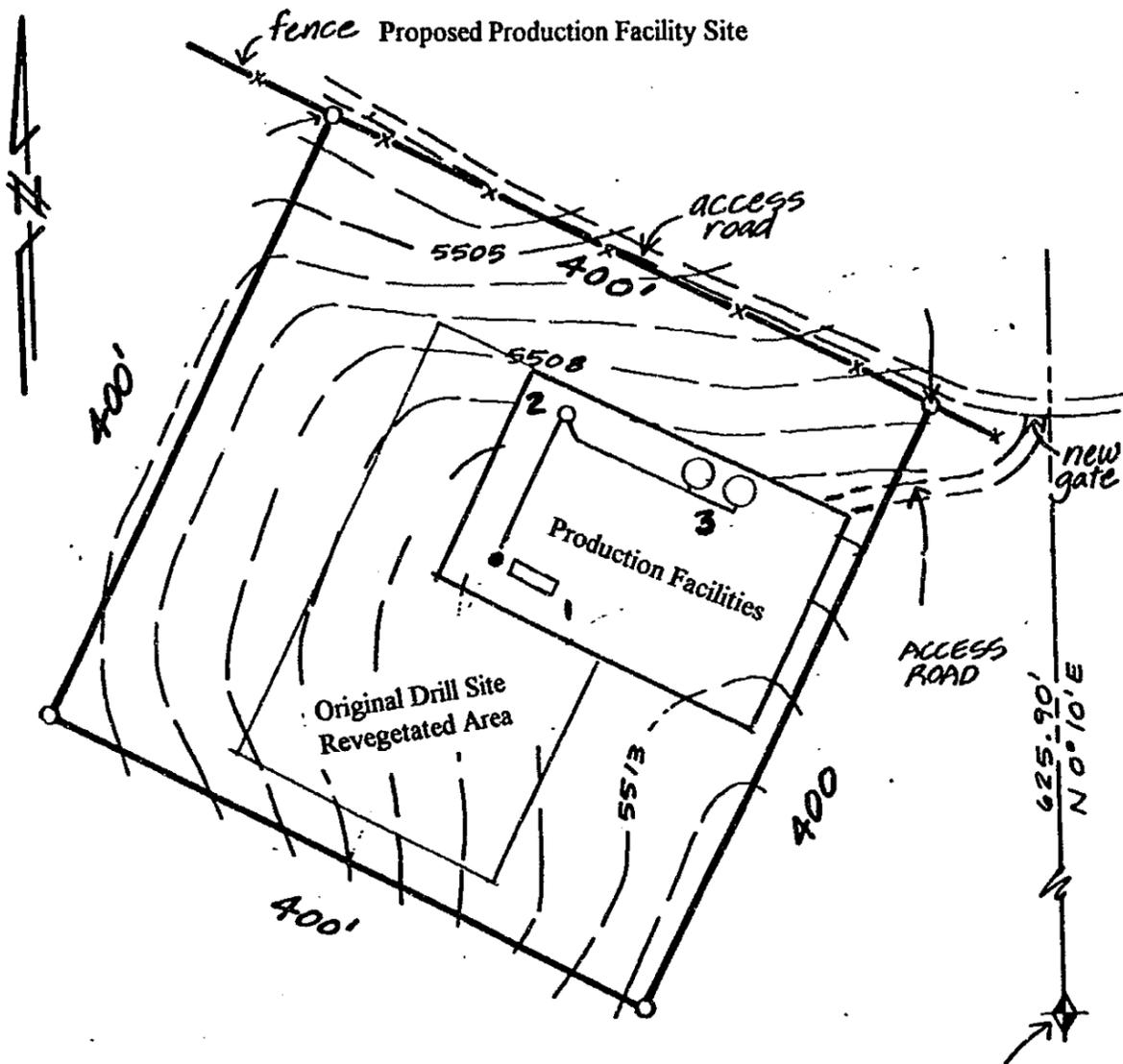


Exhibit D

Medallion Oil Company

Federal # 1-15 Well



- Legend:
- 1. Well Head & Pumping Unit
 - 2. Heater Treater
 - 3. 2-400 Bbls Storage Tanks

SE COR.
SEC 15
T37N, R12W,
G.S.R.M.

**BULLOCH BROTHERS
ENGINEERING INC.**
2 WEST ST. GEORGE BLVD.
ST. GEORGE, UTAH 84770

FOR
WELL # 1-15
MEDALLION OIL
COMPANY

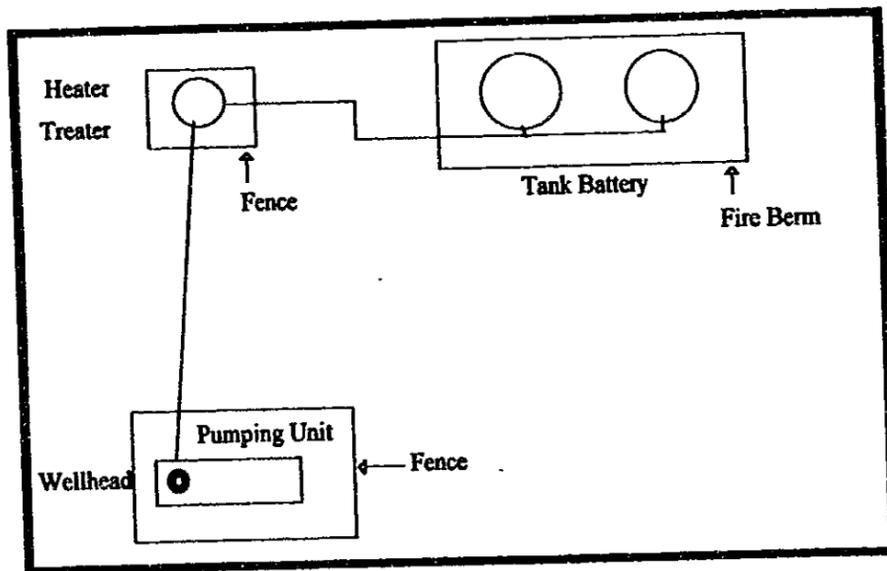
SCALE: 1" = 100'
DRAWN: L.M.
JOB NO:
DATE: SEPT. 1993

t

MEDALLION OIL COMPANY

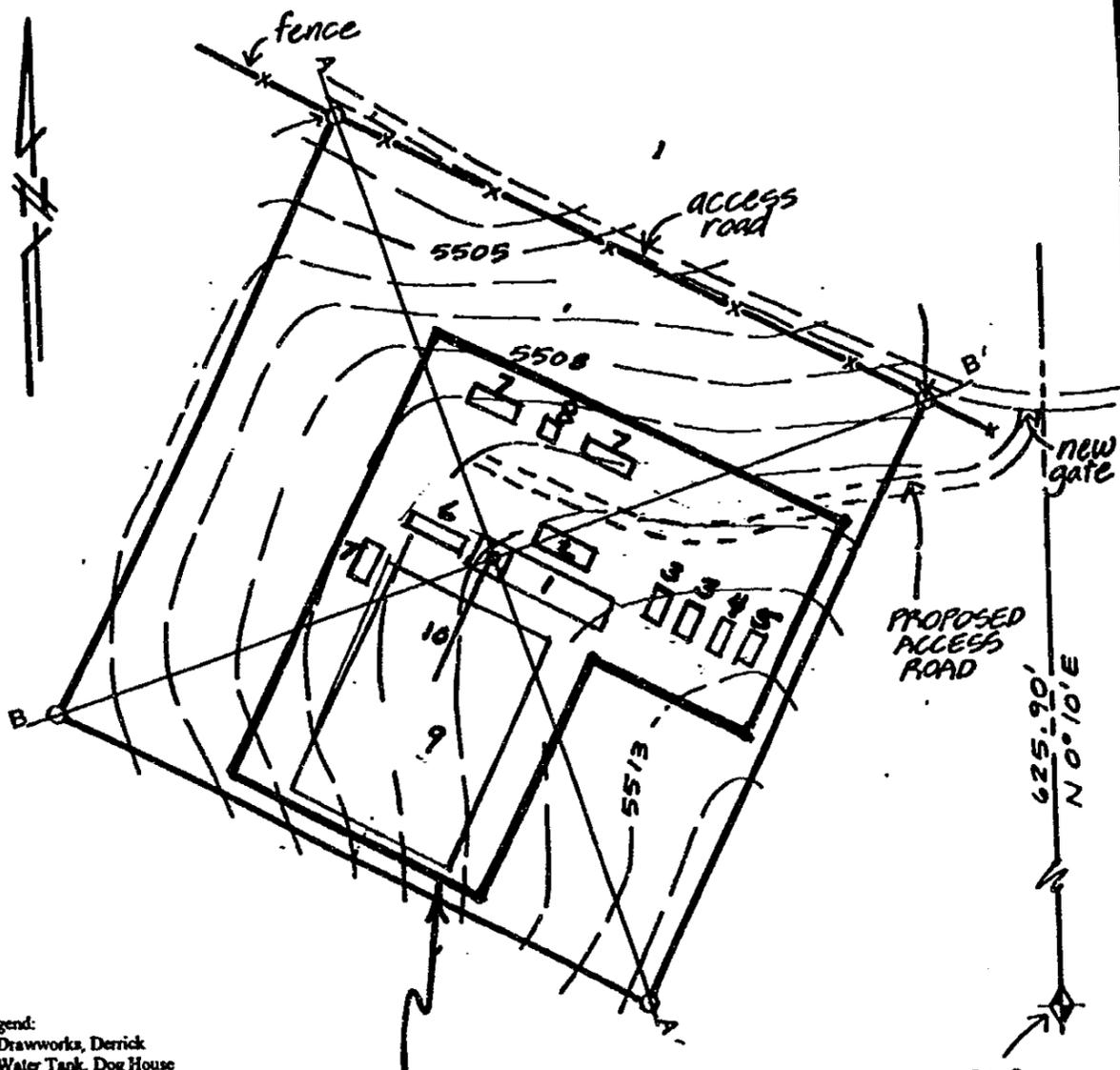
Oil Production Facility Lay-Out

Exhibit D'



A

**Exhibit E
Well Site Usage Plan**



Area of Disturbance = 1.74 Acres

SE COR.
SEC 15
T37N, R12W,
G.S.R.M.

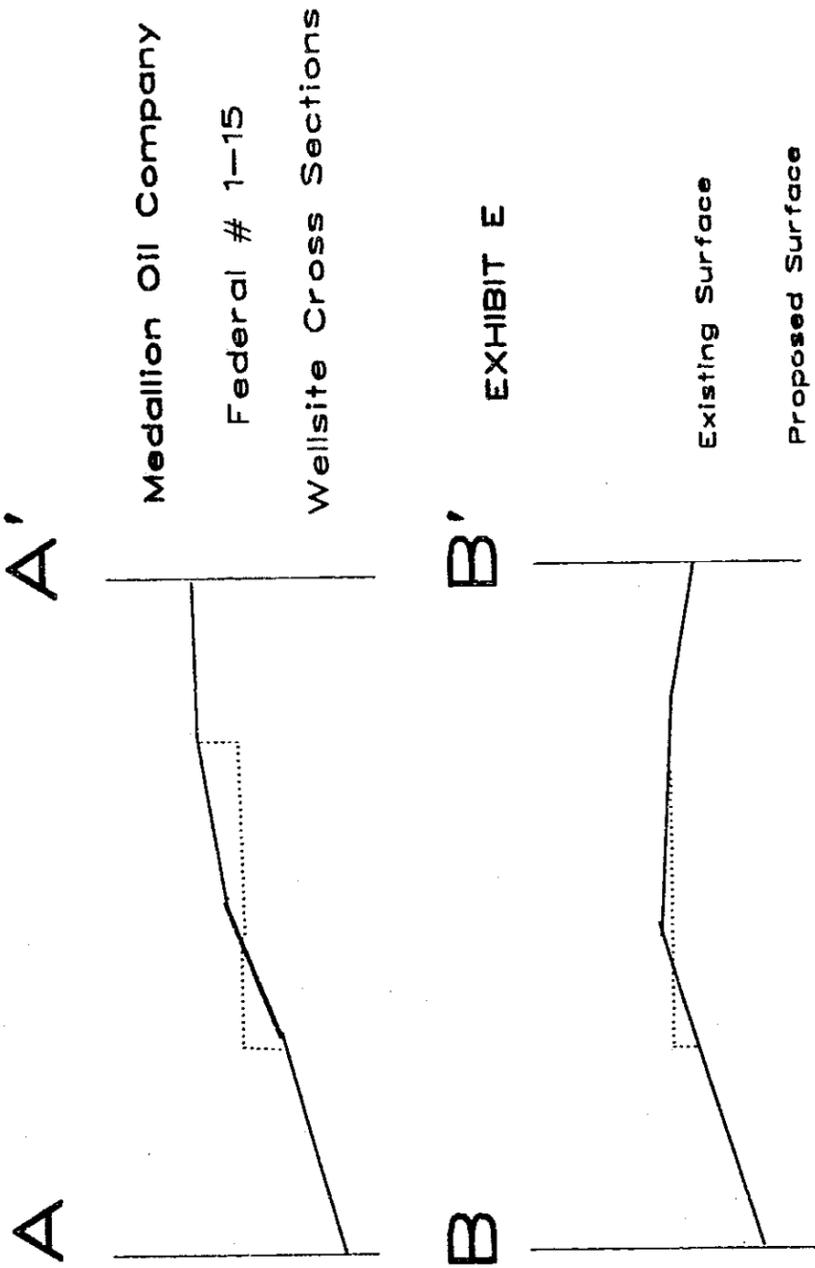
- Legend:
1. Drawworks, Derrick
 2. Water Tank, Dog House
 3. Air Compressor
 4. Generator
 5. Fuel Tank
 6. Pipe Storage
 7. Trailer
 8. Toilet
 9. Reserve Pit
 10. Boolie Line

**BULLOCH BROTHERS
ENGINEERING INC.**
2 WEST ST. GEORGE BLVD.
ST. GEORGE, UTAH 84770

WELL # 1-15
MEDALLION OIL
COMPANY

SCALE: 1" = 100'
DRAWN: L.M.
JOB NO:
DATE: SEPT. 1993

A



Horizontal Scale: 1" = 100'

Vertical Scale: 1" = 10'

EXHIBIT E'

A

RECEIPT Date March 28 1994 No. 3064
 Received From Medallion Oil Company
 Address Houston, Texas
Twenty five and no/100 Dollars \$25.00
 For Filing Fee Permit - Well # 1-15 Federal
15T37NR12W - State Permits # 879

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID		CHECK	<u>25.00</u>
BALANCE DUE		MONEY ORDER	

By Lauri Colton

8K806 Rediform

Voucher No.

MEDALLION OIL COMPANY

G.L. ACCOUNT NO.	VENDOR INVOICE NO.	DESCRIPTION	AMOUNT
	032294	FOR: FILING FEE PERMIT- WELL NO. 1-15 FEDERAL, 15T37NR12W	25.00
OWNER NO.			25.00 TOTAL



RETAIN THIS STATEMENT FOR YOUR TAX RECORD. A DUPLICATE CANNOT BE FURNISHED.

ORGANIZATION REPORT

Full Name of the Company, Organization, or Individual
Medallion Oil Company

Post Office Address (Box or Street Address)
P. O. Box 1101, Houston, Texas 77251

Plan of Organization (State whether organization is a corporation, joint stock association, firm or partnership, or individual)
Corporation

Purpose of Organization (State type of business in which engaged)
Oil and Gas Exploration

If a reorganization, give name and address of previous organization.

If a foreign corporation, give (1) State where incorporated	(2) Name and post office address of state agent	(3) Date of permit to do business in state
Texas	CT Corporation Systems 3225 N. Central Ave., Ste. 1601 Phoenix, Arizona 85012	October 7, 1985
Principal Officers or Partners (if partnership) NAME	TITLE	POST OFFICE ADDRESS
Hubert S. Finkelstein	President	P. O. Box 1101, Houston, TX 77251
Jereld E. McQueen	Vice-President	P. O. Box 1101, Houston, TX 77251
Donald R. McLelland	Vice-President	P. O. Box 1101, Houston, TX 77251

DIRECTORS NAME	POST OFFICE ADDRESS
Hubert S. Finkelstein	P. O. Box 1101, Houston, TX 77251
Philip A. Donisi	24 Greenway Plaza, Ste. 1509 Houston, Texas 77046

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the Medallion Oil Company (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

H. S. Finkelstein
 Signature Hubert S. Finkelstein, President

Date March 21, 1994

Date

<p>STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Organization Report File One Copy</p>
Form No. 1

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

Date: 1-17-02

Number of pages including cover sheet: 2

To: Dot Miller

Landman
Medallion Oil Co.

Phone:

Fax phone: 713-654-1524

CC:

From: Steve Rauzi

Arizona Geological Survey

416 W. Congress, Suite 100

Tucson, AZ 85701

Phone: (520) 770-3500

Fax phone: (520) 770-3505

REMARKS: Urgent For your review Reply ASAP Please comment

Release letter dated 3-25-98 (band# 4796800)

STATE: ARIZONA
COUNTY: MOHAVE
API: 02-015-20028
FIELD: WILDCAT
WELL CLASS: WF
MEDALLION OIL CO

15-37N-12W
SW SE SE
626 FSL 1060 FEL SEC
STATUS: D&A

P/N 879

1-15 FEDERAL

SPUD: 05/19/1994 COMP: 07/15/1994 ELEV: 5517 KB 5511 GR
TD: 5000 (06/27/1994) FMTD: CAMBRIAN DTD: 5000 BHT: 104F
CONTR: MEDALLION DRILLING (VERTICAL)
PROJ DEPTH/FM: 5000 PERMIT # 879 LEASE TYPE: FEDERAL TARGET OBJ: OIL

5000 DTD COMP: 07/15/1994 D&A; , NO DST RUN

LOCATION DATA: 36 MI S ST GEORGE, UT 56 MI S-SW VIRGIN FLD(MOENKOPI); ;
CASING: 10 3/4 IN @ 445 W/110 SACK, 7 IN @ 2735 W/150 SACK;
LOG TYPES: DI 0-3361, SPCT 0-3361, DENL 0-3361, DSN 0-3361;
LOG TOPS: MISSISSIPPIAN 3368, DEVONIAN 4116, CAMBRIAN 4305;
OPER ADD: PO BOX 1101, HOUSTON, TX 77251, (713)854-0144;

P/DWIGHTS PLUS DRILLING WIRE™
ROCKY MOUNTAIN REGION
Section II - 03/03/2000

PAGE 5

COMPLETIONS

ARIZONA / NEVADA-COCHISE COUNTY CONTINUED

CONTR: NORTON DRILLING COMPANY, RIG # 16; SPUD:07/15/1995 CSG: 9 5/8 IN @ 546 W/500 SACK, 4 1/2 IN @ 4064 W/570 SACK; DRLG COMMENTS: DRLG PROBLEMS: LOST 4 1/2" DRILLPIPE AND COLLARS, TOP OF FISH @ 4213; LOG TYPES: DI 900-3080, SONL 1500-3080, GG 2734-3996, CCL 2734-3996, CBND 2734-3996, DSN 2815-4000; 8974 TD, (PENNSYLVANIAN) (TD REACHED:08/15/1995) BHT: 117F PROD TEST(S): # 001 PERF (PENNSYLVANIAN) 3030-3040 3170-3180 3648-3658 3824-3824 3876-3886 3922-3932 3956-3966; WTR: 130 BBL 8974 DTD COMP:09/30/1995 J&A; , NO DST RUN

2 IN 879

MOHAVE COUNTY

MEDALLION OIL COMPANY
1-15 FEDERAL
API 02-015-20028

15-37N-12W
SW SE SE
626 FSL 1060 FEL SEC

WILDCAT; 5000 PERMIT:879 (FR:03/31/1994 FM KMS) LEASE
TYPE:FEDERAL TARGET OIL; OPER ADD: PO BOX 1101, HOUSTON,
TX 77251. (713)654-0144 EL: 5517 KB 5511 GR LOCATION DATA: 36 MI S
ST GEORGE, UT 56 MI S-SW VIRGIN FLD(MOENKOP); VERTICAL;

WF
D&A

CONTR: MEDALLION DRILLING, SPUD:05/19/1994 CSG: 10 3/4 IN @ 445 W/110 SACK, 7 IN @ 2735 W/150 SACK; LOG TYPES: DI 0-3361, SPCT 0-3361, DENL 0-3361, DSN 0-3361; LOG TOPS: MISSISSIPPIAN 3368, DEVONIAN 4116, CAMBRIAN 4305; 5000 TD, (CAMBRIAN) (TD REACHED:06/27/1994) BHT: 104F 5000 DTD COMP:07/15/1994 D&A; , NO DST RUN

PREMCO WESTERN
1-10 MOHAVE COUNTY
API 02-015-20029

10-41N-11W
NE SE
2353 FSL 510 FEL SEC
IC 020157000195

WILDCAT; 8500 CAMBRIAN (FR:09/11/1995 FM KMS) LEASE
TYPE:FEDERAL; OPER ADD: BOX 496568, GARLAND, TX 75049-6568, EL:
3090 GR LOCATION DATA: 24 MI S-SW VIRGIN FLD(UTAH/NACHOE) 9 MI
SE ST GEORGE, UT; PLAN SPUD NOV-1-1995.; VERTICAL;

WF
J&A

CONTR: LAYNE-WESTERN, SPUD:11/30/1995 CSG: 18 IN @ 80, 10 3/4 IN @ 240 W/5 SACK; DRLG COMMENTS: ORIGINALLY DRILLED TO 1075 FT AND SHUT-IN 1995-1996, HOLE CAVED-IN, DRLG RESUMED FROM 80 FT TO 380 FT IN, SEPT 1997; DLR TOPS: MOENKOPI 0, KAIBAB /LM/ 105, TOROWEAP 600; 1075 TD, (TOROWEAP) (TD REACHED:10/08/1997) 1075 DTD COMP:12/25/1997 J&A; , NO DST RUN

YUMA COUNTY

CONTENDER OIL
1 AMAN
API 02-027-20038

5-10S-23W
NE SE NW
1897 FNL 2097 FWL SEC
IC 020277000184

WILDCAT; 2850 (FR:03/21/1984 FM KMS) ; EL: 205 KB 188 GR LOCATION
DATA: 7 MI S YUMA, AZ APPROX 200 MI SE NEAREST ESTABLISHED
PRODUCTION IN: ORANGE COUNTY, CA; ARIZONA DRY HOLE; VERTICAL;
WELL ID CHANGES: OPR CHGD FROM CENTRAL OIL CO PREV OPER:
CENTRAL OIL CO PREV WELL NO: 1 PREV LEASE: AMAN

WF
D&A-G

CONTR: H & W DRILLING INCORPORATED, RIG # 3; SPUD:03/30/1984 CSG: 9 5/8 IN @ 40 W/20 SACK, 7 IN @ 393 W/100 SACK; LNR: 4 1/2 IN @ 2840 W/337 SACK; DRLG COMMENTS: LOCAL CALLS: TRANSITION 1450, BC SAND 1726, COCO SD 2386, OPR EVALUATING SEISMIC/GEOLOGIC DATA, LOG TOPS NOT RPTD.; LOG TYPES: IL 390-2866, GR 390-2866, DN 390-2512, NE 390-2512; LOG TOPS: ALLUVIUM 0, TRANSITION ZONE 1450; SDWL # 001 1321-2848 * 1321.0FSD,LT BRN, FG-MG, NS * 1350.0FSD,LT BRN, VFG-MG, SLI SILTY, PEB, SLI CALC * 1410.0FSD,LT BRN, VFG-MG, SLI CALC * 1504.0FSD,LT GRY-BRN, VFG-CJAG, SLTY, PEB, SLI CALC * 1729.0FSD,BRN, FG-MG, SLI LAM, NS * 1738.0FSD,GRY, FG, CALC * 1746.0FCS,GRY, SLTY, SLI CALC * 2390.0FCS,GRY, SLTY, FRAC, NS * 2392.0FSD,LT TN, VFG-FG, LAM, CALC * 2398.0FSD,LT GRY, VFG-FG, SLTY, LAM, CALC, NS * 2604.0FSD,LT GRY, VFG, SLI SLTY, CALC * 2641.0FCS,RED-BRN, SLI SLTY, CALC * 2680.0FSD,LT TN, VFG-FG, SLI SLTY, LAM, SLI CALC * 2820.0FSD,LT GRY, VFG-FG, V SLTY, CLYSTN, LAM * 2848.0FCS,RED-BRN, SLI SLTY, SNDY, FG, LAM, SLI CALC NS; 2866 TD, (TRANSITION ZONE) (TD REACHED:06/08/1984) BHT: 126F PROD TEST(S): # 001 PERF (TRANSITION ZONE) 2390-2410 2432-2438 2446-2452 2508-2518 2572-2582; WTR: UW AMT NOT RPTD W/ SLI GAS SHOW (4000 PPM SALT) 2866 DTD COMP:07/29/1994 D&A-G; , NO DST RUN



Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

March 25, 1998

Ms. Rose Surman
Medallion Oil Company
1407 Fannin Street / Clay Ave.
P.O. Box 1101
Houston, Texas 77251

579

Re: Medallion Oil Company
\$25,000 Oil Drilling Blanket Bond #479G8000
The Travelers Indemnity Company

Dear Ms. Surman:

Records of the Arizona Oil and Gas Conservation Commission (AOGCC) show that Medallion Oil Company has no outstanding drilling or plugging obligations in Arizona. As a result, this letter serves as written permission of the AOGCC to cancel the referenced bond posted with the State of Arizona.

Any request for release of Statewide Oil & Gas Bond #480G2748 posted with the U.S. Bureau of Land Management (BLM) should be directed to Mr. Paul Buff, State Office BLM, 222 N. Central, Phoenix AZ 85004-2203, phone # 602-417-9225.

Please advise if we may be of further service.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Date: 3-25-98
Number of pages including cover sheet: 5

To: Paul Buff

Phone:

Fax phone: 417-9452

CC:

From: Steve Rauzi

Phone: (520) 770-3500

Fax phone: (520) 770-3505

REMARKS: Urgent For your review Reply ASAP Please comment

Medallion Oil letter of March 23, 1998
My letter of March 25, 1998
Mezes' approval of bond 48062748 filed w/ BLM
Completion rpt for well 1-15 Federal.

The Masonic Temple Building
1407 Fannin Street at Clay Avenue
Post Office Box 1101 • Houston, Texas 77251
Area Code 713 • 654-0144
FAX: 713 • 654-1524



MEDALLION OIL COMPANY

March 23, 1998

State of Arizona Oil & Gas Conservation Commission
416 W. Congress, Suite 100
Tucson, AZ 85701

Re: Assured Number 00-968782-000

To Whom it may concern:

We would like Bond#480G2748-\$25,000 Statewide Oil & Gas Bond and Bond #479G8000-\$25,000 Blanket Bond, Arizona released. We are no longer doing business in Arizona. We had one well in Northern Arizona, it was a dry hole and we dropped the leases on December 31, 1994.

If you should have any questions, please contact Rose Surman, at 713-654-0144.

Thank you,

Don McClelland



AON Aon Risk Services
 Aon Risk Services, Inc. of Colorado
 4100 East Mississippi Avenue - Suite 1500
 Denver, Colorado 80222

INVOICE

REMIT PAYMENT TO:
 Aon Risk Services, Inc. of Colorado
 P.O. Box 75034
 Chicago, IL 60675-5034

Medallion Oil Company
 P.O. Box 1101
 Houston, TX 77001

INVOICE DATE	INVOICE NUMBER
3/19/98	359588
ASSURED NUMBER	AGENCY CONTACT
00-968782-000	8888-0024
AMOUNT ENCLOSED	

PREMIUM IS DUE ON RECEIPT OF INVOICE.

TRANSACTION EFFECTIVE DATE	POLICY NUMBER	INSURANCE COMPANY	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE
4/23/98	48082748	The Travelers Insurance Co. b	4/23/98	4/23/99

DESCRIPTION (REFER TO POLICY/BINDER FOR DETAILS)	AMOUNT
RENEWAL Oil & Gas Bond PREMIUM	250.00

Annual Renewal Premium for \$25,000
 Statewide Oil & Gas Bond to the State
 of Arizona - Bureau of Land Management

Inv #359588

RETURN WITH REMITTANCE

AMOUNT DUE \$250.00
 PAY PROMPTLY TO PREVENT CANCELLATION

REMITTANCE COPY

AON Aon Risk Services
 Aon Risk Services, Inc. of Colorado
 4100 East Mississippi Avenue - Suite 1500
 Denver, Colorado 80222

INVOICE

REMIT PAYMENT TO:
 Aon Risk Services, Inc. of Colorado
 P.O. Box 75034
 Chicago, IL 60675-5034

Medallion Oil Company
 P.O. Box 1101
 Houston, TX 77001

INVOICE DATE	INVOICE NUMBER
3/19/98	359588
ASSURED NUMBER	AGENCY CONTACT
00-968782-000	8888-0024
AMOUNT ENCLOSED	

PREMIUM IS DUE ON RECEIPT OF INVOICE.

TRANSACTION EFFECTIVE DATE	POLICY NUMBER	INSURANCE COMPANY	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE
4/23/98	48082748	The Travelers Insurance Co. b	4/23/98	4/23/99
DESCRIPTION (REFER TO POLICY/BINDER FOR DETAILS)				AMOUNT
RENEWAL Oil & Gas Bond PREMIUM				250.00
Annual Renewal Premium for \$25,000 Statewide Oil & Gas Bond to the State of Arizona - Bureau of Land Management				
Inv #359588				AMOUNT DUE \$250.00
RETURN WITH REMITTANCE				PAY PROMPTLY TO PREVENT CANCELLATION

REMITTANCE COPY

AON Aon Risk Services
 Aon Risk Services, Inc. of Colorado
 4100 East Mississippi Avenue - Suite 1500
 Denver, Colorado 80246

INVOICE

REMIT PAYMENT TO:
 Aon Risk Services, Inc. of Colorado
 P.O. Box 75034
 Chicago, IL 60675-5034

Medallion Oil Company
 P.O. Box 1101
 Houston, TX 77001

INVOICE DATE	INVOICE NUMBER
2/25/98	358864
ASSURED NUMBER	AGENCY CONTACT
00-968782-000	8888-0024
AMOUNT ENCLOSED	

CANCELLED
 3-25-98

PREMIUM IS DUE ON RECEIPT OF INVOICE.

TRANSACTION EFFECTIVE DATE	POLICY NUMBER	INSURANCE COMPANY	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE
3/03/98	479G8000	The Travelers Insurance co. b	3/03/98	3/03/0

DESCRIPTION (REFER TO POLICY/BINDER FOR DETAILS)	AMOUNT
RENEWAL Oil & Gas Bond PREMIUM	625.00

Three year prepaid Premium for \$25,000
 Oil & Gas Blanket Performance Bond for
 the State of Arizona

REMITTANCE COPY

Inv #358864

RETURN WITH REMITTANCE

AMOUNT DUE \$625.00
 PAY PROMPTLY TO PREVENT CANCELLATION



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

August 29, 1997

Mr. Jereld E. McQueen
Medallion Oil Company
P.O. Box 1101
Houston, TX 77251

Re: Medallion Oil Company
\$25,000 Oil Drilling Blanket Bond #479G8000
The Travelers Indemnity Company

Dear Mr. McQueen:

In accordance with Arizona statutes, the Arizona Geological Survey now provides administrative and staff support to the Arizona Oil and Gas Conservation Commission.

The Commission's records show that Medallion Oil Company maintains the referenced bond and yet has no outstanding drilling or plugging obligations in Arizona. A copy of the referenced bond is enclosed.

We have no record of written permission by the Arizona Oil and Gas Conservation Commission to terminate liability under the bond.

Please advise me in writing of your desire to be released from liability under the bond.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

enclosure

The Masonic Temple Building
1407 Fannin Street at Clay Avenue
Post Office Box 1101 • Houston, Texas 77251
Area Code 713 • 654-0144
FAX: 713 • 654-1524



MEDALLION OIL COMPANY

August 9, 1994

Mr. Steven L. Rauzi
Oil and Gas Program Administrator
Arizona Geological Survey
STATE OF ARIZONA
845 North Park Avenue, Suite 100
Tucson, Arizona 85719

AZ OIL & GAS
CONSERVATION COMMISSION

AUG 11 1994

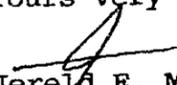
RE: Form No. 4
Permit 00879
Well No. 1-15 Federal
Section 15, T37N R12W
Mohave County, Arizona

Dear Mr. Rauzi:

Please find enclosed State of Arizona, Oil & Gas conservation Commission, Form No. 4 for the above captioned well.

Thank you in advance for the information that you are sending to me. We are interested in drilling additional wells in Arizona, if the appropriate prospect can be found.

Yours Very Truly,


Jerold E. McQueen
Vice President

Encl.



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

August 9, 1994



Larry D. Fellows
Director and State Geologist

Mr. Jereld E. McQueen, Vice-President
Medallion Oil Company
P. O. Box 1101
Houston, Texas 77251

Dear Mr. Jereld:

The *Arizona Well Information* book we talked about this morning is enclosed. As I noted, about 119 wells have been drilled in Arizona since this book was printed.

A composite map showing Pennsylvanian and Mississippian thickness contours in east-central Arizona is also enclosed. It's taken from Peirce, USGS Professional Paper 1110-Z, figures 2 and 3, and is overlain on the base map for my recent report on the implications of bleeding oil shows in Permian carbonate rocks in the 1 Alpine-Federal hole. These prospective edgline areas have hardly been tested by the drill.

Finally, I have enclosed a copy of a geologic map of southeastern Arizona showing the sparsity of drill holes in that region. Note the Allen #1 Davis hole (re-entered by Moncrief) in the Sulphur Springs valley (arrow) TD'd in andesite at about 5400 feet. The mountains on either side are thick lower Cretaceous and Paleozoic strata. In the Pedregosa Mountains to the east, the lower Cretaceous strata are overlain by andesite (same?). Thus, this well did not even come close to testing the sedimentary deposits of southeastern Arizona, most all of which thicken in this part of Cochise County. In addition, Wardlaw and Harris (AAPG Bulletin, September 1984), in their study of conodont-based thermal maturation in Arizona, noted CAI below 3 and 2 in much of this area and acknowledged a few potential source beds in Devonian, Upper Mississippian, and Pennsylvanian. It seems possible, therefore, that a rank wildcat drilled in the San Bernardino (through surface volcanics) or Sulphur Springs Valleys may hold potential.

Sincerely,

Steven L. Rauzi
Oil and Gas Program Administrator

Enclosures



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

FAX TRANSMITTAL COVER SHEET

DATE: 8-8-94

1 PAGES
(including cover sheet)

TO:

NAME: Mr. Jereld E. McQueen

COMPANY: Medallion Oil Company

FAX NO: 713-654-1524 CITY: Houston

FROM: Steven L. Rauzi, O&G Prog. Admt.

OUR FAX NO: (602) 628-5106

IF THERE ARE ANY QUESTIONS, RESPONSES, OR PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL THE SENDER AT (602) 882-4795. THANK YOU.

Re: Medallion 1-15 Federal, Sec. 15. T. 37N., R. 12W., AZ

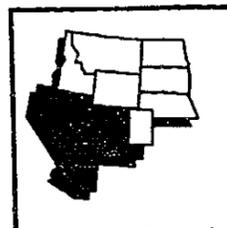
MESSAGE: Jereld- I'm sending this note as a reminder that the completion report, copies of any logs run, and and tests on the 1-15 Federal are due in this office 30 days after completing the hole. The last I heard from you was on June 27th when you advised logs were being run & that you expected to P+A that night or the next day. I look forward to hearing from you.

P.S. The samples have arrived in this office - also, all information is confidential for six months.
3-8-94 @ 1:45 P - OK



ROCKY MOUNTAIN

REGION REPORT



FOUR CORNERS EDITION

Vol. 67, No. 101
5-25-94

Burnett Plugs Remote Southwestern Utah Wildcat

Drilling Under Way at Mohave County Arizona Probe

FORT WORTH-BASED Burnett Oil Co has plugged and abandoned a remote wildcat on the Kaibab Uplift 25 miles east of Kanab in the southern part of non-producing Kane County, Utah.

The 1-36 Kaibab, sw ne 36-43s-3w, was projected to 5362 ft, or approximately 250 ft into the Precambrian Chuar group. Objectives were the Permian Kaibab limestone, Mississippian Redwall (Leadville) limestone, Devonian Elbert and the Cambrian Muav limestone and Tapeats sandstone (PI 8-2-93). It was drilled by Four Corners Drilling's Rig #6 about two miles north of the Arizona border and some 43 miles south-southwest of Upper Valley field, a Kaibab oil pool on the northern end of the Kaiparowits Basin in Garfield County. No details are immediately available.

In other remote regional exploration activity, Medallion Oil Co on May 19 spudded a 5000-ft wildcat in non-producing Mohave County, Arizona, about 80 miles southwest of the Burnett venture.

Medallion's 1-15 Federal, se se 15-37n-12w, is being drilled by a

company-owned rig on the western end of the Colorado Plateau about 10 miles south of the town of Wolf Hole. The drillsite is approximately 55 miles south-southwest of the closest previous oil production, in Washington County, Utah's Virgin field, an inactive Moenkopi pool (PI 4-4-94).

JN Schedules Offsets to Northeastern Montana Discovery

BILLINGS-BASED JN Exploration & Production L.P. will evaluate Nisku at a pair of exploratory tests staked in the northeastern Montana portion of the Williston Basin about three miles southwest of Bainville.

The southeastern Roosevelt County ventures are the 34-7 JN-

Harmon in sw se 7-27n-58e, set up as a 10,535-ft Nisku test, and the 11-17 JN-Browning in nw nw 17-27n-58e, a proposed 10,470-ft probe. The locations offset to the northwest and east, respectively, an undesignated Nisku discovery completed by the

(Please see JN, Page 2)

NEWSLETTER
DAILY ACTIVITY REPORT
WESTERN COLORADO
UTAH
NEW MEXICO
ARIZONA & NEVADA

SECTION I
SECTION II
SECTION III
SECTION IV
SECTION V
SECTION VI



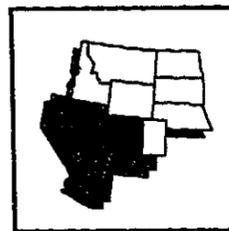
Petroleum Information®
Corporation

P.O. Box 8812, Denver, CO 80281-8812, 303/740-7100
Copyright 1994 Petroleum Information Corporation



ROCKY MOUNTAIN

REGION REPORT



FOUR CORNERS EDITION

Vol. 67, No. 96
5-18-94

Horizontal Redrill Planned for Big Horn Basin Field

DENVER-BASED MW Petroleum Corp is planning to reenter an inactive producer in Little Buffalo Basin field approximately eight miles southeast of Meeteetse on the southwestern flank of Wyoming's Big Horn Basin and drill a lateral leg in Embar (Phosphoria).

The northern Hot Springs County venture, the 375H Little Buffalo Basin in nw nw 18-47n-99w, originally was completed in 1985 by Amoco Production Co as the 375 LBB. It produced about 22,000 bbls of oil and 211,000 bbls of water from Embar at 4850-92 ft before being shut in. Log tops include Frontier at 1415 ft, Muddy 2575, Dakota 2778, Dinwoody 4770 and Embar at 4842 ft, measured from a 5848-ft kelly bushing elevation.

Work Under Way at Remote Northwestern Arizona Wildcat

MEDALLION OIL Co, Houston, has moved in a company-owned rig to drill a remote wildcat in a non-producing area of the western Colorado Plateau about 10 miles south of Wolf Hole, northwestern Arizona.

The 1-15 Federal, sec 15-37n-12w, northern Mohave County, is projected to 5000 ft and is located approximately 55 miles south-south-

west of the closest previous oil production, in Washington County, Utah's Virgin field, an inactive Moenkopi pool (PI 4-4-93). The nearest current production is about 130 miles to the northeast, in Upper Valley field, a Permian Kaibab oil pool on the northern end of the Kaiparowits Basin in Garfield County, Utah. Medallion has not released the wildcat's objective(s).

MW intends to kick off at 4500 ft, build a medium-radius curved section of hole and drill an approximate 1600-ft horizontal section to a bottom-hole location in sw nw 18-47n-99w. True vertical depth is projected at 4830 ft in Embar.

The redrill is on the southeastern flank of Little Buffalo Basin field, a multiple-pay pool discovered in 1914

by Ohio Oil Co (Marathon). Cumulative production is approximately 128 million bbls of oil, 124 billion cu ft of gas and 1.1 billion bbls of water. In February, the field produced an average of 2,400 bbls of oil, 10.7 million cu ft of gas and about 82,500 bbls of water daily from 122 active wells.

(Please see MW, Page 6)

NEWSLETTER
DAILY ACTIVITY REPORT
WESTERN COLORADO
UTAH
NEW MEXICO
ARIZONA & NEVADA

SECTION I
SECTION II
SECTION III
SECTION IV
SECTION V
SECTION VI



**Petroleum Information
Corporation**

P.O. Box 9612, Denver, CO 80291-9612, 303/740-7100
Copyright 1994 Petroleum Information Corporation



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

May 2, 1994

Mr. Jereld E. McQueen
Vice President
Medallion Oil Company
P. O. Box 1101
Houston, Texas 77251

Re: Request to amend Surface Casing Program
Medallion Oil Company 1-15 Federal, State Permit 879

Dear Mr. McQueen:

I acknowledge receipt of your letter of April 27, 1994, proposing to amend the surface casing program for the referenced well from 9 5/8" (36#/ft) casing set at 300' and cemented back to the surface to 10 3/4" (40.5#/ft) casing set to 400' and cemented back to the surface.

This change in the surface casing program is approved.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

The Masonic Temple Building
1407 Fannin Street at Clay Avenue
Post Office Box 1101 • Houston, Texas 77251
Area Code 713 • 654-0144
FAX: 713 • 654-1524



MEDALLION OIL COMPANY

April 27, 1994

Mr. Steven L. Rauzi
Oil and Gas Program Administrator
Arizona Geological Survey
STATE OF ARIZONA
845 North Park Avenue, Suite 100
Tucson, Arizona 85719



RE: Request for Amendment of Permit to Drill
Permit 00879
Well No. 1-15 Federal
Section 15, T37N R12W
Mohave County, Arizona

Dear Mr. Rauzi:

Medallion Oil Company requests to amend the surface casing program for the captioned well. The new surface casing program will be as follows:

1. Drill 13 1/2" hole to 400'.
2. Set 400' of 10 3/4" casing (K-55, 40.5#/ft).
3. Cement casing with 110 sacks of cement, 1.38 yield or 152 cubic feet which will bring cement to the surface.

Thank you for considering this request.

Yours Very Truly,


Jereld E. McQueen
Vice President

EXPLORATION

THE AUTHOR

Prof. Eugene M. Khartukov is director of the international petroleum program at the International Business School in Moscow. He is presently serving as a senior fellow in the Program on Resources: Energy & Minerals, East-West Center, Honolulu. He is author of more than 140 articles, brochures, and books on oil and gas and energy economics and politics, mainly in Russian.

Since 1985 he has been an energy and economic advisor to Russian government committees and ministries. OPEC, World Bank, and many major oil companies. He has degrees in international and energy economics from Moscow State Institute for International Relations.

with its own supplies and to curtail oil deliveries from West Siberia (from 8.2 million tons in 1992 to 4.5 million tons in 2005).

Since large oil processing facilities will unlikely be built in Sakhalin before 2005, virtually all the remaining oil output of 2 million tons will be available for export to outside the RFE. As regards Yakutia, all the projected production of liquid hydrocarbons will be used for local needs.

Natural gas production in the RFE will also come mostly from the Sakhalin region, where it will grow from 1.7 bcm in 1992 to 16 bcm in 2005. The bulk of it, 13.5 bcm, will be transported to Khabarovsk, including 10 bcm in transit for export. Gas production in Yakutia in 1992-2005 will increase from 1.54 bcm/year to 4.0 bcm/year. All the gas produced will be consumed internally.

Under the optimistic scenario, the RFE indigenous production of liquid hydrocarbons would enable the region to reduce its oil dependence from West Siberia and to increase its export potential. Besides, incremental production of liquid hydrocarbons could be processed at module plants in Sakhalin and Yakutia and at upgraded refineries in Khabarovsk

and Komsomolsk-on-Amur.

Natural gas production will reach 37 bcm in 2005 and will be shared more evenly between Yakutia and Sakhalin: 20 bcm and 17 bcm, respectively. Such substantial gas production growth is possible in case of successful realization of the earmarked export-oriented projects of developing gas resources of both Yakutia and Sakhalin.

Under the pessimistic scenario, liquid hydrocarbons production in the RFE will rise by 2005 to 6 million tons/year, including 5 million tons in Sakhalin and 1 million tons in Yakutia. Gas production will increase to 14 bcm in Sakhalin and 3 bcm in Yakutia. This will palpably limit the exportable surplus of both crude oil and natural gas and will restrict the RFE consumption of both liquid and gaseous fuels.

It is noteworthy that in 1991 a concept of a large-scale, export-oriented development of Yakutian and Sakhalin gas was worked out in the then-U.S.S.R. (the Vostok project). This scheme envisaged construction of a pipeline system that would pass through the western and central Yakutia, the Sakhalin, and the Amur regions, the Khabarovsk and the Maritime Territories, North and South Korea, and reach Japan.

The projected gas system was to be 6,735 km long with pipe diameter of 1,420-1,020 mm and throughput of separate sections varying from 23-16 bcm/year. The gas pipeline was anticipated to satisfy RFE requirements in gas and to facilitate annual export of up to 20 bcm of gas by 2005.

At present a feasibility study is being conducted on a similar gas export scheme. Like the Vostok project, it envisages exports of up to 20 bcm of Yakutian and Sakhalin gas a year to North and South Korea and Japan. China may possibly be included in the importers' list. However, a possibility is considered of supplying Japan

with liquefied natural gas instead of using a subsea pipeline. This would require construction of a large gas liquefaction plant with capacity of around 6 million tons/year of LNG and an appropriate export terminal.

In our opinion, such a project is difficult to get off the ground due to a number of problems such as political and economic instability in Russia, a need of large front-end investments, divergence in interests of possible partners, etc. Therefore, the probability of its implementation is quite low and it is considered only within our optimistic scenario of the region's oil and gas developments.

A more plausible case of securing gas export from the RFE is the projected construction by 2000 of an export pipeline to transport gas produced in Sakhalin. Under our base scenario, exports of about 10 bcm/year will be handled by 2005 along the route Lunskeye to Komsomolsk-on-Amur to Khabarovsk to Dalnerechensk to Russia's state border with North Korea.

PAKISTAN

Albion Pakistan Inc., Laguna Beach, Calif., spudded the 1 Dabbar wildcat on the 1,370 sq km Duki license in Pakistan's Loralai district 250 km northeast of Quetta.

Drilling is targeted to at least 1,350 m to test the hydrocarbon potential of Upper Cretaceous Pab sandstone in shallow and deep prospects considered concordant with the overall mapped surface closure of the Abbar anticline, said Complex Resources NL, Hobart, Tasmania, which has an interest in the well.

At least five well documented live oil seeps have been recorded from outcropping Pab sandstone 20-60 km southwest and south of the Dabbar anticline.

Participants are Albion 27%, Complex 20%, Jupiter Exploration Inc. 13%, Ottawa Energy Inc. 10%, Oil &

Gas Development Corp. 5%, and, subject to government approval, International Oil-tex Ltd. and Petro Arctic AB 10% each, and Pan Energy Pakistan Inc. 5%.

ARIZONA

Medallion Oil Co., Houston, has staked a remote wildcat on the Colorado plateau in nonproducing Mohave County.

The 1 Federal, in 15-37n-12w, 10 miles south of Wolf Hole, is to be drilled to 5,000 ft. The location is 55 miles south-southwest of inactive Virgin oil field in Washington County, Utah, Petroleum Information noted.

The new location is about 28 miles south-southwest of a well that was to have been drilled in 1992 by United Gas Search Inc., Tulsa, in 10-41n-11w, in the Kaiparowits basin. That well, projected to 11,000 ft or Precambrian, was never drilled.

COLORADO

PetroCorp. Inc., Houston, completed a second new field discovery on its 74,025 acre lease on the Ute Mountain Ute Indian reservation in southwestern Colorado.

The 1 Little Ute, in 11-34n-20w, flowed at combined rates of 1,080 b/d of oil and 1.34 MMcfd of gas from three zones in Pennsylvanian Upper and Lower Ismay. The well is 9 miles north of the company's 1 Sagebrush oil and gas discovery completed earlier this year.

Evergreen Resources Inc., Denver, said preliminary estimates indicate reserve potential of 1-2 bcf/well of coalbed methane in Upper Cretaceous Vermejo coals and 500 MMc/well in Cretaceous Raton coals in the Raton basin.

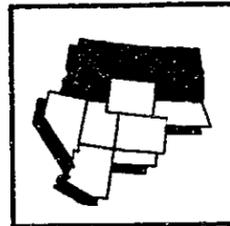
The company said the estimates are based on four evaluation wells it has completed and other activity in the basin.

Evergreen has completed



ROCKY MOUNTAIN

REGION REPORT



NORTHERN EDITION

Vol. 67, No. 64
4-4-94

Remote Wildcat Staked in Northwestern Arizona

HOUSTON-BASED MEDALLION Oil Co has scheduled a remote 5000-ft wildcat in a non-producing region on the western end of the Colorado Plateau about 10 miles south of Wolf Hole in northwestern Arizona.

Medallion's 1-15 Federal, section 15-37n-12w, northern Mohave County, will be drilled by a company-owned rig approximately 55 miles south-southwest of the closest previous oil production, in Washington County, Utah's Virgin field, an inactive Moenkopi pool. Nearest current production is some 130 miles to the northeast, in Upper Valley field, a Kaibab (Permian) oil pool on the northern end of the Kaiparowits Basin in Garfield County, Utah. Medallion did not release the wildcat's objective(s).

Tennessee Oil & Gas in 1960

completed a 4015-ft dry hole 10 miles northwest of the Medallion location at the 1 Art J. Schreiber-USA in section 35-39n-13w. Formation tops at that remote wildcat include Kaibab (Per-

new location, Gulf Oil in 1980 drilled a 5961-ft Precambrian wildcat at the 1 Federal-BJ in section 30-36n-9w. Log tops at that venture, measured from a Kelly bushing elevation of 6348 ft,

Inside:

*Rocky Mountain, U.S. rig counts both increase...
New exploration scheduled in Piceance & Sand Wash basins*

mian) at 327 ft, Toroweap 752, Coconino 1293, Pakoon 2755, Callville (Pennsylvanian) 3130 and Mississippian at 3877 ft. Kelly bushing elevation is 5416 ft. Tennessee reported a shallow gas show and oil shows in eight zones between 1170 and 3660 ft, but apparently ran no drillstem tests.

Seventeen miles southeast of the

include Coconino at 1015 ft, Pakoon 2495, Callville 2940, Cambrian 4550 and Precambrian at 5930 ft. Gulf cut seven cores between 2820 and 4467 ft, but little descriptive analysis is currently available.

Medallion expects to get under way at the 1-15 Federal wildcat in May.

NEWSLETTER
DAILY ACTIVITY REPORT
MONTANA
NORTH DAKOTA
SOUTH DAKOTA & IDAHO

SECTION I
SECTION II
SECTION III
SECTION IV
SECTION V



**Petroleum Information
Corporation**

P.O. Box 8612, Denver, CO 80201-8612, 303/740-7100
Copyright 1994 Petroleum Information Corporation

MEDALLION OIL TO DRILL EXPLORATION HOLE IN MOHAVE COUNTY

On behalf of the Oil and Gas Conservation Commission, the Arizona Geological Survey issued a permit to drill an oil exploration hole in northern Mohave County to Medallion Oil Company. The hole, the 1-15 Medallion-Federal, is scheduled to be drilled to a total depth of 5,000 feet about 12 miles south of Wolfhole, Arizona, and about 40 miles south of St. George, Utah, in sec. 15, T. 37 N., R. 12 W. The company expects to begin drilling on or about May 1, 1994. Primary objectives include Pennsylvanian and Mississippian strata.

The 1-15 Medallion-Federal is about 11 miles southeast of a Tennessee Gas hole drilled in the early 1960's, about 12 miles southwest of a Home Petroleum hole drilled in the early 1980's, and about 18 miles northwest of a Gulf Oil Company well also drilled in the early 1980's. All three of these holes were completed as dry holes as no oil and gas were found and produced.

For additional information on the 1-15 Medallion-Federal contact Steven L. Rauzi, Oil and Gas Program Administrator at the Arizona Geological Survey, 845 N. Park Avenue, Suite 100, Tucson, AZ 85719-4816 or phone (602) 882-4795.



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

March 30, 1994

Mr. David Grisez
Mohave County Manager
P. O. Box 7000
Kingman, Arizona 86401

Re: Medallion Oil Company 1-15 Federal hole, State Permit #879

Dear Mr. Grisez:

I have enclosed an approved application to drill and the referenced permit in accordance with the **Arizona Oil and Gas Conservation Commission's** policy to provide a copy of the approved application for permit to drill to the County Manager of the County in which the well is located. The Commission adopted this policy as a courtesy to local governments and to keep them informed and advised on future exploration drilling efforts in Arizona.

The Commission issues a permit to drill pursuant to A.R.S. § 27-516 only after it has determined that drilling of the well is in compliance with statutes and rules (*Arizona Administrative Code* Title 12, Chapter 7) of the Commission and that correlative rights, public health and safety, and subsurface resources will not be compromised.

Please contact me if I may be of further assistance.

Sincerely,

Steven L. Rauzi
Oil and Gas Program Administrator

Enclosures



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

March 30, 1994

Mr. Jereld E. McQueen
Vice President
Medallion Oil Company
P. O. Box 1101
Houston, Texas 77251

Re: #1-15 Federal, Sec. 15, T. 37 N., R. 12 W., Mohave County
State Permit #879

Dear Mr. McQueen:

Your approved Application for Permit to Drill and Permit to Drill #879 are enclosed. Filing fee receipt #3064 and well completion and filing requirements (R12-7-121) are also enclosed.

This Permit is issued on the condition that you conduct operations substantially as outlined in the drilling program and that you *notify this office at least 48 hours* before you

- 1) Commence drilling operations;
- 2) Run and cement surface and intermediate casing; and
- 3) Nipple up and test the BOPE prior to drilling out of the surface casing.

I have also enclosed Form 4, *Well Completion Report* and, should it be necessary, Form 9, *Application to Plug and Abandon* and Form 10, *Plugging Record*. *Sundry Notices* of the U.S. Bureau of Land Management may be used to provide this office of weekly updates of wellsite activity.

I look forward to a successful completion of your well.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

MEMORANDUM TO FILE

DATE: March 30, 1994

FROM: Steven L. Rauzi ^{SCR}
Oil and Gas Program Administrator

SUBJECT: Known and reasonably estimated freshwater aquifers in vicinity of
MEDALLION OIL COMPANY 1-15 FEDERAL, STATE PERMIT 897

Rick Herther, Arizona Department of Water Resources, Basic Data Section, indicated that no water wells are registered in sec. 15, T. 37 N., R. 12 W., the vicinity of the referenced well. The nearest water well registered is about 10 to 15 miles to the east and produces water from a depth of about 25 feet. The water table in this area thus appears to be from shallow alluvium.

The three nearest oil tests to the referenced well include a Tennessee Gas well about 11 miles to the northwest, a Home Petroleum well about 12 miles northeast, and a Gulf Oil Company well about 18 miles southeast. No freshwater aquifers were reported in these wells from the surface to 300 feet. Thus surface casing set to 300 feet in the referenced well will be sufficient to protect all known and reasonably estimated freshwater aquifers at this location.

The Masonic Temple Building
1407 Fannin Street at Clay Avenue
Post Office Box 1101 • Houston, Texas 77251
Area Code 713 • 654-0144
FAX: 713 • 654-1524



MEDALLION OIL COMPANY

March 22, 1994

Mr. Steven L. Rauzi
Oil and Gas Program Administrator
Arizona Geological Survey
STATE OF ARIZONA
845 North Park Avenue, Suite 100
Tucson, Arizona 85719

RE: Application for Permit to Drill
Well No. 1-15 Federal
Section 15, T37N R12W
Mohave County, Arizona

CONFIDENTIAL

MAR 20 1994

Dear Mr. Rauzi:

Medallion Oil Company proposes to drill the captioned well. Please find enclosed the following documents:

1. Check No. 9540 for the amount of twenty-five dollars (\$25.00) which is the filing fee.
2. Two copies of Application for Permit to Drill, Form No. 3, with surveyor's plats.
3. One copy of the Bureau of Land Management Application for Permit to drill with the Ten Point Resource Protection Plan and Multipoint Surface Use and Operations Plan.
4. Copy of the Arizona State Performance Bond No. 479G800 and Federal State Bond No. 480G2748 and evidence that both bonds are in force and effect. These bonds should be on file with the State of Arizona.
5. Organization Report Form No. 1.

Medallion Oil Company would appreciate your consideration for approving the Application. If you have any questions, please call me at (713)654-0144.

Yours Very Truly,


Jereld E. McQueen
Vice President

Encl.

Form 3104-8
(July 1984)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bond No. 480G2748

STATE, NATIONWIDE, OR NATIONAL PETROLEUM RESERVE
IN ALASKA OIL AND GAS BOND

Act of February 25, 1920 (30 U.S.C. Sec. 181)
Act of August 7, 1947 (30 U.S.C. Sec. 351)
Department of the Interior Appropriations Act, Fiscal Year 1981 (P.L. 96-514)
Other Oil and Gas Leasing Authorities as Applicable

KNOW ALL MEN BY THESE PRESENTS, That we MEDALLION OIL COMPANY

of P.O. Box 1101, Houston, Texas 77001

as principal, and THE TRAVELERS INDEMNITY COMPANY

of 7600 E. Orchard Road, Englewood, CO 80111

as surety, are held and firmly bound unto the United States of America in the sum of Twenty-Five Thousand and No/100 dollars (\$ 25,000.00-----), in lawful money of the United States, which sum may be increased or decreased by a rider hereto executed in the same manner as this bond, for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas deposits to the United States; and (3) any lessee or permittee under a lease or permit issued by the United States prior to the issuance of an oil and gas lease for the same land subject to this bond, covering the use of the surface or the prospecting for, or development of, other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves, and each of our heirs, executors, administrators, and successors, jointly and severally.

- The coverage of this bond shall extend to all of the principal's holdings of federal oil and gas leases in the United States, including Alaska, issued or acquired under the Acts cited in Schedule A.
- The coverage of this bond extends only to the principal's holdings of federal oil and gas leases issued or acquired under the Acts cited and in the States named in Schedule A and to any other State or States that may be named in a rider attached hereto by the lessor with the consent of the surety.
- The coverage of this bond extends only to the principal's holdings of federal oil and gas leases within the National Petroleum Reserve in Alaska.

SCHEDULE A

Mineral Leasing Act of February 25, 1920 (30 U.S.C. Sec. 181), Acquired Lands Leasing Act of August 7, 1947 (30 U.S.C. Sec. 351), and other oil and gas leasing authorities as applicable.

NAMES OF STATES

Arizona

The conditions of the foregoing obligations are such that, whereas the said principal has an interest in oil and gas leases issued under the Acts cited in this bond: (1) as lessee; (2) as the approved holder of operating rights in all or part of the lands covered by such leases under operating agreements with the lessees; or (3) as designated operator or agent under such leases pending approval of an assignment or operating agreement; and

WHEREAS the principal is authorized to drill for, mine, ex-

tract, remove, and dispose of oil and gas deposits in or under the lands covered by the leases, operating agreements or designations and is obligated to comply with certain covenants and agreements set forth in such instruments; and

WHEREAS the principal and surety agree that without notice to the surety the coverage of this bond, in addition to the present holdings of the principal, shall extend to and include:

1. Any oil and gas lease hereafter issued to, or acquired by the principal in the States now named in Schedule A, or later named in a rider, the coverage to be confined to the principal's holdings under the Acts cited and to become effective immediately upon such issuance or upon departmental approval of a transfer in favor of the principal.

2. Any operating agreement hereafter entered into or acquired by the principal affecting oil and gas leases in the States now named in Schedule A, or later named in a rider. The coverage shall become effective immediately upon departmental approval of the agreement or of a transfer of an operating agreement to the principal.

3. Any designation subsequent hereto of the principal as operator or agent of a lessee under a lease issued pursuant to the Acts cited and covering lands in a State named in Schedule A, either presently or by rider. This coverage shall become effective immediately upon the filing of such a designation under a lease.

4. Any extension of a lease covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease.

Provided that the surety may elect to have the additional coverage authorized under this paragraph become inapplicable as to all interests of the principal acquired more than thirty (30) days after the receipt of notice of such election by the Bureau of Land Management.

The surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

1. A transfer or transfers, either in whole or in part, of any or all of the leases, or of the operating agreements, and further agrees to remain bound under this bond as to the interests either in the leases or in the operating agreements, or in both, retained by the principal when the approval of the transfer or transfers become effective.

2. Any modification of a lease or operating agreement, or obligations thereunder, whether made or effected by commitment of such lease or operating agreement to unit, cooperative, communitization or storage, agreements, or development contracts, suspensions of operations or production, valve, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

WHEREAS the principal and surety hereby agree that notwithstanding the termination of any lease or leases, operating agreements or designations as operator or agent, covered by this bond, whether the termination is by operation of law or otherwise, the bond shall remain in full force and effect as to all remaining leases, operating agreements, or designations covered by the bond; and

WHEREAS the principal, as to any lease or part of a lease for lands as to which he has been designated as operator or agent, or approved as operator, in consideration of being permitted to furnish this bond in lieu of the lessees, agrees and by these presents does hereby bind himself to fulfill on behalf of each lessee all obligations of each such lease for the entire leasehold in the same manner and to the same extent as though he were the lessee; and

WHEREAS the principal and surety agree that the neglect or forbearance of said lessor in enforcing, as against the lessees of such lessor, the payment of rentals or royalties or the performance of any other covenant, condition or agreement of the leases, shall not, in any way, release the principal and surety, or either of them, from any liability under this bond; and

WHEREAS the principal and surety agree that in the event of any default under the leases, the lessor may commence and prosecute any claim, suit, action, or other proceeding against the principal and surety, or either of them, without the necessity of joining the lessees.

NOW, THEREFORE, IF said principle shall in all respects faithfully comply with all of the provisions of the leases referred to hereinbefore, then the above obligations are to be void; otherwise to remain in full force and effect.

Signed on this 23rd day of April, 19 86, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

MEDALLION OIL COMPANY

[Signature]

By: *[Signature]* (Principal) (L.S.)

P.O. Box 1101
Houston, Texas 77251

P.O. Box 1101
Houston, Texas 77001

(Business Address)

[Signature]
Denver, CO 80209

THE TRAVELERS INDEMNITY COMPANY,
By: *[Signature]* (L.S.)
Linda M. Nikolaeff, Attorney-in-Fact
3955 E. Exposition, Denver, CO 80209

(Business Address)

The Travelers Indemnity Company

Hartford, Connecticut

If necessary, validation of this power of attorney is available at (203) 277-7839. Collect calls will be accepted.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Norman Sterling, David H. Snead, William J. Orris, Linda M. Nikolaeff, Donald H. Muller, all of Denver, Colorado, EACH

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Resolutions adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985 which Resolutions are now in full force and effect:

VOTED: That the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

WILL: That any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985:

VOTED: That the signature of any officer authorized by Resolutions of this Board and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes any and all powers of attorney dated prior to November 1, 1985.

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 1st day of November 19 85

THE TRAVELERS INDEMNITY COMPANY

By

D.L. Banta

Secretary, Surety



State of Connecticut, County of Hartford—ss:

On this 1st day of November in the year 1985 before me personally came D. L. Banta to me known, who, being by me duly sworn, did depose and say: that he resides in the State of Connecticut; that he is Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he signed his name thereto by the above quoted authority; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, and that it was so affixed by authority of his office under the by-laws of said corporation.



Gloria D. Seekins

My commission expires Notary Public
April 1, 1988

CERTIFICATION

I, Paul D. Tubach, Assistant Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, certify that the foregoing power of attorney, and the above quoted Resolutions of the Board of Directors of November 1, 1985 have not been abridged or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this 23rd day of April 19 86 .



Paul D. Tubach
Assistant Secretary, Surety



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ARIZONA STATE OFFICE

3707 N. 7th Street
P.O. Box 16563
Phoenix, Arizona 85011

May 30, 1986

IN REPLY REFER TO:

3104 O & G
943 KRW

Statewide
Oil and Gas Bond

DECISION

Medallion Oil Company
P.O. Box 1101
Houston, Texas 77001
Principal

The Travelers Indemnity Co.
7600 E. Orchard Road
Englewood, Colorado 80111
Surety

Linda M. Nikolaeff
3955 E. Exposition
Denver, Colorado 80209
Attorney-in-Fact

Bond No. 48062748

Amount of Bond: \$25,000.00

Date Executed: 04/23/1986

Date Bond Filed: 05/16/1986

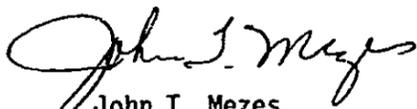
State Covered: Arizona

Statewide Oil and Gas Bond Accepted

The above identified bond has been examined and found satisfactory. It is accepted effective May 16, 1986.

The bond constitutes coverage for all interests of the principal in Federal oil and gas leases within the State of Arizona. Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of liability under the bond will be permitted only after this office is satisfied that there is no outstanding liability on the bond or satisfactory replacement bonding coverage is furnished.


John T. Mezes
Chief, Branch of Lands and
Minerals Operations

Distribution:
Principal
Surety
Attorney-in-Fact
All BLM Districts
Forest Service, Region 3
Div. of Minerals, BLM
MMS, BRASS
MMS, AFS

REC'D JUN 5 1986



Rollins Hudig Hall of Colorado, Inc.
4100 East Mississippi Avenue, Suite 800, P.O. Box 17229
Denver, Colorado 80217-0229
Telephone 303/758-7688 FAX 303/758-9458

March 14, 1994

Ms. Linda Petter
Medallion Oil Company
1407 Fannin
Houston, TX 77501

RE: Oil & Gas Bonds
Bond No.: 480G2748 & 479G8000

Dear Linda:

Per our conversation this morning, enclosed please find the invoice for the \$25,000 Arizona statewide oil and gas bond for the Bureau of Land Management. This is for bond number 480G2748, which will renew for the term of one year, expiring on April 23, 1995.

The second mentioned bond, number 479G8000 was renewed in March of 1992 on a three year term, expiring on March 3, 1995. This is a \$25,000 blanket performance bond also for the State of Arizona.

If you should have any questions or need additional information, please feel free to contact me. Thank you for the opportunity to be of service to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Terri".

Terri L. Kral
Client Service Representative

/tlk

Enclosures



ROLLINS HUDIG HALL

Rollins Hudig Hall of Colorado, Inc.
4100 E. Mississippi Avenue, Suite 800
P.O. Box 17229
Denver, Colorado 80217-0229
Telephone (303) 758-7688 Fax (303) 758-9458

Medallion Oil Company
P.O. Box 1101
Houston, TX 77001

R00050

AN AON COMPANY
MAKE CHECKS PAYABLE TO:
ROLLINS HUDIG HALL OF COLORADO, INC.
INVOICE

INVOICE DATE	INVOICE NUMBER
3/14/94	303734
ASSURED NUMBER	AGENCY CONTACT
00-968782-000	5952-0024
	AMOUNT ENCLOSED

PREMIUM IS DUE ON RECEIPT OF INVOICE.

TRANSACTION EFFECTIVE DATE	POLICY NUMBER	INSURANCE COMPANY	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE
4/23/94	480G2748	The Travelers Insurance co. b	4/23/94	4/23/95

DESCRIPTION (REFER TO POLICY/BINDER FOR DETAILS)	AMOUNT
RENEWAL Oil & Gas Bond PREMIUM	250.00

ANNUAL RENEWAL PREMIUM FOR SURETY BOND
\$25,000 STATEWIDE OIL & GAS BOND FOR THE
STATE OF ARIZONA, BUREAU OF LAND
MANAGEMENT

824-2070

AMOUNT DUE **\$250.00**
PAY PROMPTLY TO PREVENT CANCELLATION

Inv #303734 RETAIN THIS COPY FOR YOUR RECORDS



MEDALLION OIL COMPANY
 P.O. BOX 1101 PH. 713-654-0144
 HOUSTON, TEXAS 77251

Texas Commerce Bank
 National Association
 712 Main
 Houston, TX 77252

No. 9535

DATE 03/15/94

PAY TWO HUNDRED FIFTY & 00/100 DOLLARS

*****250.00
 \$

TO THE ORDER OF
 [ROLLINS HUDIG HALL
 SUITE 950
 1099 EIGHTEENTH STREET
 DENVER, CO 80202

MEDALLION OIL COMPANY
[Signature]

⑈009535⑈ ⑆13000609⑆ ⑈00100888008⑈

9535

Voucher No.

MEDALLION OIL COMPANY

GL ACCOUNT NO.	VENDOR INVOICE NO.	DESCRIPTION	AMOUNT
4-2000	303754	ROLLINS HUDIG HALL INS. LIABILITY	250.00
			250.00
OWNER NO.			TOTAL

THIS STATEMENT FOR YOUR TAX RECORD. A DUPLICATE CANNOT BE FURNISHED

PERFORMANCE BOND

4775 1000

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. 479G8000

That we: MEDALLION OIL COMPANY

of the County of Harris in the State of Texas

as principal, and THE TRAVELERS INDEMNITY COMPANY

of Hartford, Connecticut AUTHORIZED TO DO BUSINESS WITHIN the State of Arizona.

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of Twenty-Five Thousand and No/ 100- lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for a Geothermal Resource or stratigraphic purposes in and upon the following described land situated within the State, to-wit:

Blanket Bond

(May be used as blanket bond or for single well)

NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-652, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce Geothermal Resources in commercial quantities, or cease to produce a Geothermal Resource in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly

- 1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this 3rd day of March, 19 86.

MEDALLION OIL COMPANY

BY: [Signature] Vice President Principal

WITNESS our hands and seals this 3rd day of March, 19 86.

THE TRAVELERS INDEMNITY COMPANY

BY: [Signature] Linda M. Nikolaeff, Surety

By: [Signature] Doris E. Moore Atty-in-Fact Arizona Resident Agent: Doris E. Moore (If issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved Date 3/18/86 STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION By: R. G. Ytana

STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Bond File Two Copies Form No. 2

Permit No. 879 (original permit 856) COPY

The Travelers Indemnity Company

Hartford, Connecticut

If necessary, validation of this power of attorney is available at (203) 277-7839. Collect calls will be accepted.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Norman Sterling, David H. Snead, William J. Orris, Linda M. Nikolaeff, Donald H. Muller, all of Denver, Colorado, EACH

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Resolutions adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985 which Resolutions are now in full force and effect:

VOTED: That the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

WILLIE: That any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985:

VOTED: That the signature of any officer authorized by Resolutions of this Board and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes any and all powers of attorney dated prior to November 1, 1985.

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 1st day of November - 19 85



THE TRAVELERS INDEMNITY COMPANY

By

D.L. Banta

Secretary, Surety

State of Connecticut, County of ~~Hartford~~ ^{Meriden}—as:
On this 1st day of November

in the year 1985 before me personally came D. L. Banta to me known, who, being by me duly sworn, did depose and say: that he resides in the State of Connecticut; that he is Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he signed his name thereto by the above quoted authority; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, and that it was so affixed by authority of his office under the by-laws of said corporation.



Gloria D. Seekins

My commission expires Notary Public
April 1, 1988

CERTIFICATION

I, Paul D. Tubach, Assistant Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, certify that the foregoing power of attorney, and the above quoted Resolutions of the Board of Directors of November 1, 1985 have not been abridged or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this 3rd day of March 19 86 .



Paul D. Tubach
Assistant Secretary, Surety

THE TRAVELERS INDEMNITY COMPANY
HARTFORD, CONNECTICUT

GENERAL AGREEMENT OF INDEMNITY—FINANCIAL AND FIDUCIARY

This Agreement entered into by and between the undersigned, herein called the Indemnitors, and The Travelers Indemnity Company, of Hartford, Connecticut, herein called the Company, witnesseth:

WHEREAS, in the transaction of business certain bonds, undertakings and other writings obligatory in the nature of a bond have heretofore been, and may hereafter be, required by, for, or on behalf of the Indemnitors or any one or more of the parties included in the designation Indemnitors, and application has been made and will hereafter be made to the Company to execute such bonds, and as a prerequisite to the execution of such bond or bonds, the Company requires complete indemnification.

NOW, THEREFORE, in consideration of the premises, and the payment by the Company of the sum of One (\$1.00) Dollar to each of the Indemnitors, receipt whereof is hereby acknowledged, and for other good and valuable considerations, the Indemnitors do, for themselves, their heirs, executors, administrators and assigns, jointly and severally, agree with the Company as follows:

1. The Indemnitors will pay to the Company, at its Home Office in the City of Hartford, Connecticut, premiums and charges at the rates, and at the times specified in respect to each such bond in the Company's schedule of rates, which, with any additions or amendments thereto, is by reference made a part hereof, and will continue to pay the same where such premium or charge is annual, until the Company shall be discharged and released from any and all liability and responsibility upon and from each such bond or matters arising therefrom, and until the Indemnitors shall deliver to the Company at its Home Office in Hartford, Connecticut, competent written evidence satisfactory to the Company of its discharge from all liability on such bond or bonds.
2. The Indemnitors will indemnify and save the Company harmless from and against every claim, demand, liability, cost, charge, suit, judgment and expense which the Company may pay or incur in consequence of having executed, or procured the execution of, such bonds, or any renewals or continuations thereof or substitutes therefor, including fees of attorneys, whether on salary, retainer or otherwise, and the expense of procuring, or attempting to procure, release from liability, or in bringing suit to enforce the obligation of any of the Indemnitors under this Agreement. In the event of payment by the Company, the Indemnitors agree to accept the voucher or other evidence of such payment as prima facie evidence of the propriety thereof, and of the Indemnitors' liability therefor to the Company.
3. If the Company shall set up a reserve to cover any claim, suit or judgment under any such bond, the Indemnitors will, immediately upon demand, deposit with the Company a sum of money equal to such reserve, such sum to be held by the Company as collateral security on such bond, and such sum and any other money or property which shall have been, or shall hereafter be, pledged as collateral security on any such bond shall, unless otherwise agreed in writing by the Company, be available, in the discretion of the Company, as collateral security on any other or all bonds coming within the scope of this Agreement.
4. The Indemnitors immediately upon becoming aware of any demand, notice, or proceeding preliminary to determining or fixing any liability with which the Company may be subsequently charged under any such bond, shall notify the Company thereof in writing at its Home Office in the City of Hartford, Connecticut.
5. The Company shall have the exclusive right to determine for itself and the Indemnitors whether any claim or suit brought against the Company or the Principal upon any such bond shall be settled or defended and its decision shall be binding and conclusive upon the Indemnitors.

6. That it shall not be necessary for the Company to give the Indemnitors, or any one or more of them, notice of the execution of any such bonds, nor of any fact or information coming to the notice or knowledge of the Company affecting its rights or liabilities, or the rights or liabilities of the Indemnitors under any such bond executed by it, notice of all such being hereby expressly waived.

7. In the event of any claim or demand being made by the Company against the Indemnitors, or any one or more of the parties so designated, by reason of the execution of a bond or bonds, the Company is hereby expressly authorized to settle with any one or more of the Indemnitors individually, and without reference to the others, and such settlement or composition shall not affect the liability of any of the others, and we hereby expressly waive the right to be discharged and released by reason of the release of one or more of the joint debtors, and hereby consent to any settlement or composition that may hereafter be made.

8. The Company at its option may decline to execute or participate in, or procure the execution of, any such bonds without incurring any liability whatever.

9. If the Company procures the execution of such bonds by other companies, or executes such bonds with cosureties, or reinsures any portions of such bonds with reinsuring companies, then all the terms and conditions of this Agreement shall apply and operate for the benefit of such other companies, cosureties and reinsurers as their interests may appear.

10. The liability of the Indemnitors hereunder shall not be affected by the failure of the Principal to sign any such bond, nor by any claim that other indemnity or security was to have been obtained, nor by the release of any indemnity, or the return or exchange of any collateral that may have been obtained and if any party signing this Agreement is not bound for any reason, this Agreement shall still be binding upon each and every other party.

11. This Agreement may be terminated by the Indemnitors, or any one or more of the parties so designated, upon written notice to the Company of not less than 10 days, but any such notice of termination shall not operate to modify, bar or discharge the liability of any party hereto, upon or by reason of any and all such obligations that may be then in force.

12. Indemnitors agree that their liability shall be construed as the liability of a compensated Surety, as broadly as the liability of the Company is construed toward its obligee.

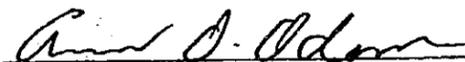
13. The word Indemnitors, or personal pronouns used to refer to said word, shall apply regardless of number or gender, and to individuals, partnerships or corporations, as the circumstances require. Notwithstanding any provision herein to the contrary, the liability hereunder of the Indemnitors as to any claim, cost or expense incurred by the Company under a given bond issued for the benefit of Medallion Oil Company shall be limited to the face amount of such bond.

14. The Indemnitors agree and acknowledge that this General Agreement of Indemnity is intended to constitute a Security Agreement enforceable under Article 9 of the Uniform Commercial Code, as now or hereafter in force in any jurisdiction. The Indemnitors and each of them hereby constitute and appoint any officer, employee or agent of the Company as their attorney to execute and file on their behalf such forms or other documents (including, without limitation, financing statements) as shall be required, or, in the Company's judgment, shall be necessary, to perfect the security interest granted in this General Agreement of Indemnity. Notwithstanding any other provision of this General Agreement of Indemnity or any law of any jurisdiction to the contrary, the company is expressly authorized to file financing statements with respect to any security interest the Company may have, at any time in any jurisdiction, with or without default, and whether or not such security interest is perfected or would be perfected by such filing.

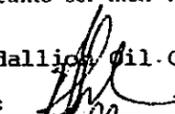
15. THE INDEMNITORS HEREBY ACKNOWLEDGE THAT THIS AGREEMENT IS INTENDED TO COVER WHATEVER BONDS (WHETHER OR NOT COVERED BY ANY OTHER AGREEMENT OF INDEMNITY SIGNED AT ANY TIME BY ANY ONE OR MORE OF THE INDEMNITORS—ALL OTHER AGREEMENTS OF INDEMNITY OF ANY KIND BEING SUPPLEMENTAL TO THIS) MAY HAVE BEEN EXECUTED BY THE COMPANY PRIOR HERETO OR MAY IN THE FUTURE BE EXECUTED ON BEHALF OF THE INDEMNITORS, OR ANY ONE OF THEM (WHETHER CONTRACTING ALONE OR AS A JOINT OR CO-ADVENTURER), SAID FUTURE TO BE FOR AN INDEFINITE PERIOD OF YEARS UNTIL THIS AGREEMENT SHALL BE CANCELED IN ACCORDANCE WITH THE TERMS HEREOF.

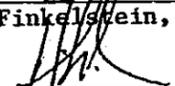
WE HAVE READ THIS GENERAL AGREEMENT OF INDEMNITY CAREFULLY. THERE ARE NO SEPARATE AGREEMENTS OR UNDERSTANDINGS WHICH IN ANY WAY LESSEN OUR OBLIGATIONS AS ABOVE SET FORTH.

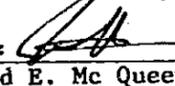
IN TESTIMONY WHEREOF, the Indemnitors have hereunto set their hands and fixed their seals this 6th day of May, 1986

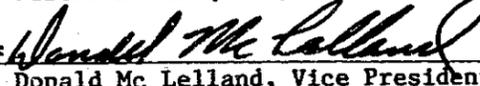

(Attest) Corporate ~~Secretary~~
Assistant Secretary,
Ann O. Odom

Medallion Oil Company

by:  (L.S.)
H.S. Finkelstein, President

 (L.S.)
H.S. Finkelstein, Individually

by:  (L.S.)
Jereld E. Mc Queen, Vice President

by:  (L.S.)
Donald Mc Lelland, Vice President

_____(L.S.)

_____(L.S.)

_____(L.S.)

_____(L.S.)

IMPORTANT: ALL SIGNATURES MUST BE ACKNOWLEDGED ON THE REVERSE SIDE OF FORM.

STATE OF Texas
COUNTY OF Harris } ss

On this 6th day of May 1986, before me personally came
H.S. Finkelstein

to me known, and known to me to be the individual who executed the foregoing instrument and acknowledged that he executed the same.

Brent Leftwich
Brent Leftwich, Notary Public, State
of Texas
My Commission Expires: 2/19/89

Individual Acknowledgment

STATE OF Texas
COUNTY OF Harris } ss

On this 6th day of May 1986, before me personally came
H.S. Finkelstein, Jereld E. McQueen and Donald McLelland

to me known, who, being by me duly sworn, did depose and say that ^{they} ~~he~~ resides in Houston,
Harris County, Texas

they are President and Vice-Presidents of the

MEDALLION OIL COMPANY the corporation
which executed the foregoing instrument; that ~~he~~ ^{they} know the seal of the said corporation; that the seal affixed to
the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of the said
corporation, and that ~~he~~ ^{they} signed his ~~name~~ ^{names} to the said instrument by like order.

Brent Leftwich
Brent Leftwich, Notary Public, State
of Texas
My Commission Expires: 2/19/89

Corporation Acknowledgment

STATE OF
COUNTY OF } ss

On this day of 19, before me personally came

to me known, and known to me to be the firm of

and acknowledged that he executed the foregoing instrument as the act of the said firm.

Co-partnership Acknowledgment