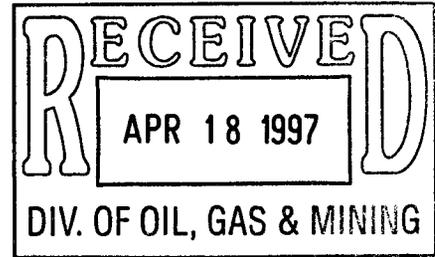


State Of Utah
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
P.O. Box 145801
Salt Lake City, 84114-5901
Attn. Michael Hebertson



April 17, 1997

Dear Mike

Please find attached APD's for Rosewood Resource, Inc. Rosewood respectfully requests that all information associated with the APD's and production be held confidential.

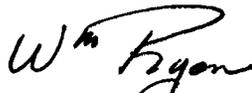
If you require additional information associated with the APD's please feel free to contact:

William (Bill) Ryan
Rosewood Agent
Rocky Mountain Consulting
Vernal Utah 84078

801-789-0968	Office
801-789-0970	Fax
801-823-6125	Cellular

CONFIDENTIAL

Yours Truly


William A. Ryan

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

5. LEASE DESIGNATION AND SERIAL NO.

U-017664A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Rainbow Unit

8. FARM OR LEASE NAME

Rainbow Unit

9. WELL NO.

#8

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., E., M., OR BLK.
AND SURVEY OR AREA

SEC. 12, T 11 S, R 23 E.

12. COUNTY OR PARISH 13. STATE

UINTAH UT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL DEEPEN PLUG BACK

b. TYPE OF WELL

OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR

Rosewood Resources, Inc.

3. ADDRESS OF OPERATOR

100 Crescent Court, Suite 500, Dallas Tx. 75201 214-871-5729

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface
428' FNL, 2013' FEL, NW1/4, NE1/4, Sec. 12, T11S, R23E
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

31.8 MILES SOUTH OF BONANZA, UT

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 428'

16. NO. OF ACRES IN LEASE

2,936.98

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2,100'

19. PROPOSED DEPTH

5,500'

20. ROTARY OR CABLE TOOLS

ROTARY

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

5,525'

22. APPROX. DATE WORK WILL START*

May 15, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	9 5/8	36	300	TO SURFACE
7 7/8	4 1/2	11.6	T.D.	CMT TOP TO COVER THE OIL SHALE

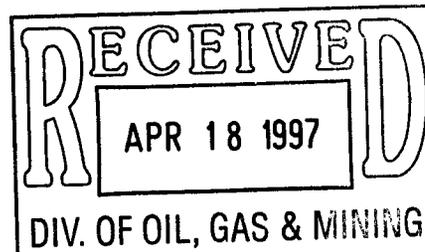
OPERATOR REQUESTS PERMISSION TO DRILL THE SUBJECT WELL
PLEASE SEE THE ATTACHED 10 POINT AND THE 13 POINT SURFACE
USE PLAN.

IF YOU REQUIRE ADDITIONAL INFORMATION PLEASE CONTACT:

WILLIAM A. RYAN
350 S., 800 E.
VERNAL, UTAH
801-789-0968

801-823-6152

CONFIDENTIAL



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

24. SIGNED William A. Ryan
WILLIAM A. RYAN

TITLE AGENT

DATE April 11, 1997

(This space for Federal or State office use)

PERMIT NO. H3-047-32892

APPROVAL DATE

APPROVED BY John R. Bay

TITLE Petroleum Engineer

DATE 6/2/97

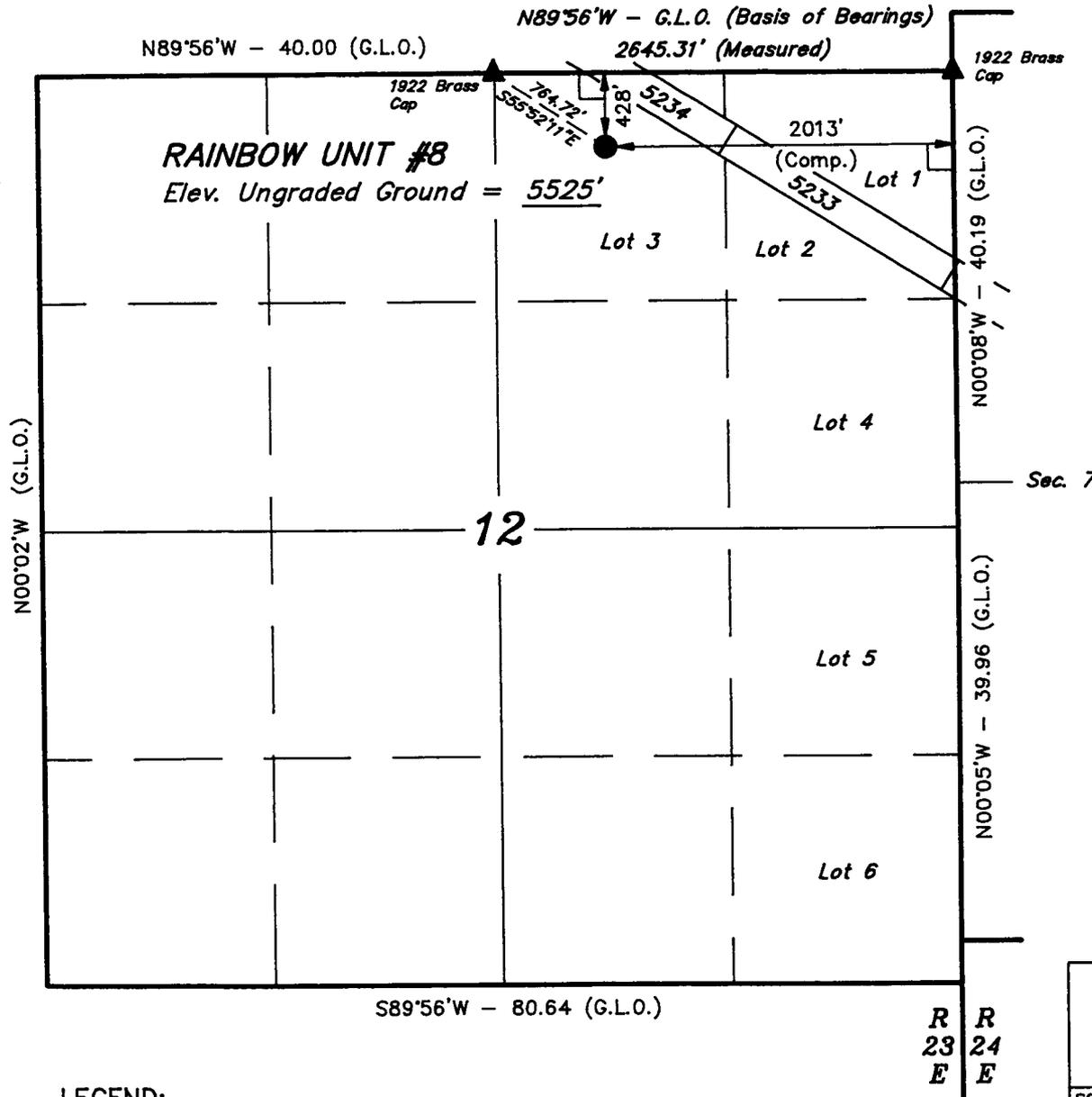
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

T11S, R23E, S.L.B.&M.

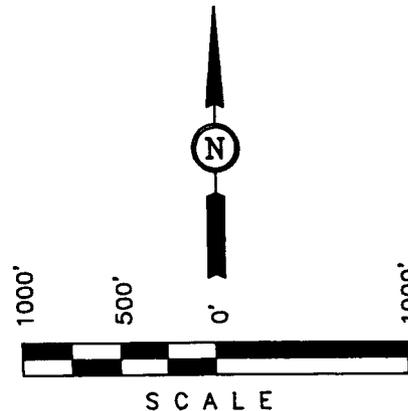
ROSEWOOD RESOURCES, INC.

Well location, RAINBOW UNIT #8, located as shown in LOT 3 of Section 12, T11S, R23E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION LOCATED IN THE NW 1/4 OF SECTION 27, T11S, R23E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6366 FEET.



CERTIFICATE

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

Robert L. Kay
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (801) 789-1017

LEGEND:

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

SCALE 1" = 1000'	DATE SURVEYED: 3-22-97	DATE DRAWN: 3-28-97
PARTY B.B. G.S. J.K. D.R. C.B.T.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROSEWOOD RESOURCES, INC.	

Ten Point Plan

Rosewood Resources, Inc.

Rainbow Unit #8
Rainbow Unit

Surface Location NW 1/4, NE 1/4, Section 12, T. 11 S., R. 23 E.

1. Surface Formation:

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	5,525' G.L.
Oil Shale	525	5,000
Wasatch	2,975	2,550
Mesaverde formation	4,925	600
T.D.	5,500	25

3. Producing Formation Depth:

Formation objective include the Wasatch and its submembers.

Off Set Well Information:

Off set well: Gas Well Rainbow Unit #4 Sec. 1 , T. 11 S., R. 23.E.

4. Proposed Casing :

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/Ft.</u>	<u>Grade & Tread</u>	<u>Setting Depth</u>	<u>Casing New/Used</u>
12 1/2	9 5/8	36	J-55/STC	300	New
7 7/8	4 1/2	11.6	J-55/LTC	T.D.	Used/inspected

Cement Program:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8	Class "G" 2% Calcium 1/4 #/sk cello flake	200 sks.	1.18 cu. ft./sk.	15.6 lbs./gal.

Casing Size	Cement Type	Cement Amount	Cement Yield	Cement Weight
4 1/2	Lead Class "G" 3 % salt 16% gell 10# Gilsonite/sk	200 sks	3.90 cu. ft./sk.	11.0 lbs./gal.
	Tail Class "G" 10% salt 10% gypsum 2% WR15 .4 lbs/sk FL 25	500 sks +/-	1.53 cu. ft./sk.	14.8 lbs./gal.

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000 psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to the minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

Interval	Mud weight lbs/gal.	Viscosity Sec./Qt.	Fluid Loss Ml/30 Mins.	Mud Type
0-300	Air/Clear Water	----	No Control	Water/Gel
300-2000	Clear Water	----	No Control	Water/Gel
2000-T.D.	8.4-8.6	30	No Control	Water/Gel

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 2000' to T.D.

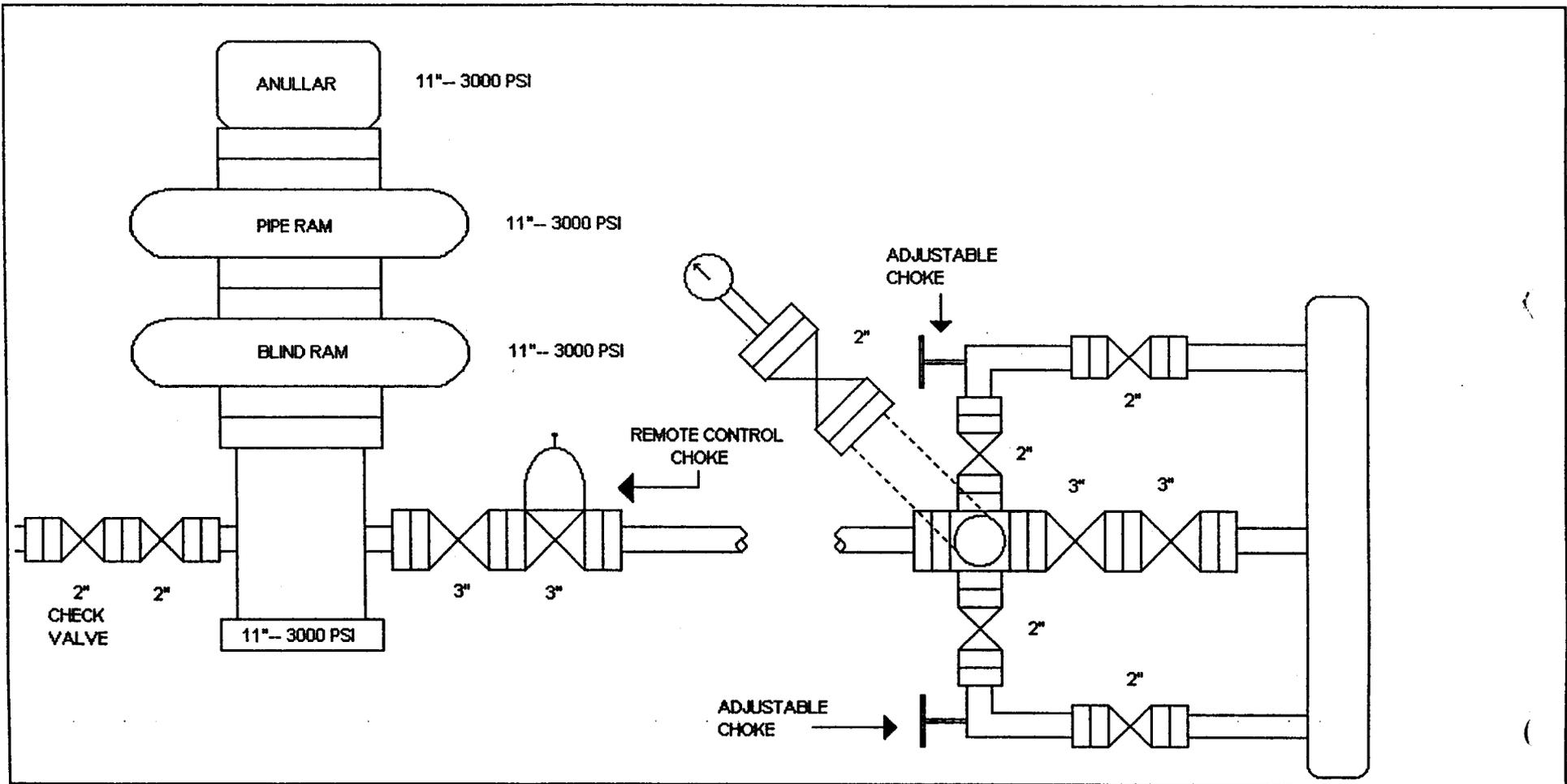
d) Logging:	Type	Interval
	DLL/SFL W/GR and SP	T.D. to Surf. Csg
	FDC/CNL W/GR and CAL	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is May 15, 1997. Duration of operations expected to be 30 days.



ROSEWOOD RESOURCES, INC.

13 POINT SURFACE USE PLAN

FOR WELL

RAINBOW UNIT #8

LOCATED IN

NW 1/4, NE 1/4

SECTION 12, T. 11 S., R. 23 E., U.S.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: U-017664A

**SURFACE OWNERSHIP: FEDERAL
AND FEE**

1. Existing Roads

To reach the Rosewood Resources, Inc., Rainbow Unit 8 well location, in Section 12, T11S, R23E, from Bonanza, Utah:

Starting in Bonanza, Utah proceed south on the paved road for 4 miles. Turn south (left) on the Book cliffs road (dirt road). Proceed south 3.9 miles to the Greeks Corrals. Turn west (right) at the fork in the road. Proceed 8.3 miles to the Asphalt Wash sign. Stay to the south (left) of the sign. Proceed .7 miles to the Rainbow sign. Stay to the west (right) of the sign. This is also called the Kings Wells road. Proceed 7.8 miles turn north (right). Proceed 6.6 turn west (left). Proceed .7 miles on the oil field access road. The new road will start at that point.

All roads to the proposed location are State or County maintained roads except the last .7 miles of road. Rosewood Resources, Inc. has acquired United Utilities and the right of ways granted to United Utilities. Access to the well will be on said right of way.

Please see the attached map for additional details.

2. Planned access road

Approximately .4 miles of new road will be constructed. Fee ground will be crossed approximately 450 feet be for the location. The Fee surface is owned by American Gilsonite. The surface is associated with a Gilsonite vein and the patented lease. The Operator has contacted American Gilsonite. An access agreement will be in place before surface disturbance is started on the access road.

The road will be built to the following standards:

A) Approximate length	2,112 Ft.
B) Right of Way width	30 Ft.
C) Running surface	18 Ft.
D) Surfacing material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road flagged	Yes
K) Access road surface ownership	Federal and Fee
L) All new construction on lease	Yes

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a desert brown color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Desert Brown (10 YR 6/4).

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulations identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

A proposed surface gas line will be constructed and tied into an existing 6" line. The approximate length will be 5808'. The proposed pipe line will be constructed adjacent to the access road. Please see the attached location diagrams for pipe line location. There will be no additional surface disturbances required for the installation of a gathering line. The line will be a 2" or 4" steel line. The line will be welded on the pad and access road. After welding the line will be pulled with a small cat to the tie in.

The gas meter run will be located within 500' of the well head. The gas line will be buried or anchored down from the well head to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office. All measurement facilities will conform with API and AGA standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing the subject well will be hauled by truck from Rosewoods water station in Section 13, T11S, R23E. A second location may be used, it would be Evacuation Creek permit # 49-1595. The Evacuation Creek distribution point is in Section 7, T11S, R25E. Water for completion will come from the same supply or Vernal City.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravels or pit lining material will be obtained from private sources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 10 ft. deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will not be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90 day period an application for approval for a permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized land fill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned for at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follow:

A)	Pad length	325 ft.
B)	Pad width	155 ft.
C)	Pit depth	10 ft.
D)	Pit length	180 ft.
E)	Pit width	50 ft.
F)	Max cut	23.5 ft.
G)	Max fill	15.1 ft.
H)	Total cut yds	10,920 cu. yds.
I)	Pit location	east side
J)	Top soil location	south side
K)	Access road location	north end
L)	Flare pit	south corner

Please see the attached location diagram for additional details.

Please note the location of the trees removed from the location. Also note the top soil has been moved. Make sure all trees and top soil are out of the drainage on the south end of the location.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped and stockpiled. This will amount to approximately 1,000 cubic yards of material. Placement of the top soil is noted on the attached location plat. When all drilling and completion activities have been completed the unused portion of the location (the area outside the dead men.) will be recontoured and the topsoil spread over the disturbed area.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Any drainage rerouted during the construction activities shall be restored to its original line of flow or as near as possible.

All disturbed areas will be recontoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rain fall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

After September 15, and before the ground freezes.

Seed will be broadcast or drilled at the time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage and the seed mixture will be proportionately larger (double the lbs. per acre).

At such time as the well is plugged and abandoned the operator will submit a surface reclamation plan to the surface management agency for prescribed seed mixture and reseeding requirements.

11. Surface ownership:

Access road	Federal and Fee
Location	Federal
Pipe line	Federal and Fee

12. Other information

A) Vegetation:

The vegetation coverage is slight. The majority of the existing vegetation consists of Pinion Pine trees and Juniper trees.

B) Dwellings:

There are no dwellings, or other facilities within a one mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would effect such sites will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is 1.0 miles to the east in West Fork Asphalt Wash.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location construction
At least forty eight (48) hours prior to construction of location and access roads
- b) Location completion
Prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initialing pressure tests.
- f) First production notice
With in five (5) business days after the new well begins, or production resumes after well has been off production for more than ninety 90 days.

H) Flare pit

The flare pit will be located a minimum of 30 feet from the reserve pit fence and 100 feet from the bore hole on the south and west side of the location, between points C and 6 on the location plat. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

Name:	William A. Ryan
Address:	Rocky Mountain Consulting 350 South, 800 East Vernal, Utah 84078
Telephone:	
Office	801-789-0968
Fax	801-789-0970
Cellular	801-823-6152

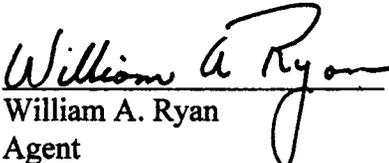
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, the applicable laws, regulations, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by Freedom Energy, Inc. and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date April 15, 1997


William A. Ryan
Agent
Rocky Mountain Consulting

Onsite Date:
Participant on joint inspection:
William Ryan
Byron Tolman

April 8, 1997
Rocky Mountain Consulting
BLM

ROSEWOOD RESOURCES, INC.

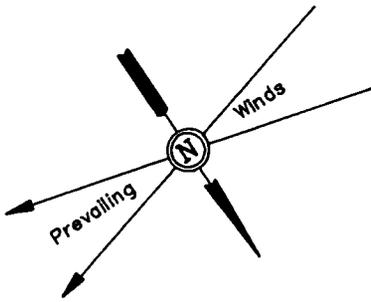
LOCATION LAYOUT FOR

RAINBOW UNIT #8

SECTION 12, T11S, R23E, S.L.B.&M.

428' FNL 2013' FEL

Trails



C-7.5'
El. 28.5'

C-2.3'
El. 23.3' Top Soil

F-5.3'
El. 15.7'

Sta. 3+25

SCALE: 1" = 50'
DATE: 3-28-97
Drawn By: C.B.T.

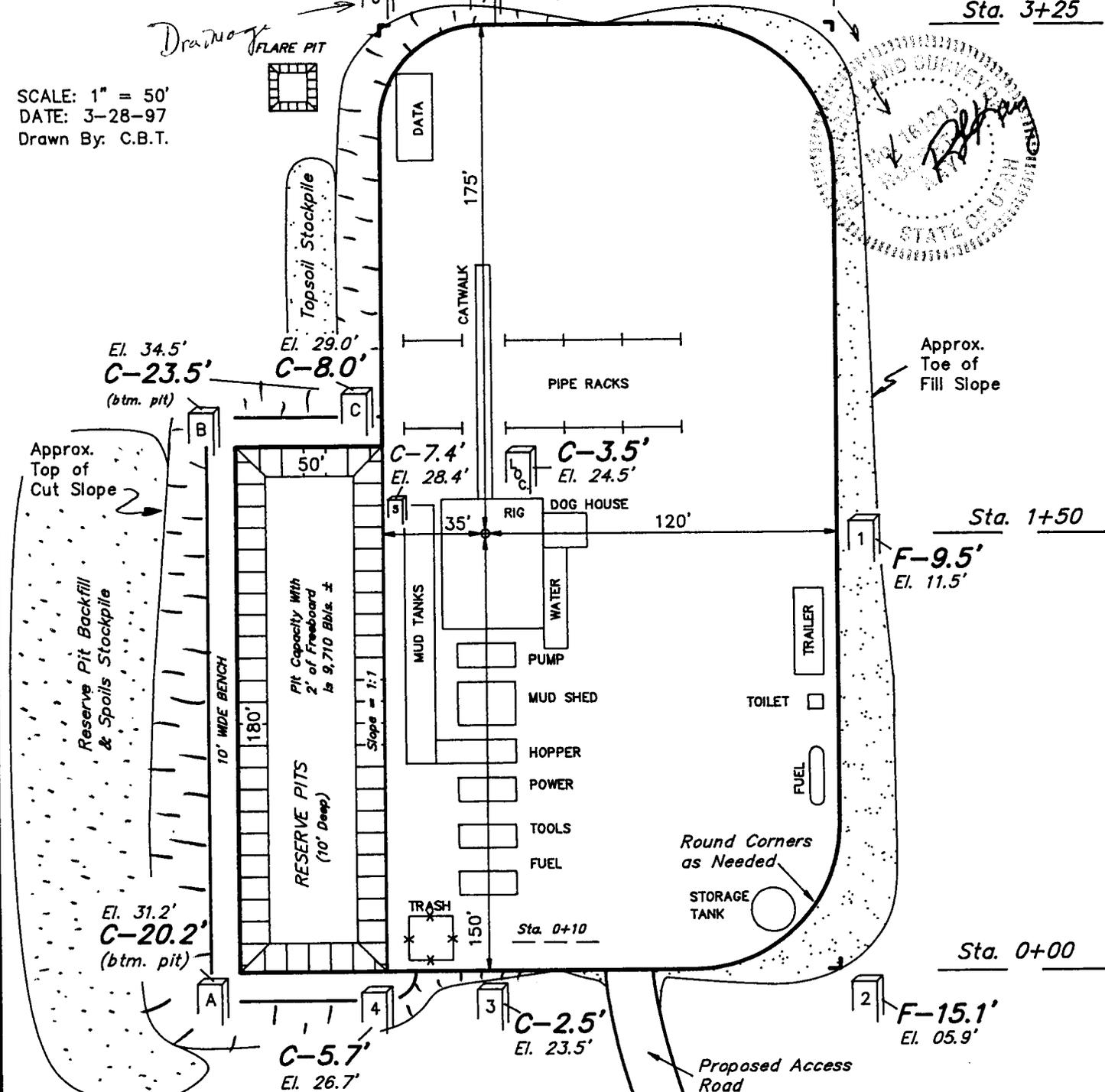


Approx. Toe of Fill Slope

Sta. 1+50

F-9.5'
El. 11.5'

Sta. 0+00



Elev. Ungraded Ground at Location Stake = 5524.5'

Elev. Graded Ground at Location Stake = 5521.0'

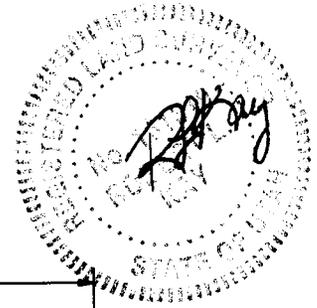
ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

RAINBOW UNIT #8

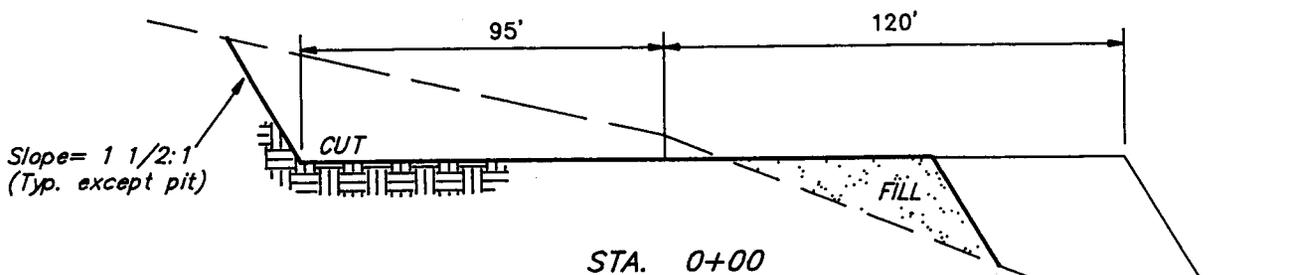
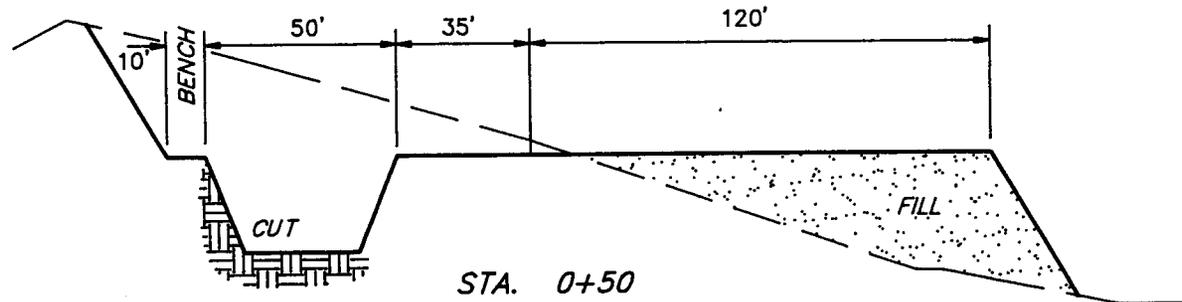
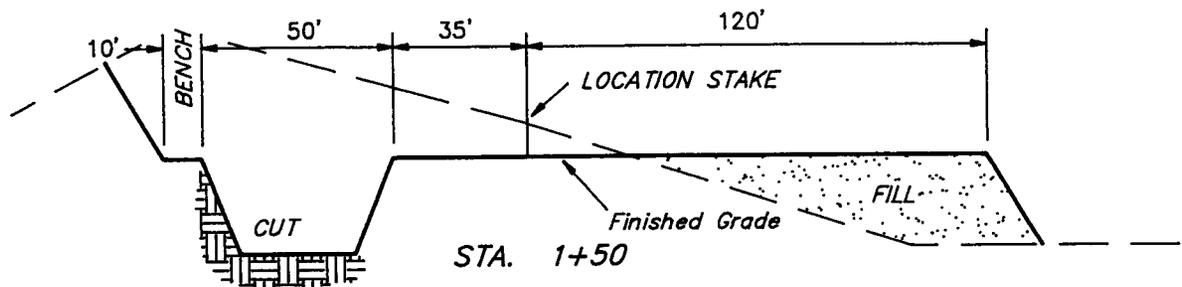
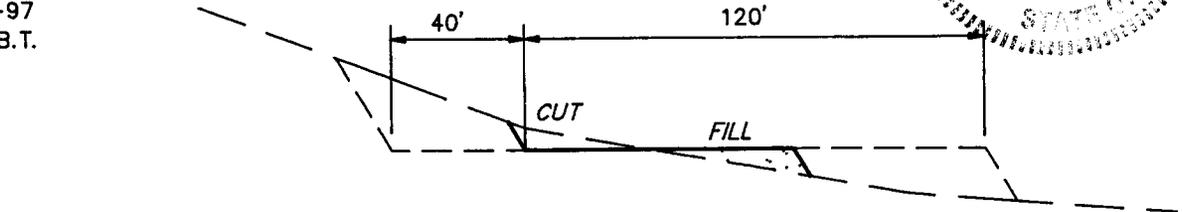
SECTION 12, T11S, R23E, S.L.B.&M.

428' FNL 2013' FEL



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

DATE: 3-28-97
Drawn By: C.B.T.

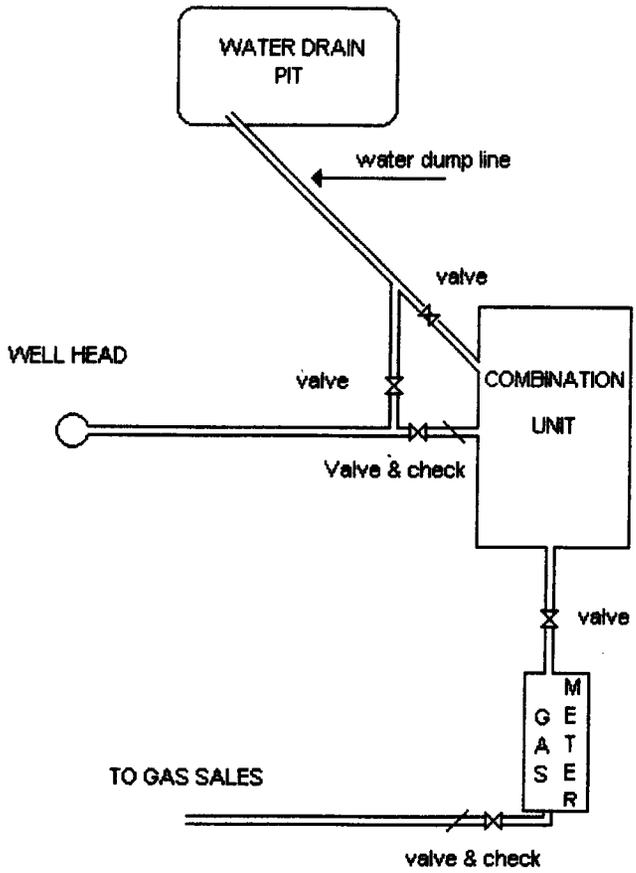


APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 9,820 Cu. Yds.
TOTAL CUT	= 10,920 CU.YDS.
FILL	= 8,120 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,370 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 10 Cu. Yds.

ROSEWOOD RESOURCES, INC
TYPICAL
GAS WELL



SELF-CERTIFICATION STATEMENT

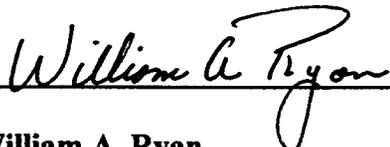
The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised that Rosewood Resources, Inc., is considered to be the operator of the following well.

**Rainbow Unit #8
NW 1/4, NE 1/4, Section 12, T. 11 S., R. 23 E.
Lease U-017664A
Uintah County, Utah**

Rosewood Resources, Inc., is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage is provided by Certificate of Deposit, BLM Bond #UT-0627.



**William A. Ryan
Agent
Rocky Mountain Consulting
350 S. 800 E.
Vernal UT 84078
801-789-0968 Office
801-823-6152 Cell
801-789-0970 Fax**

Statement of use of Hazardous Material

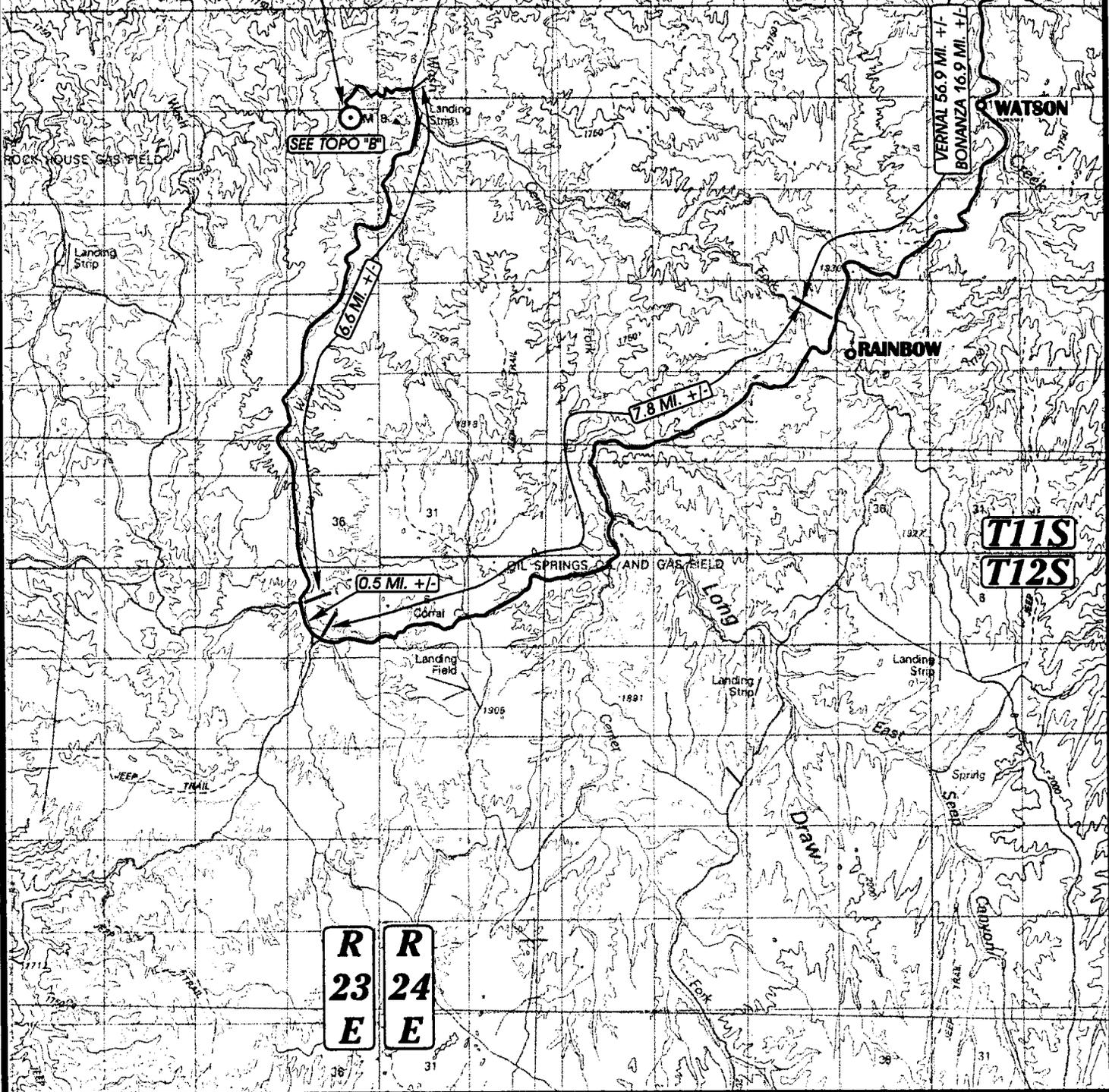
No chemical(s) from the EPA's Consolidated list of Chemicals subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action, No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for Rosewood Resources, Inc.
Rocky Mountain Consulting
350 S. 800 E.
Vernal Utah, 84078

Telephone
(801) 789-0968 office
(801) 823-6152 cellular
(801) 789-0970 fax

**Proposed Location:
RAINBOW UNIT #8**



R 23 E
R 24 E

UELS

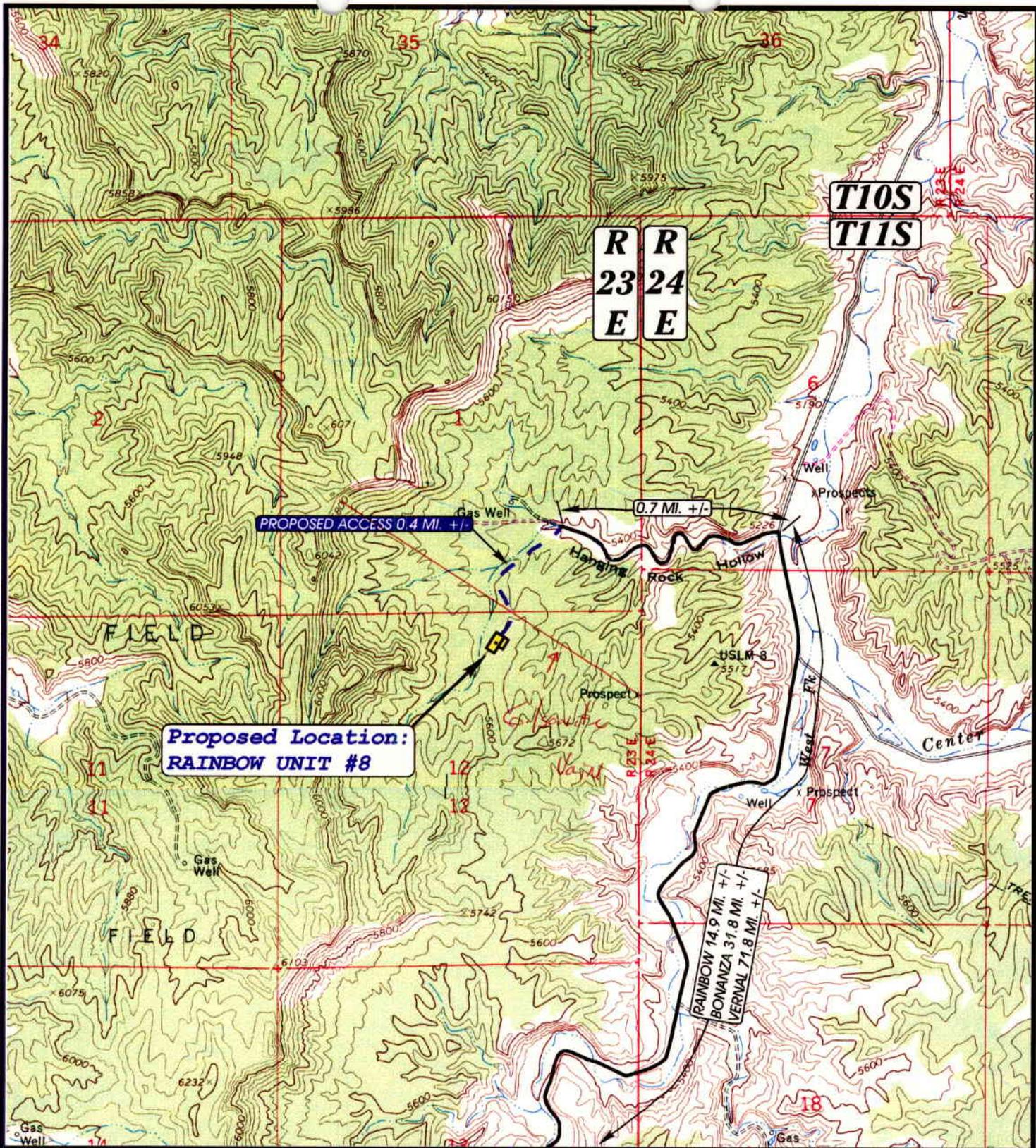
**TOPOGRAPHIC
MAP "A"**

DATE: 3-26-97
Drawn by: J.L.G.



ROSEWOOD RESOURCES INC.

**RAINBOW UNIT #8
SECTION 12, T11S, R23E, S.L.B.&M.
428' FNL 2013' FEL**



**Proposed Location:
RAINBOW UNIT #8**

RAINBOW 14.9 MI. +/-
BONANZA 31.8 MI. +/-
VERNAL 71.8 MI. +/-



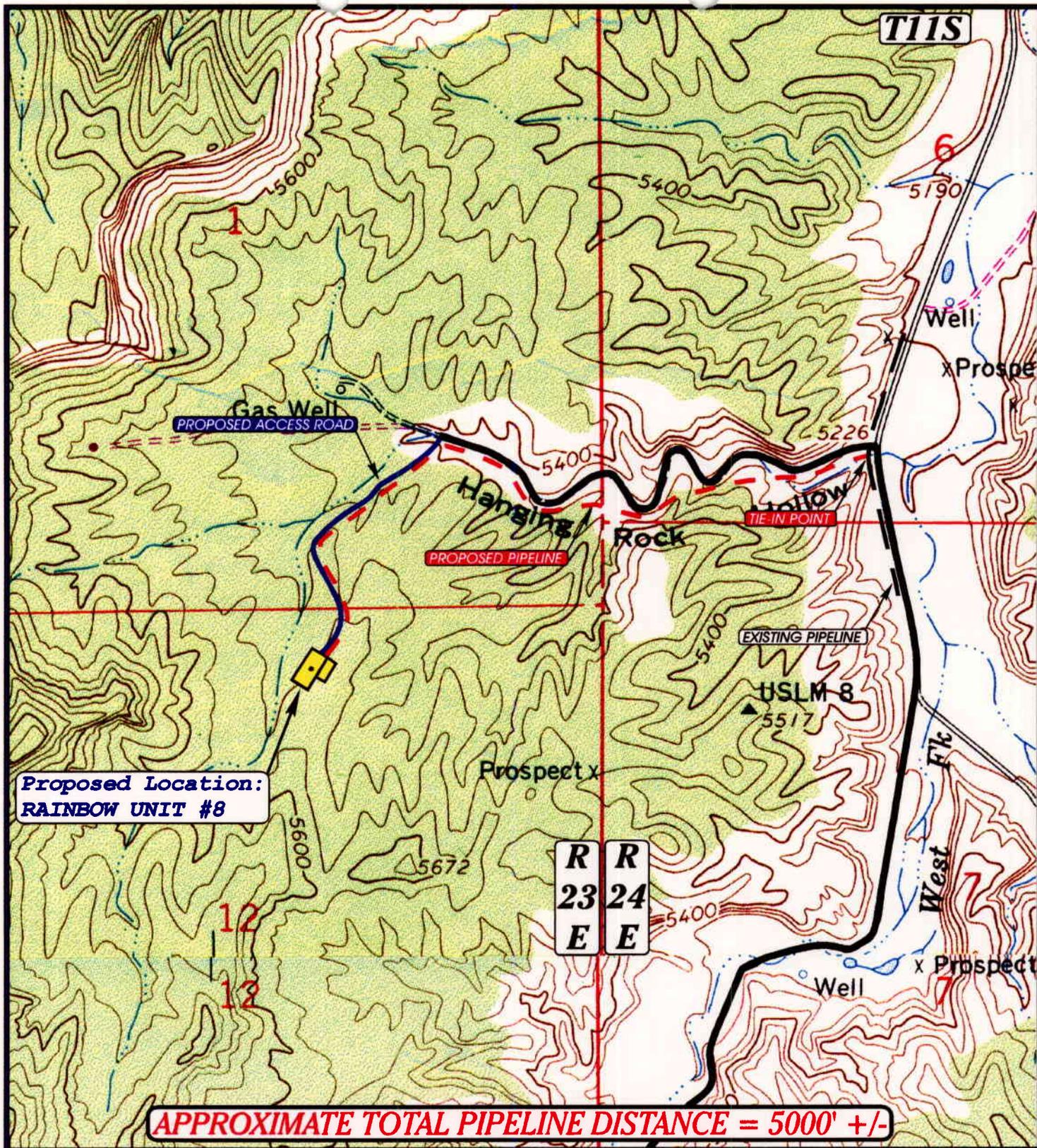
**TOPOGRAPHIC
MAP "B"**

DATE: 3-26-97
Drawn by: J.L.G.



ROSEWOOD RESOURCES INC.

**RAINBOW UNIT #8
SECTION 12, T11S, R23E, S.L.B.&M.
428' FNL 2013' FEL**



UELS

**TOPOGRAPHIC
MAP "C"**

- Existing Pipeline
- - - Proposed Pipeline



ROSEWOOD RESOURCES INC.

**RAINBOW UNIT #8
SECTION 12, T11S, R23E, S.L.B.&M.**

**DATE: 3-26-97
Drawn by: J.L.G.**

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

SCALE: 1" = 1000'

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/18/97

API NO. ASSIGNED: 43-047-32892

WELL NAME: RAINBOW UNIT #8
OPERATOR: ROSEWOOD RESOURCES (N7510)

PROPOSED LOCATION:
NWNE 12 - T11S - R23E
SURFACE: 0428-FNL-2013-FEL
BOTTOM: 0428-FNL-2013-FEL
UINTAH COUNTY
ROCK HOUSE FIELD (670)

LEASE TYPE: FED
LEASE NUMBER: UTU - 017664A

PROPOSED PRODUCING FORMATION: MVRD

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal State Fee
(Number UT 0627)
 Potash (Y/N)
 Oil shale (Y/N)
 Water permit
(Number 49-1595)
 RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

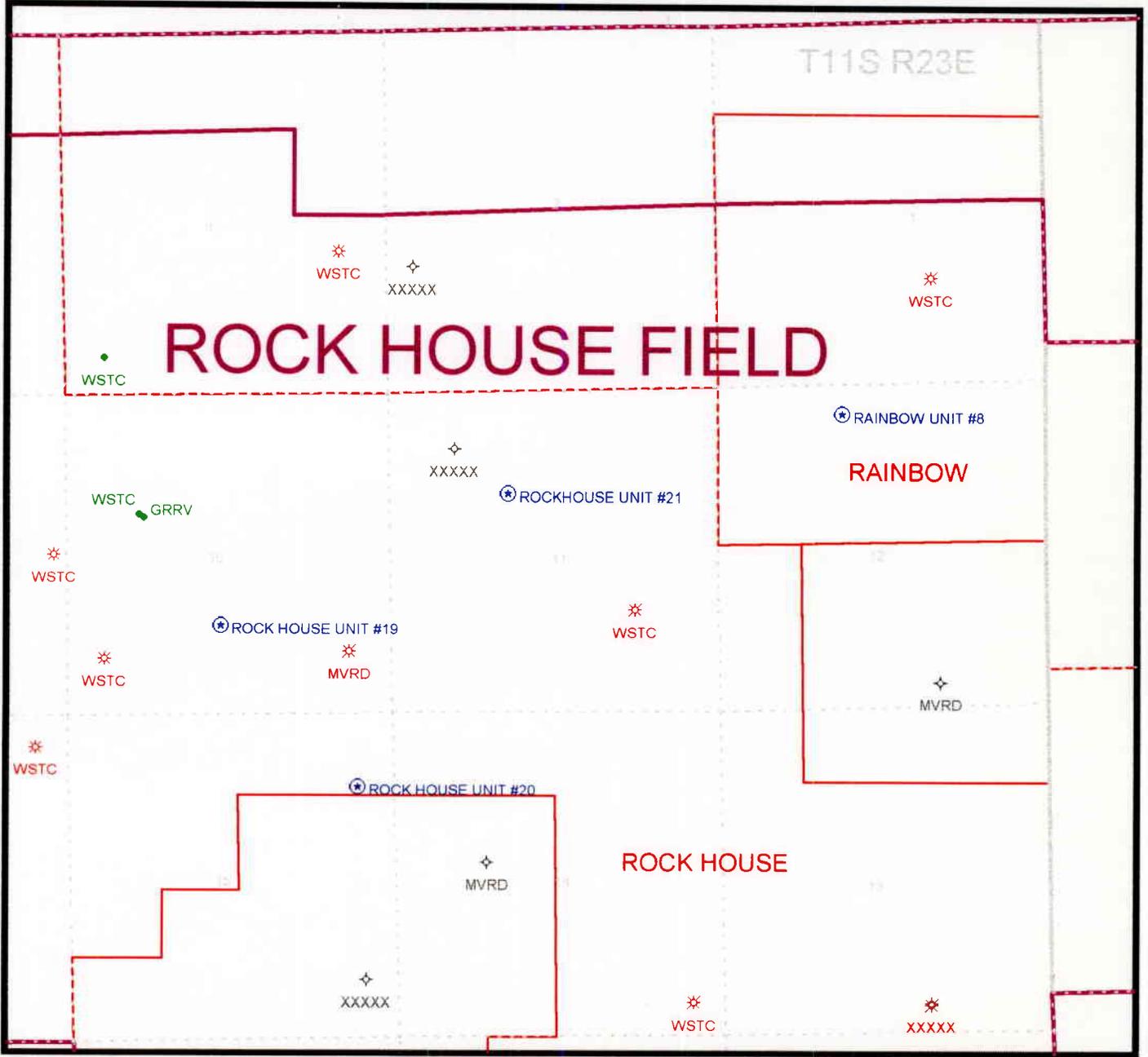
R649-2-3. Unit: RAINBOW UNIT
 R649-3-2. General.
 R649-3-3. Exception.
 Drilling Unit.
Board Cause no: _____
Date: _____

COMMENTS:

Conf. status requested

STIPULATIONS:

OPERATOR: ROSEWOOD RESOURCES (N7510)
FIELD: ROCK HOUSE (670)
SEC, TWP, RNG: 10, 11, 12 T11S, R23E
COUNTY: UINTAH
UAC: R649-2-3



PREPARED:
DATE: 21-APR-97



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

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

June 2, 1997

Rosewood Resources, Inc.
100 Crescent Court, Suite 500
Dallas, Texas 75201

Re: Rainbow Unit 8 Well, 428' FNL, 2013' FEL, NW NE,
Sec. 12, T. 11 S., R. 23 E., Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-32892.

Sincerely,

Lowell P. Braxton
Lowell P. Braxton
Deputy Director

lwp

Enclosures

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

Operator: Rosewood Resources, Inc.
Well Name & Number: Rainbow Unit 8
API Number: 43-047-32892
Lease: U-017664A
Location: NW NE Sec. 12 T. 11 S. R. 23 E.

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334 or Mike Hebertson at (801) 538-5333.

3. Reporting Requirements

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. U-017664A	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Rosewood Resources, Inc.			7. UNIT AGREEMENT NAME Rainbow Unit	
3. ADDRESS OF OPERATOR 100 Crescent Court, Suite 500, Dallas Tx.75201 214-871-5729			8. FARM OR LEASE NAME Rainbow Unit	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 428' FNL, 2013' FEL, NW1/4, NE1/4, Sec. 12, T11S, R23E At proposed prod. zone			9. WELL NO. #8	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 31.8 MILES SOUTH OF BONANZA, UT			10. FIELD AND POOL, OR WILDCAT	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 428'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 12, T 11 S, R 23 E.	
16. NO. OF ACRES IN LEASE 2,936.98			12. COUNTY OR PARISH UINTAH	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			13. STATE UT	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2,100'			20. ROTARY OR CABLE TOOLS ROTARY	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5,525'			22. APPROX. DATE WORK WILL START* May 15, 1997	

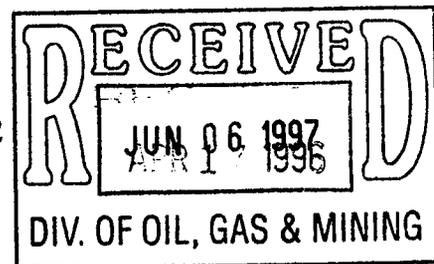
23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	9 5/8	36	300	TO SURFACE
7 7/8	4 1/2	11.6	T.D.	CMT TOP TO COVER THE OIL SHALE

OPERATOR REQUESTS PERMISSION TO DRILL THE SUBJECT WELL
PLEASE SEE THE ATTACHED 10 POINT AND THE 13 POINT SURFACE
USE PLAN.
IF YOU REQUIRE ADDITIONAL INFORMATION PLEASE CONTACT:

WILLIAM A. RYAN
350 S., 800 E.
VERNAL, UTAH
801-789-0968

801-823-6152



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

24. William A. Ryan
SIGNED WILLIAM A. RYAN TITLE AGENT DATE April 11, 1997

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY Bryan K. Johnson ACTING Assistant Field Manager
CONDITIONS OF APPROVAL, IF ANY: _____ TITLE Mineral Resources DATE JUN 02 1997

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Rosewood Resources, INC.

Well Name & Number: Rainbow 8

API Number: 43-047-32892

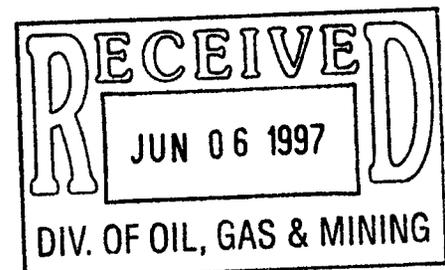
Lease Number: U - 017664-A

Location: NWNE Sec. 15 T.11S R. 23E

NOTIFICATION REQUIREMENTS

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

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.



CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application 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.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Mahogany oil shale zone, identified at 735 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

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

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to the top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

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

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

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

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

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

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

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

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

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

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

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

The APD approval is for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (801) 789-7077
Petroleum Engineer

Wayne P. Bankert (801) 789-4170
Petroleum Engineer

Jerry Kenczka (801) 781-1190
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

SURFACE USE PROGRAM OF THE

The reserve pit will be lined with a plastic nylon reinforced liner. The liner will be at least a 10 mil liner and bedded with sufficient straw or dirt to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Should mud holes develop, they shall be filled in to prevent detours. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. When snow is removed from the road during the winter months, the snow should be pushed outside of the burrow ditches and the turn outs should be kept clear so that when the snow melts the water will be channeled away from the road.

The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.

Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs).

If the well becomes a producing well and it becomes necessary to blow down the well, the blow down noise should be muffled in order to reduce disturbance to nesting raptors and wintering mule deer and elk in the area.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a juniper green color instead of the desert brown mentioned in the APD.

A sign should be installed at the junction of the well access road stating that the road is a well service road and ends in 0.4 mile. The sign can be a simple carsonite post type sign.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

CONFIDENTIAL

Name of Company: ROSEWOOD RESOURCES

Well Name: RAINBOW UNIT 8

Api No. 43-047-32892

Section: 12 Township: 11S Range: 23E County: UINTAH

Drilling Contractor _____

Rig # _____

SPUDDED:

Date 7/21/97

Time _____

How DRY HOLE

Drilling will commence _____

Reported by _____

Telephone # _____

Date: 7/23/97 Signed: JLT

✓

OPERATOR Rosewood Resources Inc.
 ADDRESS 100 Crescent Ct. Ste 500
Dallas Tx 75201

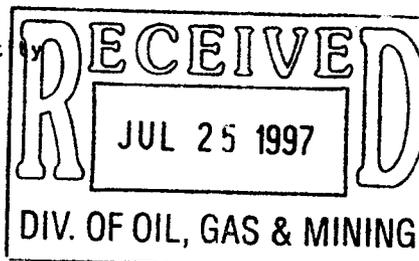
OPERATOR ACCT. NO. N 7510

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
B	99999	01355	43-047-32992	Rainbow Unit 8	NWNE	12	11S	23E	Uintah	7/21/97	
WELL 1 COMMENTS: Drilling additional well in Existing Rainbow Unit. Entity added 7-29-97. (Rainbow U/Wstc B PA) fee											
WELL 2 COMMENTS:											
WELL 3 COMMENTS:											
WELL 4 COMMENTS:											
WELL 5 COMMENTS:											

ACTION CODES (See instructions on back of form)
 A - Establish new entity for new well (single well only)
 B - Add new well to existing entity (group or unit well)
 C - Re-assign well from one existing entity to another existing entity
 D - Re-assign well from one existing entity to a new entity
 E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.

(3/89)



Steve McFalls
 Signature
Prod Engr
 Title
7/21/97
 Date
 Phone No. (214) 871-5723

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells. Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL GAS OTHER: Dry hole

2. Name of Operator: Rosewood Resources Inc.

3. Address and Telephone Number: 100 Crescent Ct., Ste 500, Dallas, Tx 75201 (214) 871-5723

4. Location of Well
Footages: 428 FNL 2013 FEL
OO, Sec., T., R., M.: NWNE Sec. 12 T11S R23E

5. Lease Designation and Serial Number:
UTU-017664A

6. If Indian, Alutok or Tribe Name:

7. Unit Agreement Name:
Rainbow Unit

8. Well Name and Number:
Rainbow 8

9. API Well Number:
43-047-32892

10. Field and Pool, or Wildcat:
Rockhouse

County: Uintah
State: Utah

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

CONFIDENTIAL

NOTICE OF INTENT
(Submit in Duplicate)

- | | |
|--|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- | | |
|--|---|
| <input checked="" type="checkbox"/> Abandon * | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |

Date of work completion 7/28/97

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

* Must be accompanied by a cement verification report.

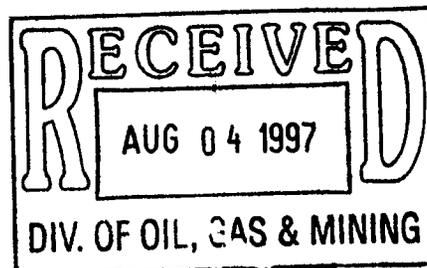
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

7/27/97 Set cement Plug #1 3095 - 2895 w/ 115 sx '6' w/ 2% Cacl. Wait 2 3/4 hr. Tag plug @ 2993. Top off plug w/ 43 sx '6' neat. Laydown Drillpipe to 1210. Set Plug #2 1210 to 860 w/ 145 sx '6' w/ 2% Cacl. Laydown drillpipe to 400. Set Plug #3-400 to Surface w/ 143 sx '6' neat. Laydown drillpipe. Top off plug #3 w/ 1 Bbl cement to 3ft. below head.

CONFIDENTIAL

13. Name & Signature: James McQuillen Title: Prod. Engr. Date: 7/30/97

(This space for State use only)



ROSEWOOD RESOURCES

Daily Drilling Report

LEASE: Rainbow DATE: 7-27-97 CURRENT DEPTH 5300
 WELL NAME 8 FOOTAGE PAST 24 HRS 160
 PRESENT OPERATION: W/ placement to plug with ENGINEER D WARDEN
 CONSULTANT BO SHERMAN

FROM	TO	ACTIVITY PAST 24 HRS:
0600	1245	Drill 5140 to 5300
1245	1545	Cut for logs
1545	1635	Trips out 5140 5396 logs 5300
1635	2145	Rig up to log & logging
2145	2200	Pull wear shoes
2200	2300	W/ placement
2300	0230	Trips in 0215 log down 5000
0230	0230	Trips in Drill Pipe
0230	0600	W/ placement to plug with

		MUD PROPERTIES			
WT	97	% OIL		Co-	60
VIS	50	% SAND	1/2	CAGE	2/32
WL	104	% SOLIDS	84	pH	9
HTHP		ALK		Daily Mud Cost	2468
PV	13	Cl-	1000	Cur Mud Cost	6022
YP	10				

DAILY COSTS:

DAYWORK 690.0
 LOCATION
 MUD 2168
 CONSULTING
 SURVEYOR
 LOGGING 13872
 MUD LOG 450
 CEMENTING
 WELDER
 WATER
 PRESS TEST
 BITS
 RENTALS 575
 CASING
 SUPERVISION 600

PUMP DATA:

	1	2
MAKE	Case	Case
MODEL	0350	0375
LINE	5 1/2	5 1/2
GPM	62	
PSI	1200	

Hydrates:

WOB	
RPM	
GPM	

BIT RECORD:

BIT #	1	2
Size		09803
Size		9 1/8
Make		11201
Type		MT30
Job		14005
Wt @		4270
Dr @		5300
Fee		1022
HS		4376
PSI		2144
Cur Hrs		
Cost		

DEPTH DEBITES

506	13/4

TOTAL DAILY 24565
 COST FORWARD 114057
 CUR TO DATE 138602

ADDRESS CHANGE:

Services Company

CUSTOMER Rosewood		DATE 7-27-97	FR # 083725	SER. SUP. McPherson/Lozan	TYPE JOB PL								
LEASE & WELL NAME OCSS Rosewood 8		LOCATION 572 TUIS (23 E)		COUNTY-PARISH-BLOCK WINTA									
DISTRICT VERNAL		DRILLING CONTRACTOR NADEURS 700		OPERATOR SAPE									
MATERIAL FURNISHED BY WPS	TYPE OF PLUGS	LIST-CSG-HARDWARE		SO MANI FOLD	TOP OF EACH FLUID	PHYSICAL SLURRY PROPERTIES							
	TOP BTM			Y/N		SLURRY WGT PPG	SLURRY YLD FT	WATER QPS	PUMP TIME HR:MIN	Bbl SLURRY	Bbl MIX WATER		
	N/A	N/A				115 SX G + 2% C/C¹²	2790	15.8	1.14	5.0	1.5	29.3	19.7
						43 SX G NEAT	2700	15.8	1.14	5.0	1.5	8.7	5.1
						145 SX-G + 2% C/C¹²	860	15.8	1.14	5.0	1.5	29.4	17.3
						143 SX-G NEAT	SURF.	15.8	1.14	5.0	1.5	29.0	17.0
Available Mix Water 800 Bbl.		Available Displ. Fluid _____ Bbl.		TOTAL									
HOLE			TBG-CSG-D.P.			TBG-CSG-D.P.			COLLAR DEPTHS				
SIZE	% EXCESS	DEPTH	SIZE	WGT.	TYPE	DEPTH	SIZE	WGT.	TYPE	DEPTH	SHOE	FLOAT	STAGE
9"		4000	4 1/2	16.6	XO	3075							
LAST CASING			PKR-CMT-RET-BR PL-LINER			PERF. DEPTH		TOP CONN		WELL FLUID			
SIZE	WGT	TYPE	DEPTH	BRAND & TYPE		DEPTH	TOP	BTM	SIZE	THREAD	TYPE	WGT.	
8 5/8									4 1/2	But	Mud	9.5	
CAL DISPL. VOL -Bbl.			CAL PSI	CAL. MAX PSI	OP. MAX	MAX TBG PSI		MAX CSG PSI		DISPL. FLUID		WATER SOURCE	
TBG	CSG	CSG	TOTAL	BUMP PLUG	TO REV	SO. PSI	RATED	OP.	RATED	OP.	TYPE	WGT.	
.01722			39.5				7210	5768			MUD	9.5	RIG
EXPLANATION: TROUBLE SETTING TOOL, RUNNING CSG, ETC. PRIOR TO CEMENTING: N/A													
PRESSURE/RATE DETAIL						EXPLANATION							
TIME	PRESSURE-PSI		RATE	Bbl. FLUID	FLUID	SAFETY MEETING: WPS CREW <input checked="" type="checkbox"/> CO. REP <input checked="" type="checkbox"/>							
HR: MIN.	PIPE	ANNULUS	BPM	PUMPED	TYPE	TEST LINES <input checked="" type="checkbox"/> PSI							
8:40	40		4.0	5.0	H₂O	CIRCULATING WELL RIG <input checked="" type="checkbox"/> WPS <input checked="" type="checkbox"/> START H₂O							
8:44	40		4.0	23.3	CAT	START CEMENT AT 15.8 + 2% C/C							
8:59	40		4.0	38.6	MUD	START DISPLACEMENT							
9:03	0					SHUT DOWN PLUG BALANCED							
9:05	0					RIG PULL 5 STANDS - CIRCULATE							
12:23	240		4.0	5.0		START H₂O							
12:25	170		4.0	8.7		START CEMENT 15.8							
12:32	100		4.0	30.8	MUD	START DISPLACE							
12:37	100		4.0			SHUT DOWN PLUG BALANCED							
3:58	70		4.0	5.0		START H₂O							
4:00	50		4.0	29.4		START CEMENT 15.8							
4:14	50		3.5	14.5	H₂O	START DISPLACEMENT H₂O							
4:16	50		3.5			SHUT DOWN PLUG BALANCED							
5:17	50		2.0	1.0		START H₂O							
5:18	50		2.5	27.0		START CEMENT 15.8							
						SHUT DOWN PULL DRILL PIPE							
						TOP OUT							
BUMPED PLUG	PSI TO BUMP PLUG	TEST FLOAT EQUIP.	TOTAL Bbl. PUMPED	Bbl. CMT RETURNS/ REVERSED	PSI LEFT ON CSG	SPOT TOP CEMENT	SER. SUP. McPherson/Lozan						
Y/N		Y/N	190.9	190.9		SURF	CUSTOMER REP. Bo SHERMAN						

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

Rec'd By
Doan
8.4.97

5. LEASE DESIGNATION AND SERIAL NO.
UTU-017664A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Rainbow Unit

8. FARM OR LEASE NAME
Rainbow

9. WELL NO.
8

10. FIELD AND POOL OR WILDCAT
Rockhouse

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 12 T11S R23E

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

1. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. REST. Other _____

2. NAME OF OPERATOR
Rosewood Resources Inc.

3. ADDRESS OF OPERATOR
100 Crescent Ct., Ste 500, Dallas, Tx 75201 (214) 871-5723

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface NWE Sec. 12 T11S R23E L428FNK 2013FEL)

At top prod. interval reported below **SAME**

At total depth **SAME**

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14. API NO. **43-047-32892** DATE ISSUED **6/2/97** 12. COUNTY **Utah** 13. STATE **Utah**

15. DATE SPUNDED **7/2/97** 16. DATE T.D. REACHED **7/2/97** 17. DATE COMPL. (Ready to prod.) **7/28/97 PIA (log & test)** 18. ELEVATIONS (DF, SER, RT, CR, ETC.) **625525 KB 5537** 19. ELEV. CASINGHEAD **5525**

20. TOTAL DEPTH, MD & TVD **5300** 21. PLUG BACK T.D., MD & TVD _____ 22. IF MULTIPLE COMPL. HOW MANY _____ 23. INTERVALS DRILLED BY ROTARY TOOLS **0-5300** 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 **ARRAY INDUCTION, BHE SOWIC, Platform Express, Dens. Log/Neutron, Sonic 8-45** 27. WAS WELL CORED YES NO (Indicate analysis) DRILL STEM TEST YES NO (See course code)

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	MOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8 J-55	24	302	1 1/4	150s. 6' w/ 2% Cacl md 1/4 #/s colloflake to surface.	NONE

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACERS SET (MD)

31. PERFORATION RECORD (Interval, size and number)
NONE

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

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33. PRODUCTION

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

DATE OF TEST	HOURS TESTED	CHOOZ SIZE	PROG. FOR TEST PERIOD	OIL—GAL.	GAS—MCF.	WATER—GAL.	GAS-OIL RATIO

FLOW, TUBING PRIME. CASING PRESSURE. CALCULATED 24-HOUR RATE. OIL—GAL. GAS—MCF. OIL GRAVITY-API (CORR.)

CONFIDENTIAL PERIOD EXPIRES ON 8-28-98

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

35. LIST OF ATTACHMENTS
Daily Reports, Cement Record, Openhole logs.

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

SIGNED **[Signature]** TITLE **Prod. Emgr.** DATE **7/30/97**

See Spaces for Additional Data on Reverse Side

INSTRUCTIONS

This form should be completed in compliance with the Utah Oil and Gas Conservation General Rules. If not filed prior to this time, all logs, tests, and directional surveys as required by Utah Rules should be attached and submitted with this report.

ITEM 18: Indicate which elevation is used as reference for depth measurements given in other spaces on this form and on any attachments.

ITEMS 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

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

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

37. SUMMARY OF POROUS ZONES:

Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

38. GEOLOGIC MARKERS

Formation	Top	Bottom	Description, contents, etc.	Meas. Depth	Top	True Vert. Depth
Green River	2988	2995	Water	Surface		
Wasatch	3108	3132	Gas & water	990		
	4665	4674	Water & gas	2995		
	4815	4826	Water & gas	4850		

CONFIDENTIAL

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas well Other

2. Name of Operator
 Rosewood Resources, Inc.

3. Address and Telephone No.
 (214) 871-5729
 100 Crescent Court, Suite #500, Dallas, Texas 75201

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 428'FNL, 2013'FEL, NW1/4, Sec.12, T11S, R33E.

5. Lease Designation and Serial No.
 U-017664A

6. If Indian, Allottee or Tribe Name

7. If unit or CA, Agreement Designation

8. Well Name and No.
 Rainbow Unit #8

9. API Well No.
 #8

10. Field and Pool, or Exploratory Area
 Rainbow Unit

11. County or Parish, State
 Uintah - Utah

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input checked="" type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing repair	<input type="checkbox"/> Water Shut-off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Other _____	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Verbal approval was given to alter the route geographical site known as Hanging Rock. The rock looked in danger of falling so in order to protect the rock, vehicles, and humans the route around the rock was changed to the left and a 400' road was dog legged around the rock. The existing road under the rock was reclaimed at the same time. The verbal approval was given by a BLM Representative before change was made.

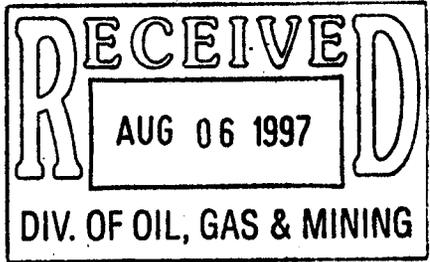
14. I hereby certify that the foregoing is true and correct

Signed Stewart Pike Title Regulatory Compliance Specialist Date 7/31/97
Stewart Pike Moonwater Consulting

(This space of Federal or State office use.)

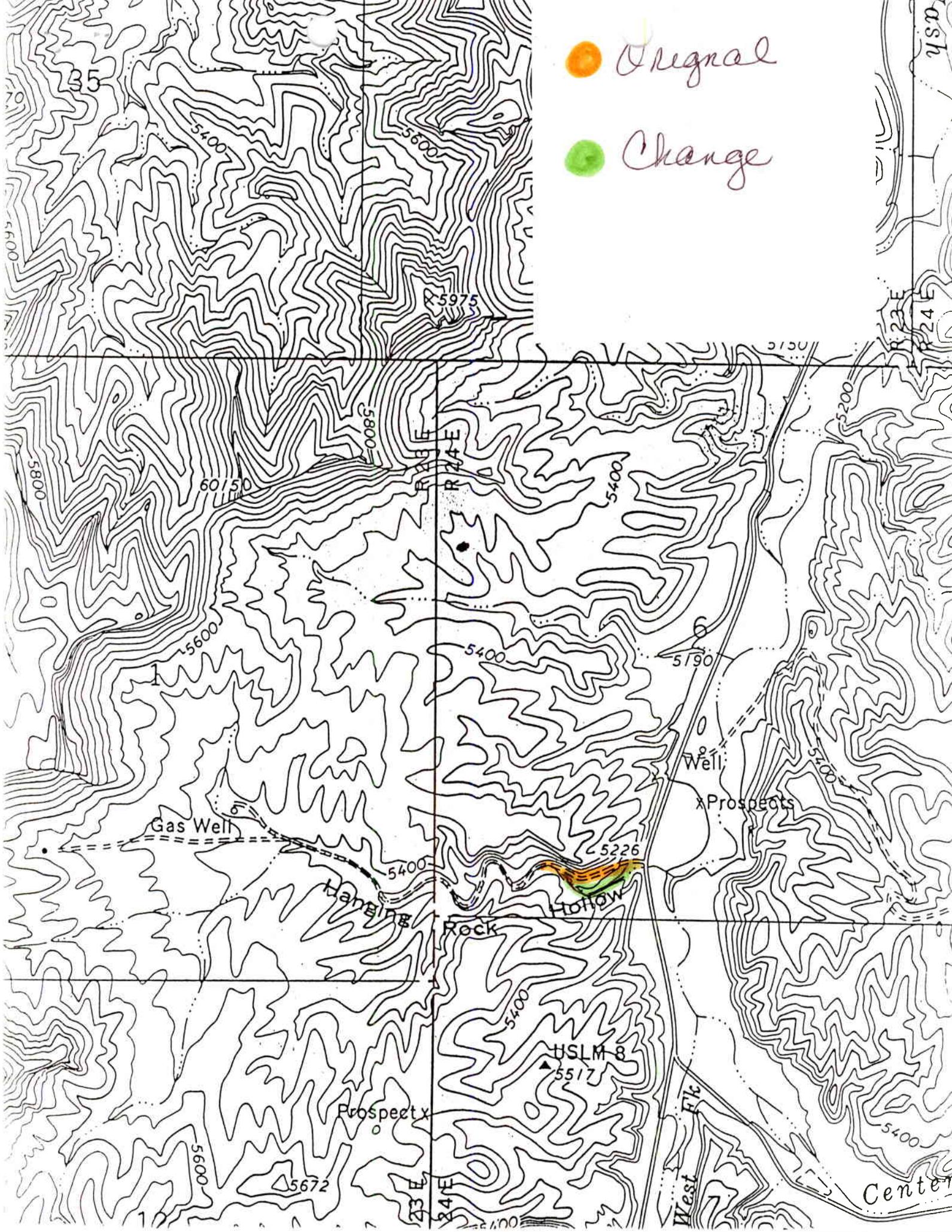
Approved by _____ Title _____ Date _____
 Conditions of approval, if any:

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



Original

Change



**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

5. LEASE DESIGNATION AND SERIAL NO.
U-017664A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Rainbow Unit

8. FARM OR LEASE NAME
Rainbow Unit

9. WELL NO.
#8

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
SEC. 12, T 11 S, R 23 E.

12. COUNTY OR PARISH
UINTAH

13. STATE
UT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
Rosewood Resources, Inc.

3. ADDRESS OF OPERATOR
100 Crescent Court, Suite 500, Dallas Tx. 75201 214-871-5729

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
428' FNL, 2013' FEL, NW1/4, NE1/4, Sec. 12, T11S, R23E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
31.8 MILES SOUTH OF BONANZA, UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
428'

16. NO. OF ACRES IN LEASE
2,936.98

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
2,100'

19. PROPOSED DEPTH
5,500'

20. ROTARY OR CABLE TOOLS
ROTARY

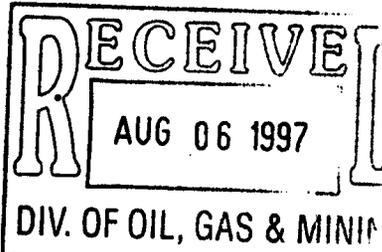
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5,525'

22. APPROX. DATE WORK WILL START*
May 15, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	9 5/8	36	300	TO SURFACE
7 7/8	4 1/2	11.6	T.D.	CMT TOP TO COVER THE OIL SHALE

OPERATOR REQUESTS PERMISSION TO DRILL THE SUBJECT WELL
PLEASE SEE THE ATTACHED 10 POINT AND THE 13 POINT SURFACE
USE PLAN.
IF YOU REQUIRE ADDITIONAL INFORMATION PLEASE CONTACT:



WILLIAM A. RYAN
350 S., 800 E.
VERNAL, UTAH
801-789-0968 801-823-6152

APR 17 1996

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

24. SIGNED William A. Ryan **WILLIAM A. RYAN** TITLE AGENT DATE April 11, 1997

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY Bryan K. Salma **ACTING** Assistant Field Manager
 CONDITIONS OF APPROVAL, IF ANY: _____ TITLE Mineral Resources DATE **JUN 02 1997**

NOTICE OF APPROVAL CONDITIONS OF APPROVAL ATTACHED

47080-701-244

*See Instructions On Reverse Side

SELF-CERTIFICATION STATEMENT

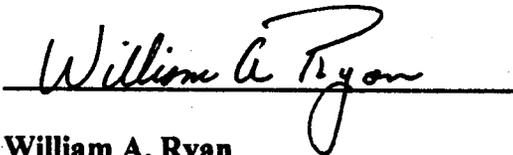
The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised that Rosewood Resources, Inc., is considered to be the operator of the following well.

Rainbow Unit #8
NW 1/4, NE 1/4, Section 12, T. 11 S., R. 23 E.
Lease U-017664A
Uintah County, Utah

Rosewood Resources, Inc., is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage is provided by Certificate of Deposit, BLM Bond #UT-0627.

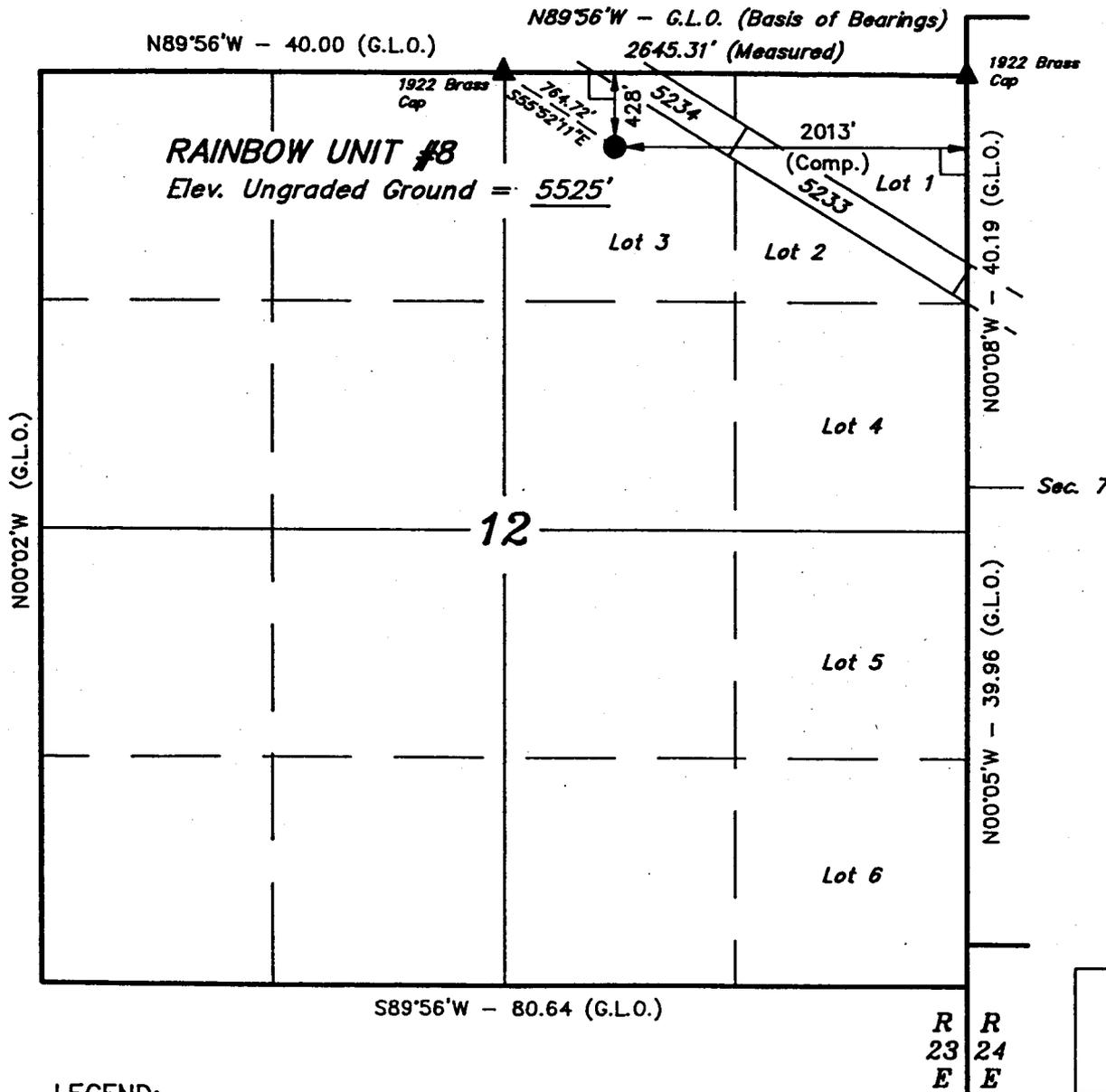


William A. Ryan
Agent
Rocky Mountain Consulting
350 S. 800 E.
Vernal UT 84078
801-789-0968 Office
801-823-6152 Cell
801-789-0970 Fax

T11S, R23E, S.L.B.&M.

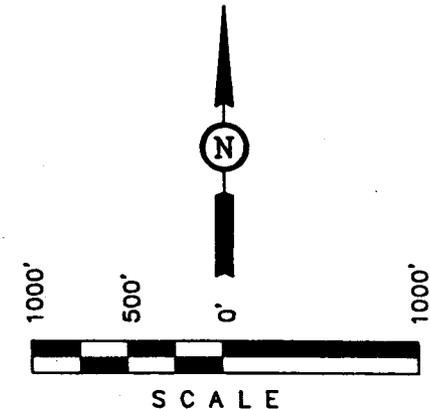
ROSEWOOD RESOURCES, INC.

Well location, RAINBOW UNIT #8, located as shown in LOT 3 of Section 12, T11S, R23E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION LOCATED IN THE NW 1/4 OF SECTION 27, T11S, R23E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6366 FEET.



CERTIFICATE

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

Robert L. Key
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 3-22-97	DATE DRAWN: 3-28-97
PARTY B.B. G.S. J.K. D.R. C.B.T.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROSEWOOD RESOURCES, INC.	

LEGEND:

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

Ten Point Plan

Rosewood Resources, Inc.

Rainbow Unit #8
Rainbow Unit

Surface Location NW 1/4, NE 1/4, Section 12, T. 11 S., R. 23 E.

1. Surface Formation:

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	5,525' G.L.
Oil Shale	525	5,000
Wasatch	2,975	2,550
Mesaverde formation	4,925	600
T.D.	5,500	25

3. Producing Formation Depth:

Formation objective include the Wasatch and its submembers.

Off Set Well Information:

Off set well: Gas Well Rainbow Unit #4 Sec. 1 , T. 11 S., R. 23.E.

4. Proposed Casing :

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/Ft.</u>	<u>Grade & Tread</u>	<u>Setting Depth</u>	<u>Casing New/Used</u>
12 1/2	9 5/8	36	J-55/STC	300	New
7 7/8	4 1/2	11.6	J-55/LTC	T.D.	Used/inspected

Cement Program:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8	Class "G" 2% Calcium 1/4 #/sk cello flake	200 sks.	1.18 cu. ft./sk.	15.6 lbs./gal.

Casing Size	Cement Type	Cement Amount	Cement Yield	Cement Weight
4 1/2	Lead Class "G" 3 % salt 16% gell 10# Gilsonite/sk	200 sks	3.90 cu. ft./sk.	11.0 lbs./gal.
	Tail Class "G" 10% salt 10% gypsum 2% WR15 .4 lbs/sk FL 25	500 sks +/-	1.53 cu. ft./sk.	14.8 lbs./gal.

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000 psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to the minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

Interval	Mud weight lbs/gal.	Viscosity Sec./Qt.	Fluid Loss Ml/30 Mins.	Mud Type
0-300	Air/Clear Water	----	No Control	Water/Gel
300-2000	Clear Water	----	No Control	Water/Gel
2000-T.D.	8.4-8.6	30	No Control	Water/Gel

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 2000' to T.D.

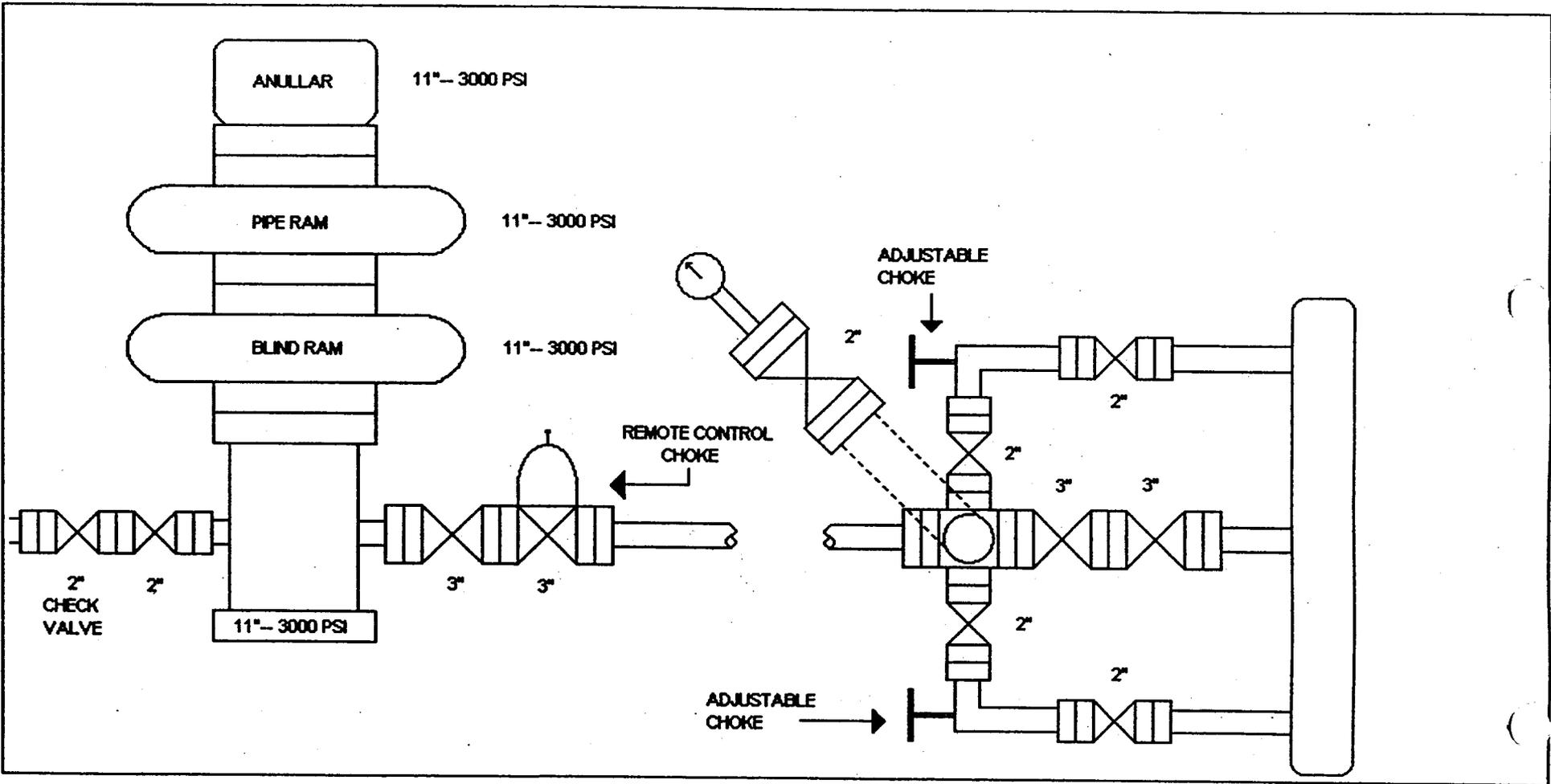
d) Logging:	Type	Interval
	DLL/SFL W/GR and SP	T.D. to Surf. Csg
	FDC/CNL W/GR and CAL	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is May 15, 1997. Duration of operations expected to be 30 days.



ROSEWOOD RESOURCES, INC.

13 POINT SURFACE USE PLAN

FOR WELL

RAINBOW UNIT #8

LOCATED IN

NW 1/4, NE 1/4

SECTION 12, T. 11 S., R. 23 E., U.S.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: U-017664A

**SURFACE OWNERSHIP: FEDERAL
AND FEE**

1. Existing Roads

To reach the Rosewood Resources, Inc., Rainbow Unit 8 well location, in Section 12, T11S, R23E, from Bonanza, Utah:

Starting in Bonanza, Utah proceed south on the paved road for 4 miles. Turn south (left) on the Book cliffs road (dirt road). Proceed south 3.9 miles to the Greeks Corrals. Turn west (right) at the fork in the road. Proceed 8.3 miles to the Asphalt Wash sign. Stay to the south (left) of the sign. Proceed .7 miles to the Rainbow sign. Stay to the west (right) of the sign. This is also called the Kings Wells road. Proceed 7.8 miles turn north (right). Proceed 6.6 turn west (left). Proceed .7 miles on the oil field access road. The new road will start at that point.

All roads to the proposed location are State or County maintained roads except the last .7 miles of road. Rosewood Resources, Inc. has acquired United Utilities and the right of ways granted to United Utilities. Access to the well will be on said right of way.

Please see the attached map for additional details.

2. Planned access road

Approximately .4 miles of new road will be constructed. Fee ground will be crossed approximately 450 feet be for the location. The Fee surface is owned by American Gilsonite. The surface is associated with a Gilsonite vain and the patented lease. The Operator has contacted American Gilsonite. An access agreement will be in place before surface disturbance is started on the access road.

The road will be built to the following standards:

A) Approximate length	2,112 Ft.
B) Right of Way width	30 Ft.
C) Running surface	18 Ft.
D) Surfacing material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road flagged	Yes
K) Access road surface ownership	Federal and Fee
L) All new construction on lease	Yes

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a desert brown color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Desert Brown (10 YR 6/4).

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulations identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

A proposed surface gas line will be constructed and tied into an existing 6" line. The approximate length will be 5808'. The proposed pipe line will be constructed adjacent to the access road. Please see the attached location diagrams for pipe line location. There will be no additional surface disturbances required for the installation of a gathering line. The line will be a 2" or 4" steel line. The line will be welded on the pad and access road. After welding the line will be pulled with a small cat to the tie in.

The gas meter run will be located within 500' of the well head. The gas line will be buried or anchored down from the well head to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office. All measurement facilities will conform with API and AGA standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing the subject well will be hauled by truck from Rosewoods water station in Section 13, T11S, R23E. A second location may be used, it would be Evacuation Creek permit # 49-1595. The Evacuation Creek distribution point is in Section 7, T11S, R25E. Water for completion will come from the same supply or Vernal City.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravels or pit lining material will be obtained from private sources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 10 ft. deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will not be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90 day period an application for approval for a permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized land fill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned for at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follow:

A)	Pad length	325 ft.
B)	Pad width	155 ft.
C)	Pit depth	10 ft.
D)	Pit length	180 ft.
E)	Pit width	50 ft.
F)	Max cut	23.5 ft.
G)	Max fill	15.1 ft.
H)	Total cut yds	10,920 cu. yds.
I)	Pit location	east side
J)	Top soil location	south side
K)	Access road location	north end
L)	Flare pit	south corner

Please see the attached location diagram for additional details.

Please note the location of the trees removed from the location. Also note the top soil has been moved. Make sure all trees and top soil are out of the drainage on the south end of the location.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped and stockpiled. This will amount to approximately 1,000 cubic yards of material. Placement of the top soil is noted on the attached location plat. When all drilling and completion activities have been completed the unused portion of the location (the area outside the dead men.) will be recontoured and the topsoil spread over the disturbed area.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Any drainage rerouted during the construction activities shall be restored to its original line of flow or as near as possible.

All disturbed areas will be recontoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rain fall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

After September 15, and before the ground freezes.

Seed will be broadcast or drilled at the time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage and the seed mixture will be proportionately larger (double the lbs. per acre).

At such time as the well is plugged and abandoned the operator will submit a surface reclamation plan to the surface management agency for prescribed seed mixture and reseeding requirements.

11. Surface ownership:

Access road	Federal and Fee
Location	Federal
Pipe line	Federal and Fee

12. Other information

A) Vegetation:

The vegetation coverage is slight. The majority of the existing vegetation consists of Pinion Pine trees and Juniper trees.

B) Dwellings:

There are no dwellings, or other facilities within a one mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would effect such sites will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is 1.0 miles to the east in West Fork Asphalt Wash.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location construction
At least forty eight (48) hours prior to construction of location and access roads
- b) Location completion
Prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initialing pressure tests.
- f) First production notice
With in five (5) business days after the new well begins, or production resumes after well has been off production for more than ninety 90 days.

H) Flare pit

The flare pit will be located a minimum of 30 feet from the reserve pit fence and 100 feet from the bore hole on the south and west side of the location, between points C and 6 on the location plat. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

Name:	William A. Ryan
Address:	Rocky Mountain Consulting 350 South, 800 East Vernal, Utah 84078
Telephone:	
Office	801-789-0968
Fax	801-789-0970
Cellular	801-823-6152

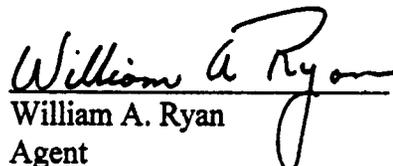
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, the applicable laws, regulations, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by Freedom Energy, Inc. and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date April 15, 1997


William A. Ryan
Agent
Rocky Mountain Consulting

Onsite Date:
Participant on joint inspection:
William Ryan
Byron Tolman

April 8, 1997
Rocky Mountain Consulting
BLM

Statement of use of Hazardous Material

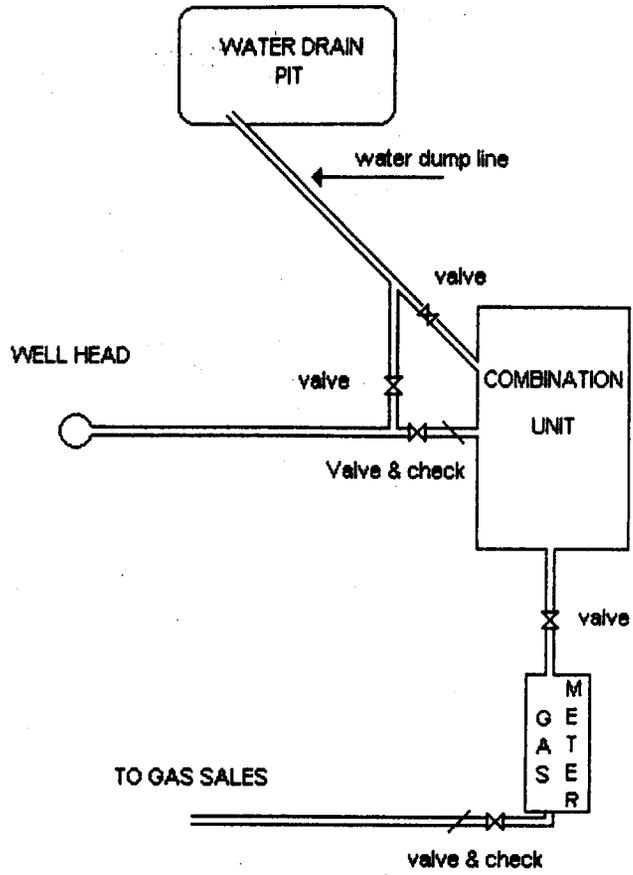
No chemical(s) from the EPA's Consolidated list of Chemicals subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986. will be used, produced, transported, stored, disposed, or associated with the proposed action, No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for Rosewood Resources, Inc.
Rocky Mountain Consulting
350 S. 800 E.
Vernal Utah, 84078

Telephone
(801) 789-0968 office
(801) 823-6152 cellular
(801) 789-0970 fax

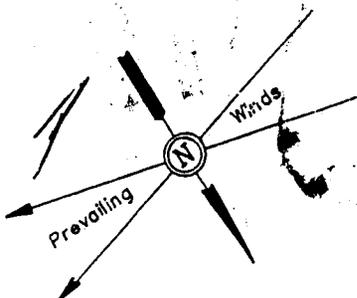
ROSEWOOD RESOURCES, INC
TYPICAL
GAS WELL



ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

RAINBOW UNIT #8
SECTION 2, T11S, R23E, S.L.B.&M.
428' FNL 2013' FEL



SCALE: 1" = 50'
DATE: 3-28-97
Drawn By: C.B.T.

Sta. 3+25

Roby

Approx. Toe of Fill Slope

Sta. 1+50

F-9.5'
El. 11.5'

Sta. 0+00

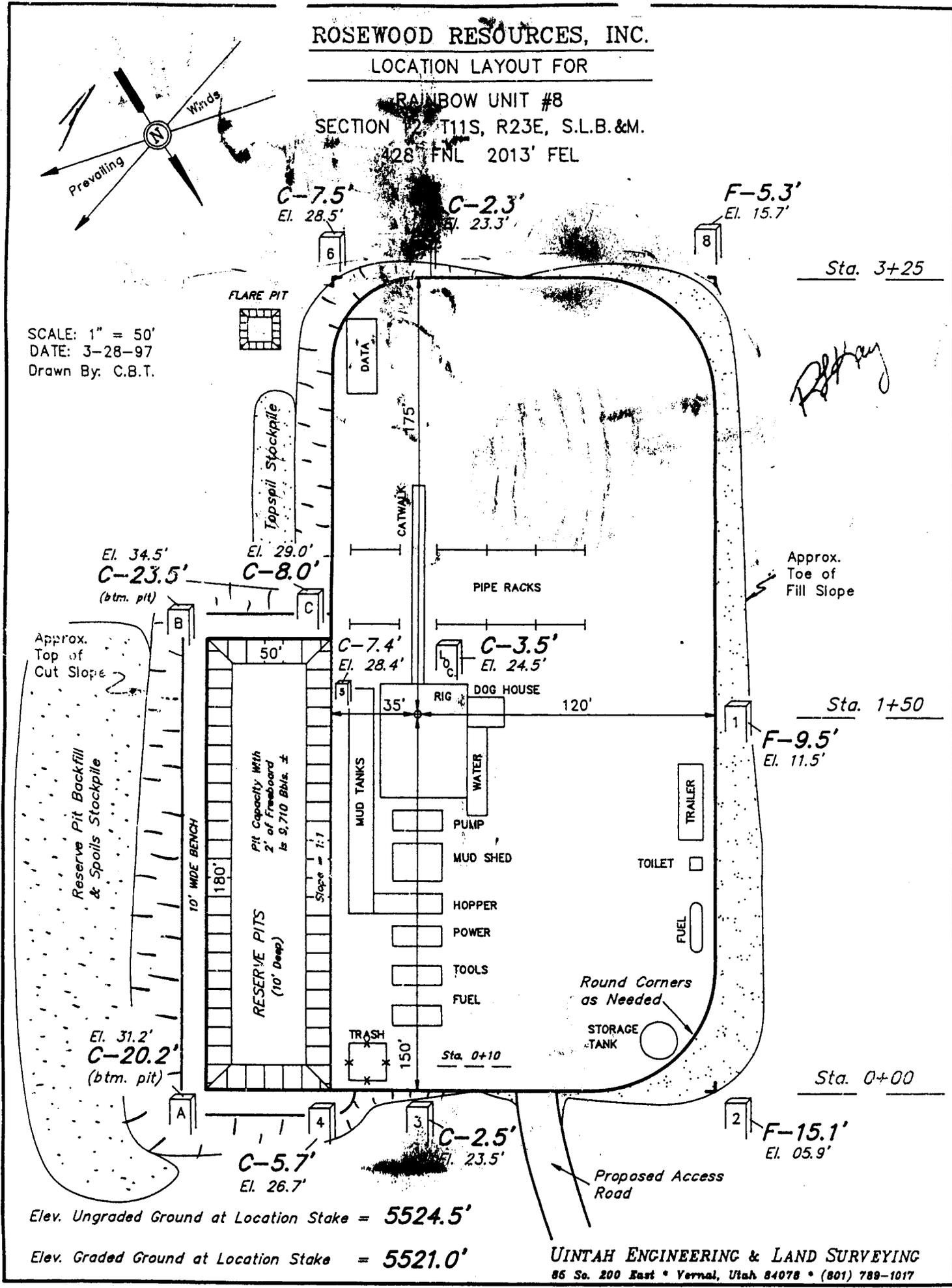
F-15.1'
El. 05.9'

Proposed Access Road

Elev. Ungraded Ground at Location Stake = 5524.5'

Elev. Graded Ground at Location Stake = 5521.0'

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



ROSEWOOD RESOURCES, INC.

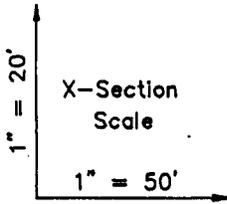
TYPICAL CROSS SECTIONS FOR

RAINBOW UNIT #8

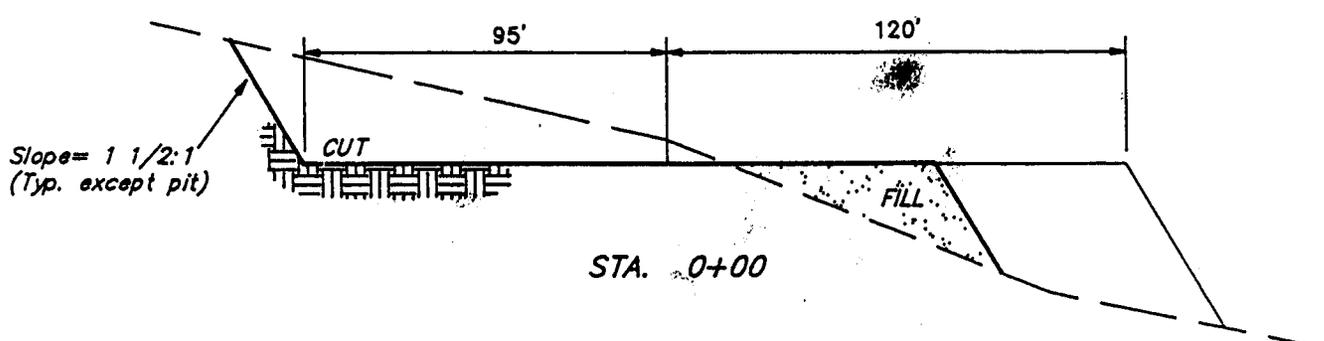
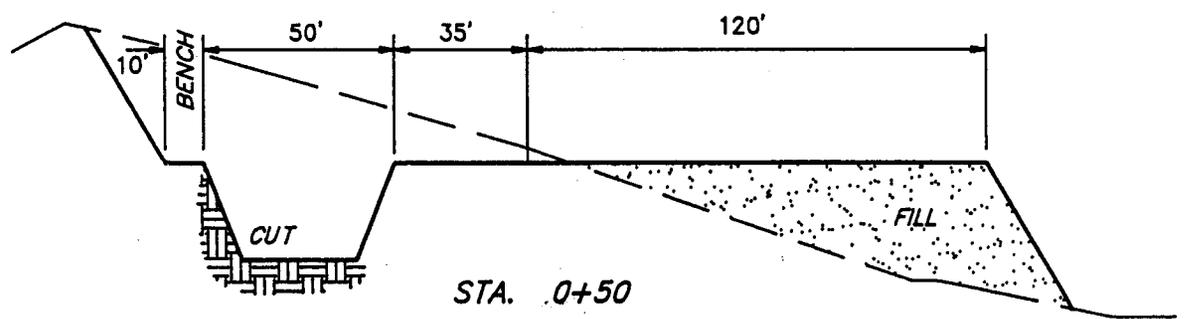
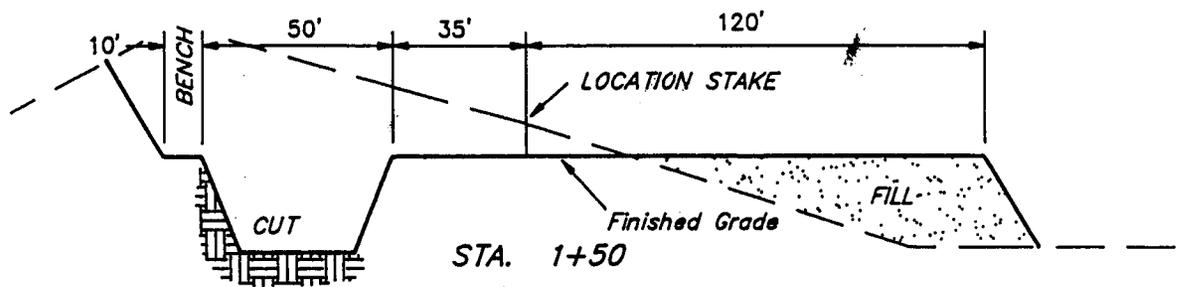
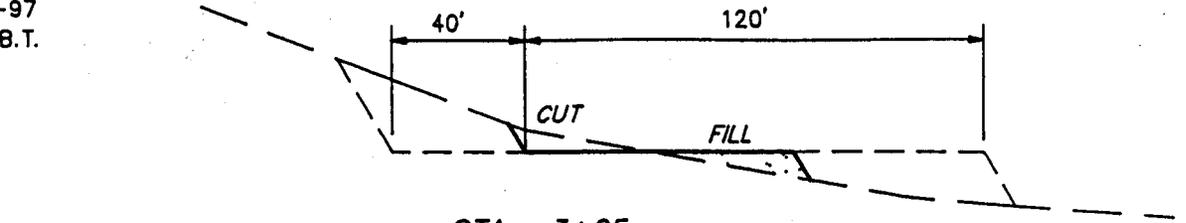
SECTION 12, T11S, R23E, S.L.B.&M.

428' FNL 2013' FEL

[Handwritten signature]



DATE: 3-28-97
Drawn By: C.B.T.

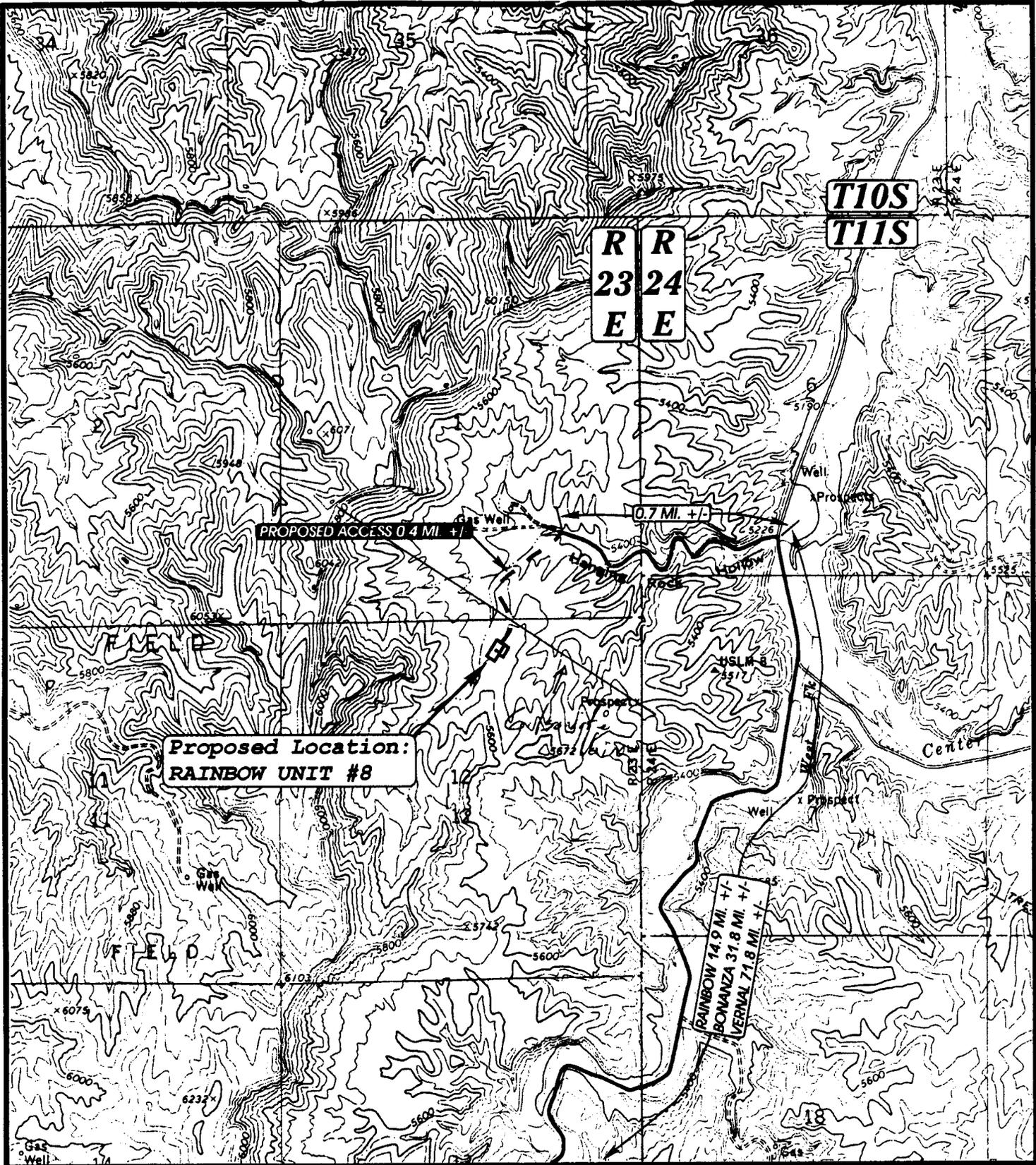


APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 9,820 Cu. Yds.
TOTAL CUT	= 10,920 CU.YDS.
FILL	= 8,120 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,370 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 10 Cu. Yds.

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UELS

**TOPOGRAPHIC
MAP "B"**

DATE: 3-26-97
Drawn by: J.L.G.



ROSEWOOD RESOURCES INC.

**RAINBOW UNIT #8
SECTION 12, T11S, R23E, S.L.B.&M.
428' FNL 2013' FEL**

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

SCALE: 1" = 2000'

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Rosewood Resources, INC.

Well Name & Number: Rainbow 8

API Number: 43-047-32892

Lease Number: U - 017664-A

Location: NWNE Sec. 15 T.11S R. 23E

NOTIFICATION REQUIREMENTS

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

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application 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.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Mahogany oil shale zone, identified at 735 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

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

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to the top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

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

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

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

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

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

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

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

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

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

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

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

The APD approval is for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (801) 789-7077
Petroleum Engineer

Wayne P. Bankert (801) 789-4170
Petroleum Engineer

Jerry Kenczka (801) 781-1190
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

SURFACE USE PROGRAM OF THE

The reserve pit will be lined with a plastic nylon reinforced liner. The liner will be at least a 10 mil liner and bedded with sufficient straw or dirt to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Should mud holes develop, they shall be filled in to prevent detours. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. When snow is removed from the road during the winter months, the snow should be pushed outside of the burrow ditches and the turn outs should be kept clear so that when the snow melts the water will be channeled away from the road.

The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.

Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs).

If the well becomes a producing well and it becomes necessary to blow down the well, the blow down noise should be muffled in order to reduce disturbance to nesting raptors and wintering mule deer and elk in the area.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a juniper green color instead of the desert brown mentioned in the APD.

A sign should be installed at the junction of the well access road stating that the road is a well service road and ends in 0.4 mile. The sign can be a simple carsonite post type sign.