PERMITCO
PETROLEUM PERMITTING COMPANY

14421 Weld County Rd.10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

October 1, 1998

RECEIVED
OCT 05 1998
DIV. OF OIL, GAS & MINING

Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Bpx 145801
Salt Lake City, UT 84114-5801

Attn: John Baza

Re: Rosewood Resources, Inc.
Hanging Rock I #4-14
668' FSL and 2101' FWL
SE SW Sec. 4, T12S - R23E
Uintah County, Utah

Dear John,

Enclosed please find three copies of the Application for Permit to Drill on the above mentioned well along with one copy of the drilling program and surface use plan which has been filed with the BLM in Vernal, Utah.

Please forward the approved copies Lucy Nemec of Rosewood Resources, Inc., P.O. Box 1668, Vernal, UT 84078. Thanks for your assistance in this matter. If you have any questions, please don't hesitate to contact me.

Sincerely,

PERMITCO INC.

Lisa L. Smith
Consultant for:
Rosewood Resources, Inc.

Enc.

cc: Rosewood Resources, Inc. - Vernal, UT
Rosewood Resources, Inc. - Dallas, TX

FORM 3160-3
(December 1990)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires December 31, 1991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: UTU-57455

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

7. UNIT AGREEMENT NAME: Hanging Rock Unit

8. FARM OR LEASE NAME, WELL NO.: Hanging Rock I

9. API WELL NO.: #4-14

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 4, T12S - R23E

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Rosewood Resources, Inc. Phone: 435/789-0414 Fax: 435/789-0497 P. O. Box 1668 Vernal, UT 84078

3. ADDRESS AND TELEPHONE NO.: PERMITCO INC. Phone: 303/857-9999 Fax: 303/857-0577 14421 Weld County Road 10 Ft. Lupton, CO 80621

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At Surface: 668' FSL and 2101' FWL
At proposed prod. zone: SE SW Sec. 4, T12S - R23E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 29.8 miles south of Bonanza, Utah

12. COUNTY OR PARISH: Uintah

13. STATE: Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): +/- 4,617'

16. NO. OF ACRES IN LEASE: 10,092.71

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40 Acres

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: +/- 5,400'

19. PROPOSED DEPTH: 7,100'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6,018' ungraded

22. APPROX. DATE WORK WILL START*: October 15, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#	500'	300 sx Class "G"
7-7/8"	4-1/2"	11.6#	7,100'	1300 sx top of cement @ 2500'

Rosewood Resources, Inc. proposes to drill a well to 7,100' to test the Wasatch and Mesa Verda Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached. CONFIDENTIAL - TIGHT HOLE

6413 26.82
AH 06 329.54

Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

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: Lisa L Smith TITLE: Consultant For: Rosewood Resources, Inc. Date 10/1/98

(This space for Federal or State office use)

PERMIT NO. 43-047-33217 APPROVAL DATE

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

CONDITIONS OF APPROVAL, IF ANY: Federal Approval of this Action is Necessary

APPROVED BY: Bradley G. Hill TITLE: BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 10/20/98

*See Instructions On Reverse Side

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

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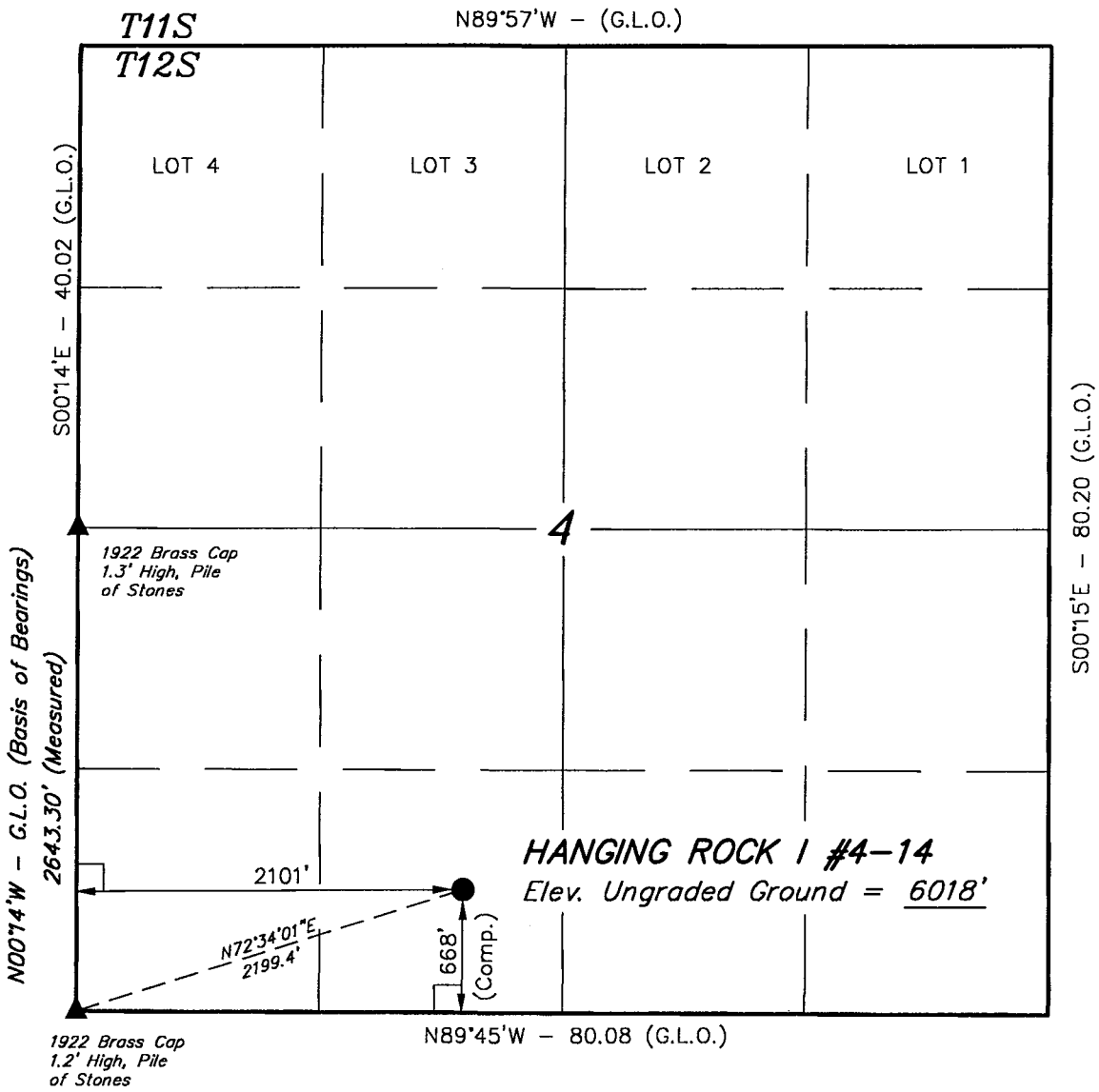
OCT 05 1998
DIV. OF OIL, GAS & MINING

T12S, R23E, S.L.B.&M.



LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

LATITUDE = 39°47'49"

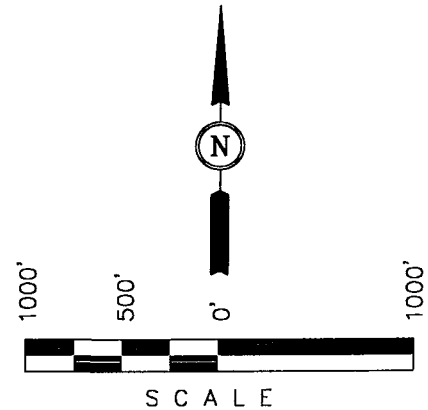
LONGITUDE = 109°20'57"

ROSEWOOD RESOURCES, INC.

Well location, HANGING ROCK I #4–14, located as shown in the SE 1/4 SW 1/4 of Section 4, T12S, R23E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK 87 EAM LOCATED IN THE SW 1/4 OF SECTION 1, T12S, 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 5887 FEET.



CERTIFICATE

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

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 08–10–98	DATE DRAWN: 08–13–98
PARTY K.K. T.A. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROSEWOOD RESOURCES, INC.	

CONFIDENTIAL - TIGHT HOLE

ONSHORE OIL & GAS ORDER NO. 1

Approval of Operations on Onshore Federal and Indian Oil & Gas Leases

HANGING ROCK I #4-14
668' FSL and 2101' FWL
SE SW Sec. 4, T12S - R23E
Uintah County, Utah

Prepared For:

ROSEWOOD RESOURCES, INC.

By:

PERMITCO INC.
14421 Weld County Road 10
Ft. Lupton, Colorado 80621
303/857-9999

CONFIDENTIAL - TIGHT HOLE

Copies Sent To:

3 - Bureau of Land Management - Vernal, UT
[redacted] - Utah Division of Oil, Gas & Mining - Salt Lake City, UT
3 - Rosewood Resources, Inc. - Vernal, UT
3 - Rosewood Resources, Inc. - Dallas, TX

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ROSEWOOD
RESOURCES

October 1, 1998

Bureau of Land Management
170 South 500 East
Vernal, UT 84078

Attention: Minerals

This letter is to inform you that Permitco Inc. is authorized to act as Agent and to sign documents on behalf of Rosewood Resources, Inc. when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc., for the Hanging Rock 1#4-14 well, located SE SW Sec. 4, T12S - R23E.

I should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Rosewood Resources, Inc. agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above mentioned well. If you have any questions, please feel free to contact me at (435) 789-0414.

Sincerely,

Danny Widner

Danny Widner
Drilling Manager

DW/ln

Rosewood Resources, Inc.
265 East 100 South
PO Box 1668
Vernal, Utah 84078
435 789 0414
435 789 0479 (Fax)

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PETROLEUM PERMITTING
PERMITCO
COMPANY

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

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers

Formation	Depth	Subsea
Uintah A	Surface	+6,018'
Green River	293'	+5,725'
Wasatch	2,893'	+3,125'
Mesa Verde	4,468'	+1,550'
T.D.	7,100'	-1,082'

2. Estimated Depth of Anticipated Water, Oil, Gas or Mineral Formations:

Substance	Formation	Depth
Oil/Gas	Wasatch	2,893'-4,468'
Oil/Gas	Mesa Verde	4,468'-7,100'

All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment

Rosewood's minimum specifications for pressure control equipment are as follows:

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

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

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

a. when initially installed;
b. whenever any seal subject to test pressure is broken
c. following related repairs; and
d. at 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

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

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

Pressure tests shall apply to all related well control equipment.

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

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 10", 3000 psi working pressure blowout preventor.

b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.

c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. Proposed Casing and Cementing Program:

a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all

relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.

b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).

c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)

d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.

e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.

g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.

h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.

j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.

k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.

l. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

m. The proposed casing program will be as follows:

Purpose	Depth	Hole Size	O.D.	Weight	Grade	Type	New or Used
Surface	0-500'	12-1/4"	9-5/8"	36#	J/K-55	ST&C	New
Produc.	0-7100'	7-7/8"	4-1/2"	11.6#	N-80	LT&C	New

n. Casing design subject to revision based on geologic conditions encountered.

o. The cement program will be as follows:

Surface	Type and Amount
0-500'	300 sx Class "G" with 2% CaCl & .25#/sk Cello-Flake, or sufficient to circulate to surface.

Production	Type and Amount
0-7100'	1st Stage: 900 sx Class "G" + .3% CFR-3 + .25#/sk Cello-Flake + .5% Halad 9 + 2% Gel + 2% Microbond. The estimated top of the Cement is 2500'. 2nd Stage: 400 sx +/- Halco-Lite + 1% Econolite + .25#/sk Cello-Flake + 2% Microbond + 3% Salt The estimated top of cement is at the surface.

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p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

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

r. The following reports shall be filed with the District Manager within 30 days after the work is completed.

1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:

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

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

s. Auxiliary equipment to be used is as follows:

1. Kelly cock

2. No bit float is deemed necessary.

3. A sub with a full opening valve.

5. Mud Program

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

Interval	Mud Type	Mud Wt.	Visc.	F/L	PH
0-500'	Air/Air Mist	---	---	---	---
500-2500'	Clear Water	8.4	---	---	---
2500'-TD	Gel Mud	8.4-9.8	35-45	8-10	9

There will be sufficient mud on location to control a blowout should one occur.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

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

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

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

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

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

6. Evaluation Program

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

a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

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

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

b. The logging program will consist of the following logs: An array Induction log and DCL, CNL, ML will be run from T.D. to 500'.

c. Selected sidewall cores will be run in the Mesa Verde and Wasatch formations.

d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted 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 (cutting, fluids, and/or gases will be submitted when requested by the authorized officer (AO).

e. The anticipated completion program will be to test prospective zones in Mesa Verde and Wasatch Formations by perforating and fracture stimulation.

f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Temperatures or Pressures

a. The expected bottom hole pressure is 3000 psi.

b. No hydrogen sulfide gas is anticipated and no abnormal pressures or temperatures are anticipated.

8. Anticipated Starting Dates and Notification of Operations

a. Drilling will commence October 15, 1998.

b. It is anticipated that the drilling of this well will take approximately 7-10 days.

c. The BLM in Vernal, Utah shall be notified of anticipated date of location construction commencement and of anticipated spud date.

d. 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.

e. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.

f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.

g. 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.

h. 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.

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

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

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

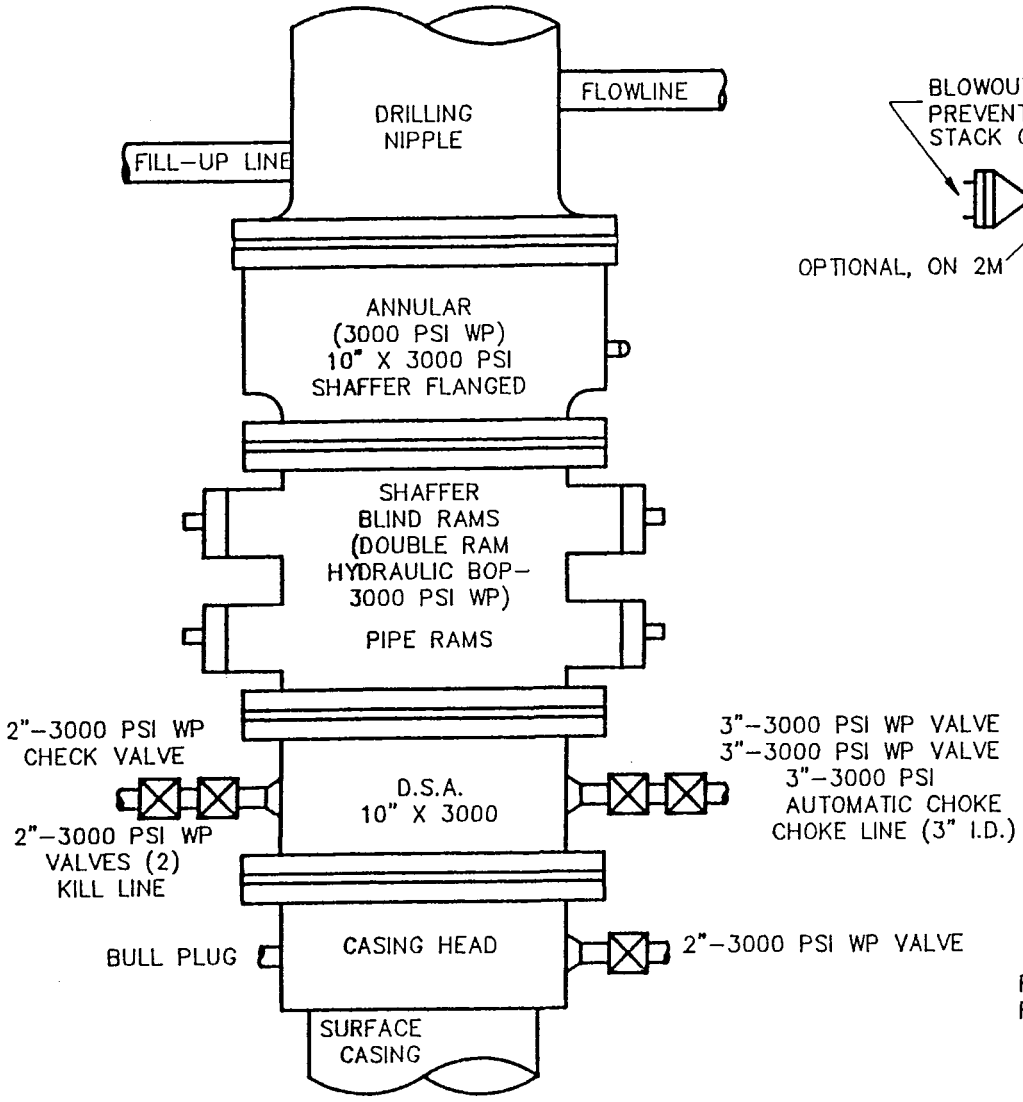
l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.).

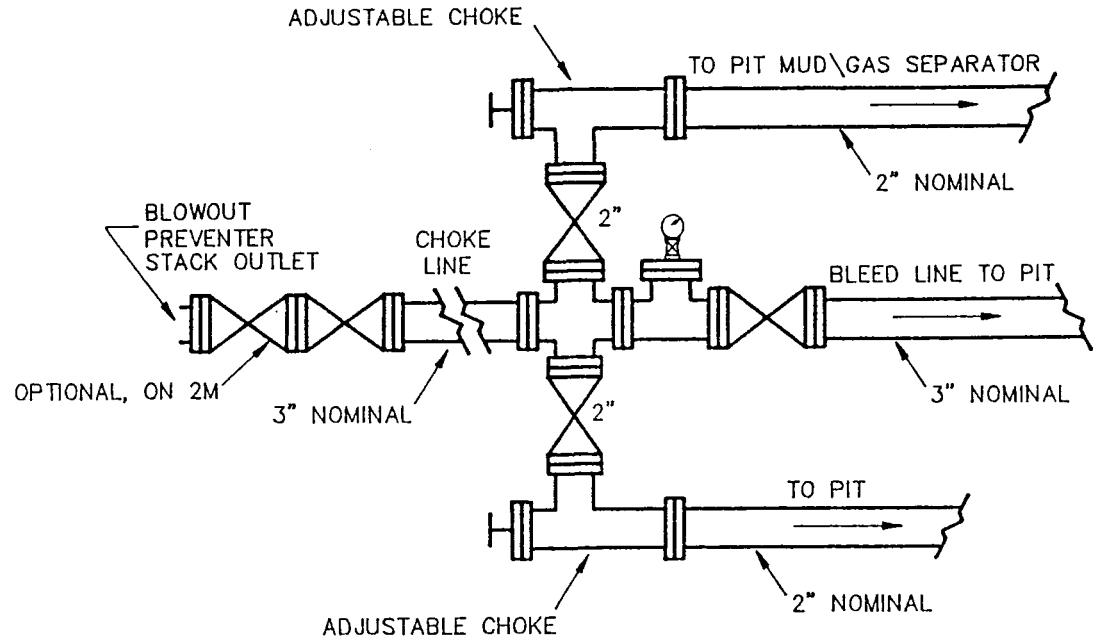
m. A first production conference will be scheduled within 15 days after receipt of the first production notice.

n. 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 SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

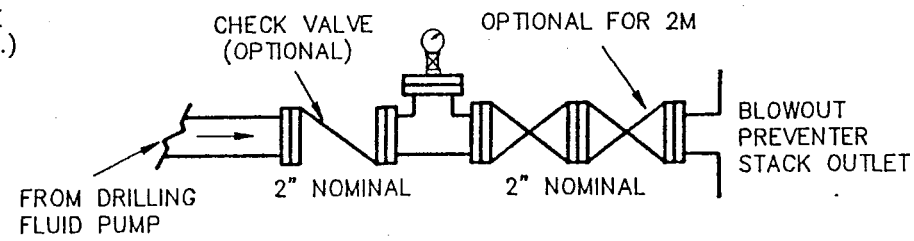
o. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.

BOP SCHEMATIC
3000 PSI WORKING PRESSURE





TYPICAL CHOKE MANIFOLD ASSEMBLY FOR 3M RATED WORKING PRESSURE SERVICE – SURFACE INSTALLATION



TYPICAL KILL LINE ASSEMBLY FOR 3M RATED WORKING PRESSURE SERVICE – SURFACE INSTALLATION

ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

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

The onsite inspection for the subject well was conducted on Thursday, August 27, 1998 at approximately 12:15 a.m. Weather conditions were warm and sunny. In attendance at the onsite inspection were the following individuals:

Lisa Smith	Permitco Inc.
Robert Kay	Uintah Engineering and Land Surveying
Byron Tolman	Bureau of Land Management
Rudy Myore	Bureau of Land Management
Danny Widner	Rosewood Resources, Inc.
Jim McQuillan	Rosewood Resources, Inc.

1. Existing Roads

   a. The proposed well site is located approximately 29.8 miles south of Bonanza, Utah.

b. Directions to the location from Bonanza, Utah are as follows:

From Bonanza proceed southerly for 16.9 miles. Turn left and proceed in a southwesterly direction for 7.8 miles. Turn left and proceed southerly for 1.7 miles. Turn right on the Ho Chi Minh Trail and proceed 1.6 miles to the HRI #15-5 well. Continue past the well westerly then northerly on an existing trail for 1.7 miles to the proposed HRI #9-11. Continue northerly 0.7 miles on the existing trail. Turn left and proceed westerly for 0.1 miles (new access) to the HRI #4-14 proposed wellsite.

c. For location of access roads within a 2-Mile radius, see Maps A & B.

d. Improvement to the last 2.5 miles of access road will be necessary.

e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. Planned Access Roads

a. The last 2.5 miles will be upgraded to BLM Class III standards. Water turnouts will be installed as needed.

b. The maximum grade of the upgrade construction will be approximately 6%.

d. No turnouts are planned.

e. Low water crossings will be installed where necessary along the last 2.5 miles of access. There are no major cuts and fills. No culverts and/or bridges will be required.

f. The last 2.5 miles of access road was centerline flagged at the time of staking.

g. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.

h. No cattleguards will be necessary at this time.

i. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

j. 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).

k. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the 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. Should mud holes develop, they shall be filled in and detours around them avoided.

l. If the well is productive, additional water drainage will be installed along the new portion of access road to keep the water off the road.

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

n. A road right of way will not be required since all access roads are within the Hanging Rock Unit, or are covered under existing right of ways.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location.

a. Water wells - none

b. Injection wells - none

c. Producing wells - one (HRI #3-11, NE SW Sec. 3, T12S - R23E)

d. Drilling wells - none

e. Shut-in wells - none

f. Temporarily abandoned wells - none

g. Disposal wells -none

h. Abandoned wells - none

i. Dry Holes - none

4. Location of Tank Batteries and Production Facilities.

a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Carlsbad Canyon. All facilities will be painted within six months of installation. Facilities

required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

c. A typical production layout is attached. If at the time of production it is determined that an alternate layout is necessary, a Sundry Notice will be submitted showing placement of all production facilities prior to construction.

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

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

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

g. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will

be subject to appropriate rental or other financial obligation as determined by the authorized officer.

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

i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.

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

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

m. The surface pipeline will be 4" welded steel and will be 4,100 feet in length. The pipeline route is shown on Map "C".

5. Location and Type of Water Supply

a. The proposed water source is the Rock House #5A producing well. Water permits are on filed with the Utah Division of Water Resources.

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

c. No water well will be drilled on this lease. X Rec'd 10-17-98.

6. Source of Construction Material

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

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

PETROLEUM PERMITTING PERMITCO COMPANY

c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.

d. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

a. The reserve pit will be constructed so as not to leak, break, or allow discharge.

b. If it is necessary to blast the pit area during construction, an inspection of the pit will be made by a representative of the BLM with a representative of Rosewood Resources, Inc. and it will be determined if a reserve pit liner is necessary. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.

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

d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.

e. Drill cuttings are to be contained and buried in the reserve pit.

f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.

g. A chemical porta-toilet will be furnished with the drilling rig.

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

8. Ancillary Facilities

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

9. Well Site Layout

a. The operator or his/her contractor shall contact the BLM Office at 435/789-1362 forty-eight (48) hours prior to construction activities.

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

c. The flare pit will be located downwind of the prevailing wind direction on the north side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

d. The stockpiled topsoil (first six inches) will be stored on the west side of the location as shown on the Pit & Pad Layout. Topsoil along the access route will be windrowed on the uphill side. A separate topsoil pile will be located near the reserve pit to be used in the initial reclamation of the pit if the well is productive.

e. Access to the wellpad will be from the east as shown on the Pit & Pad Layout.

f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.

g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.

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

1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).

2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.

3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.

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

i. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. Plans for Restoration of Surface

Producing Location

a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.

b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.

c. If a plastic nylon reinforced liner is used it shall be torn and perforated before backfilling of the reserve pit.

d. The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.

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

The seed mixture requested by the BLM for reclamation of the drillsite is as follows:

Species	Lbs. PLS/Acre
Fourwing Saltbush	4
Thickspike Wheatgrass	4
Needle and Thread	4

Seeding will be performed in the fall after September 15 or until permanent ground freeze. Any other seeding period will require the approval of the authorized officer of the BLM. Seed will be broadcast and walked in with a dozer.

f. The topsoil stockpile will be seeded with Fourwing Saltbush at the rate of 5 lbs./acre

Dry Hole

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

11. Surface Ownership

Access Roads - All roads are County maintained or managed by the Bureau of Land Management.

Wellpad - The well pad is located on lands managed by the BLM.

12. Other Information

a. A Class III archeological survey has been conducted by Grand River Institute. No significant cultural resources were found and clearance has been recommended. A copy of this report will be submitted directly to the appropriate agencies by Grand River Institute.

b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and

procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

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

d. Drilling rigs and/or equipment used during drilling operations on this wellsite 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.

e. No erosion control structures are proposed at this time.

f. 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 approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

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

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

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

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

k. The operator or his contractor shall contact the BLM Offices at 435/789-1362 48 hours prior to construction activities.

l. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

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

Ed Forsman	Petroleum Engineer	435/789-7077
Wayne Bankert	Petroleum Engineer	435/789-4170
BLM Fax Machine		435/789-3634

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

Permit Matters	Drilling & Completion Matters
PERMITCO INC.	ROSEWOOD RESOURCES, INC.
Lisa L. Smith	P.O. Box 1668
14421 Weld County Rd. 10	Vernal, UT 84078
Ft. Lupton, Co 80621	435/789-0414 (O)
303/857-9999	435/828-6100 (M) - Danny Widner
	435/828-6438 (M) - Salty Miller
	435/789-0823 (H)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the

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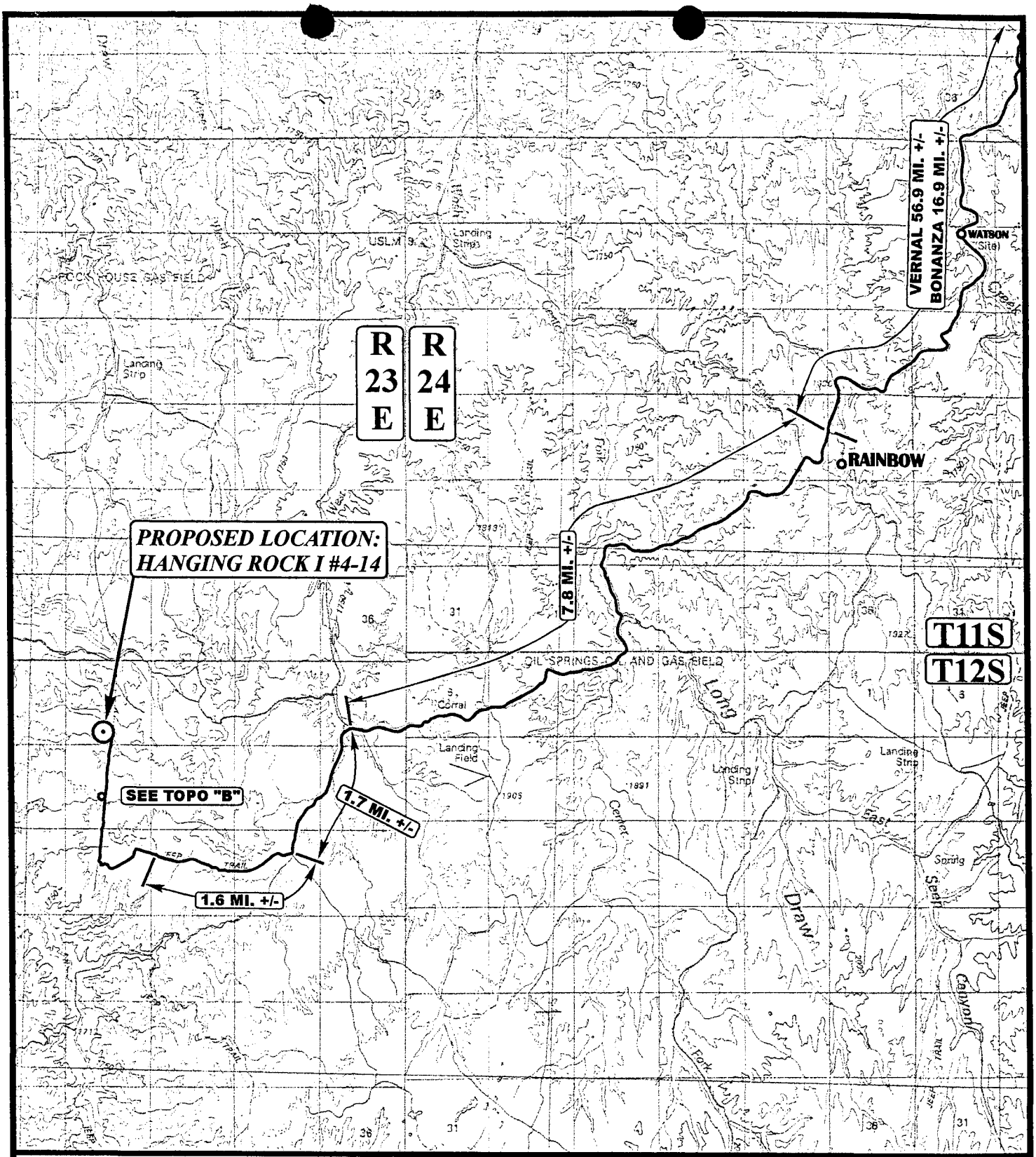
operations proposed herein will be performed by Rosewood Resources, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

October 1, 1998
Date:

Lisa L. Smith - PERMITCO INC.
Authorized Agent for:
ROSEWOOD RESOURCES, INC.



LEGEND:

⊙ PROPOSED LOCATION

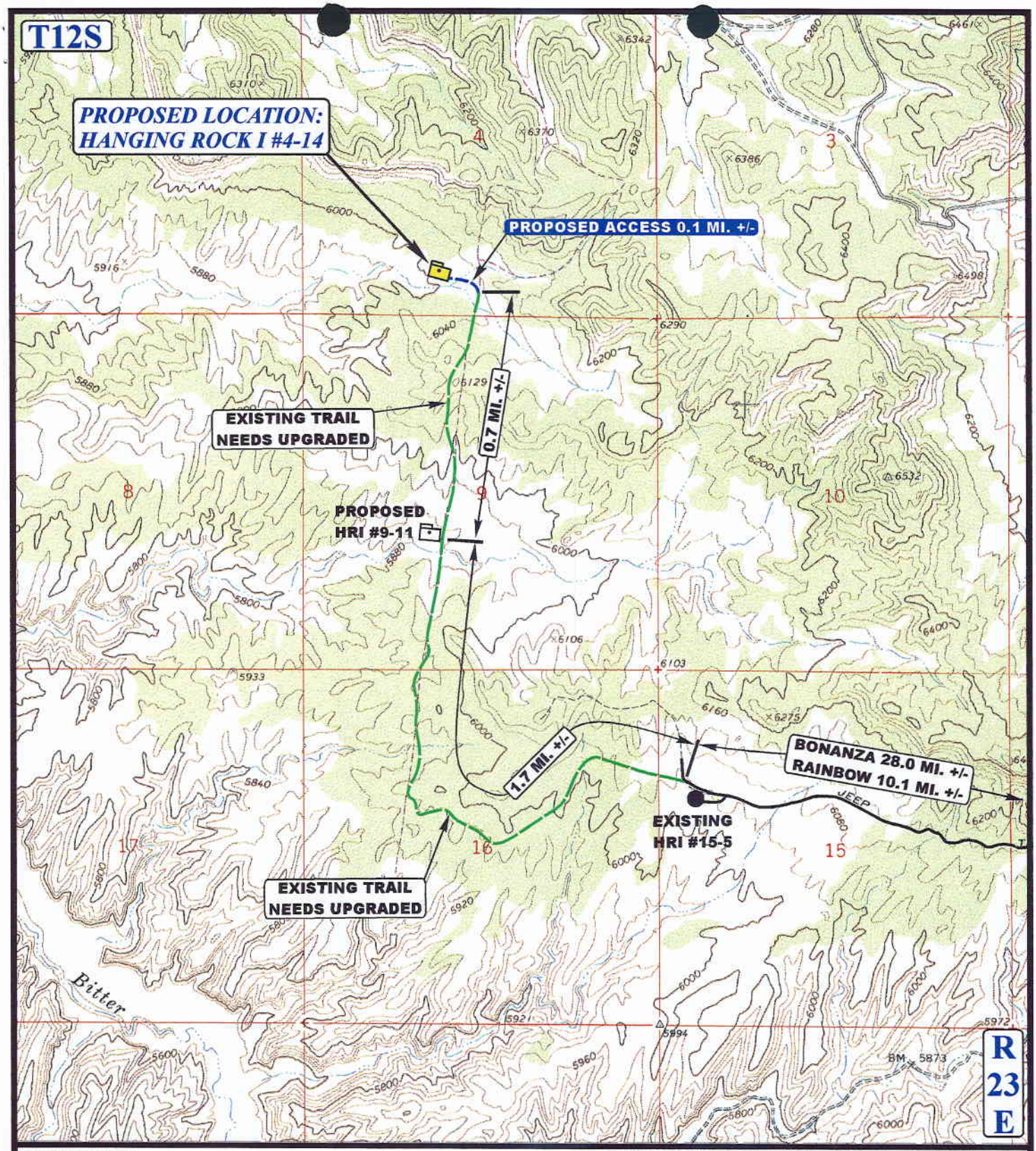
N

ROSEWOOD RESOURCES, INC.

HANGING ROCK I #4-14
SECTION 4, T12S, R23E, S.L.B.&M.
668' FSL 2101' FWL

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

TOPOGRAPHIC MAP	8 MONTH	14 DAY	98 YEAR	A TOPO
SCALE: 1 : 100,000	DRAWN BY: D.COX	REVISED: 00-00-00		



LEGEND:

PROPOSED ACCESS ROAD
EXISTING ROAD

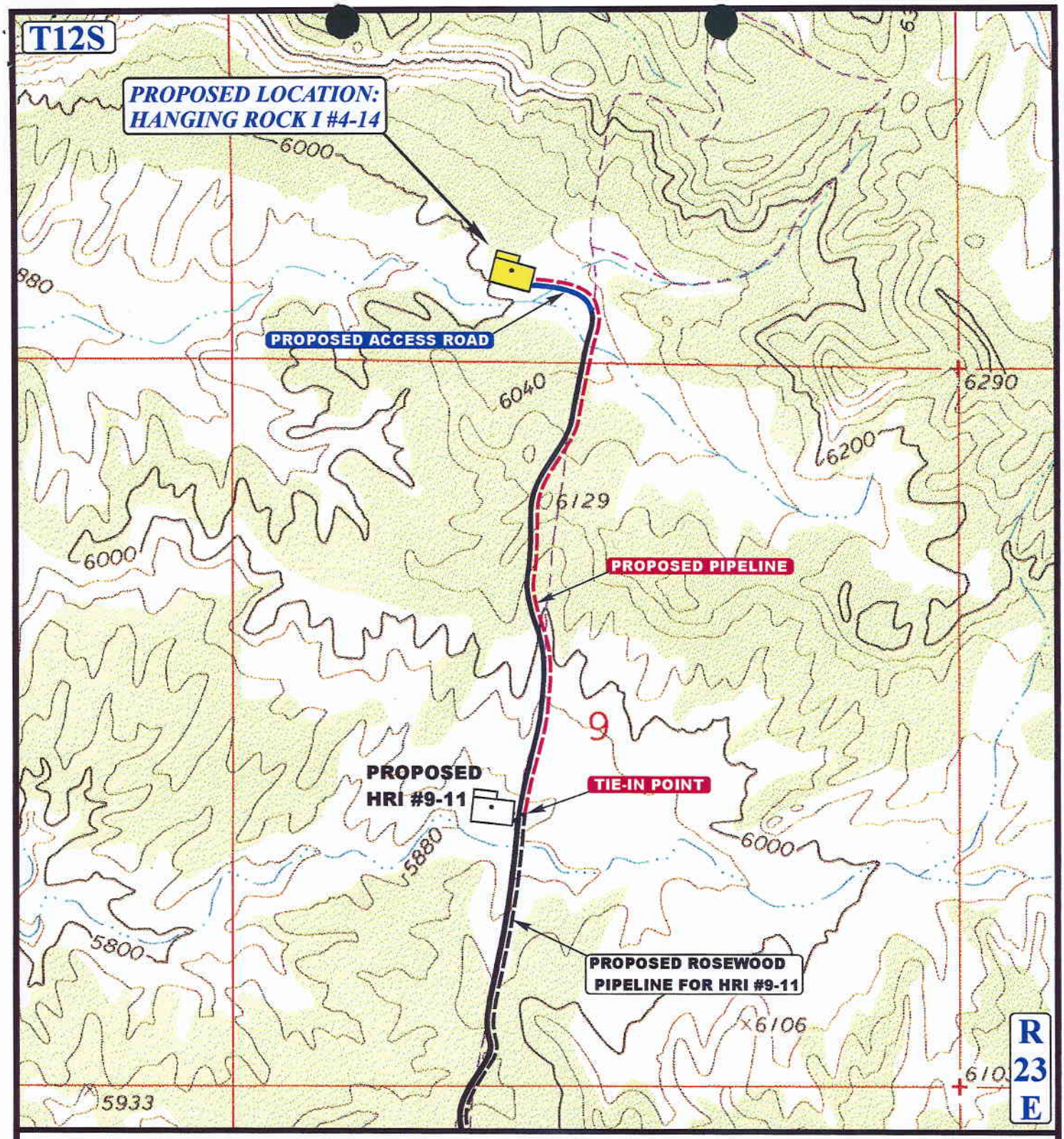
N

ROSEWOOD RESOURCES, INC.

HANGING ROCK I #4-14
SECTION 4, T12S, R23E, S.L.B.&M.
668' FSL 2101' FWL

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

TOPOGRAPHIC MAP	8 MONTH	14 DAY	98 YEAR	B TOPO
SCALE: 1" = 2000'	DRAWN BY: D.COX	REVISED: 00-00-00		



APPROXIMATE TOTAL PIPELINE DISTANCE = 4,100' +/-

LEGEND:

- - - - - - PROPOSED PIPELINE

——— PROPOSED ACCESS

N

ROSEWOOD RESOURCES, INC.

HANGING ROCK I #4-14
SECTION 4, T12S, R23E, S.L.B.&M.
668' FSL 2101' FWL

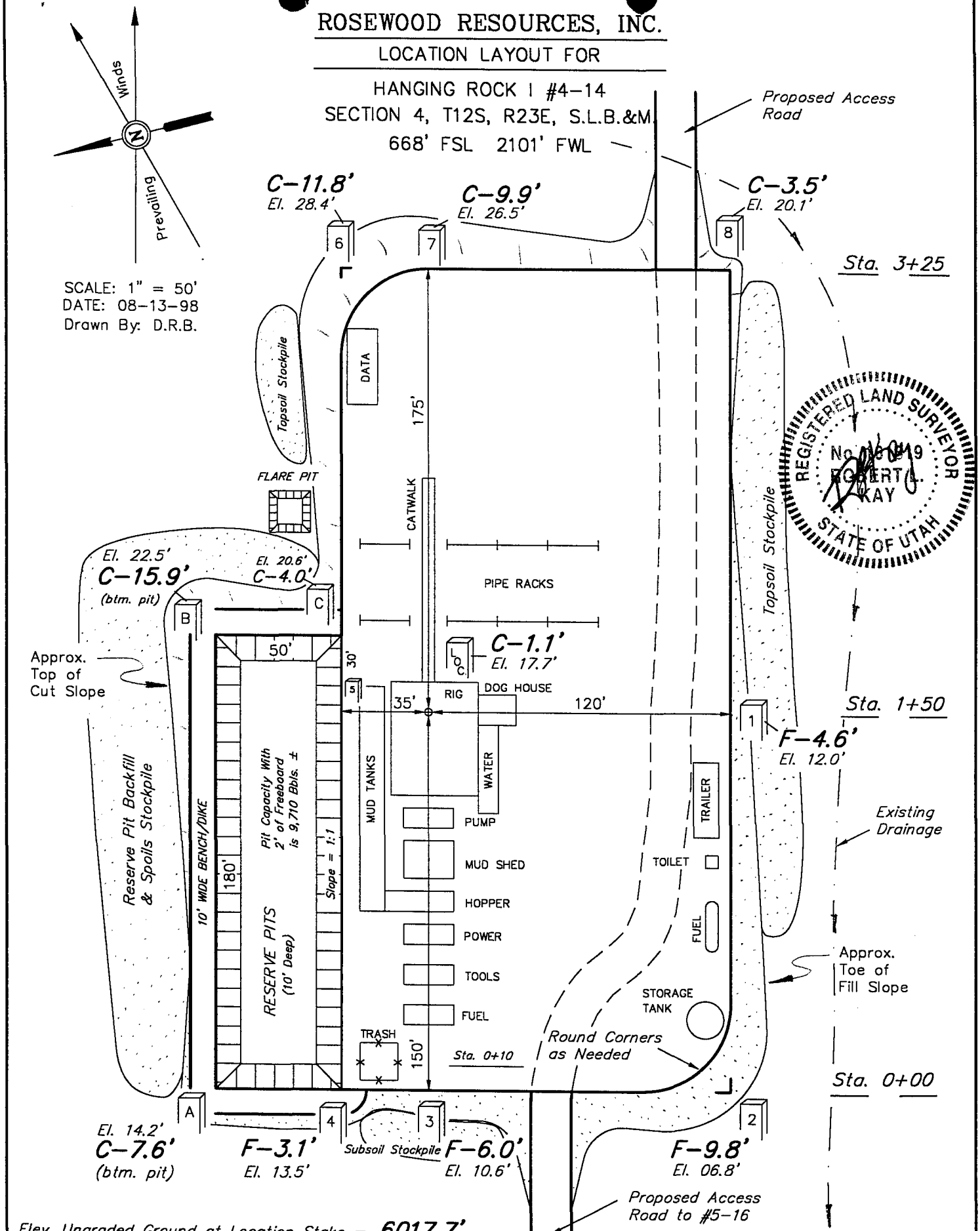
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	8 MONTH	14 DAY	98 YEAR	C TOPO
SCALE: 1" = 1000'	DRAWN BY: D.COX	REVISED: 00-00-00		

ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

HANGING ROCK I #4-14
SECTION 4, T12S, R23E, S.L.B.&M.
668' FSL 2101' FWL



Elev. Ungraded Ground at Location Stake = **6017.7'**

Elev. Graded Ground at Location Stake = **6016.6'**

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

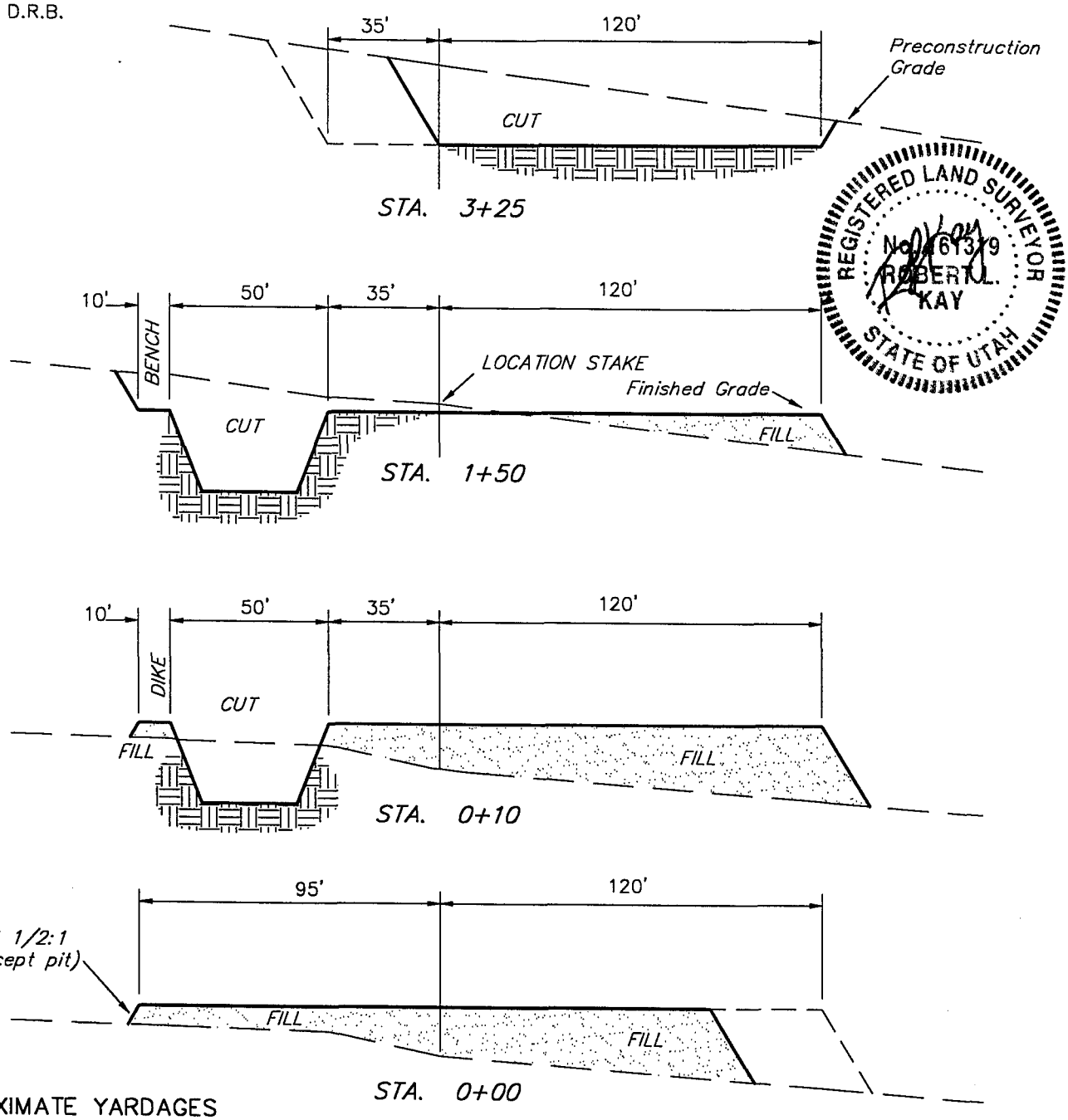
ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

HANGING ROCK I #4-14
SECTION 4, T12S, R23E, S.L.B.&M.
668' FSL 2101' FWL

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

DATE: 08-13-98
Drawn By: D.R.B.



REGISTERED LAND SURVEYOR
No. 161379
ROBERT L. KAY
STATE OF UTAH

APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100	Cu. Yds.
Remaining Location	= 6,640	Cu. Yds.
TOTAL CUT	= 7,740	CU.YDS.
FILL	= 5,110	CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,360	Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360	Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0	Cu. Yds.

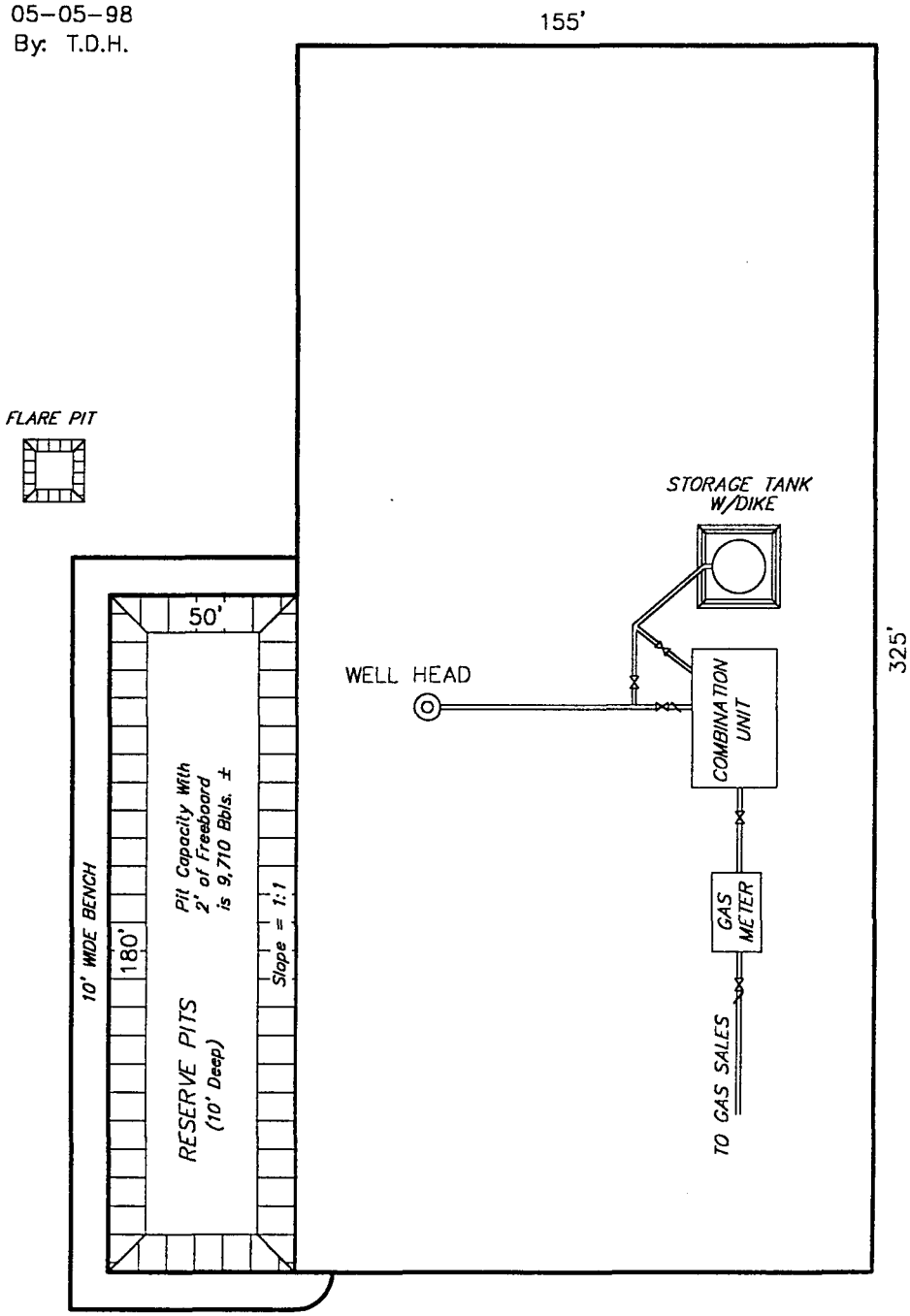
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

ROSEWOOD RESOURCES, INC.

TYPICAL PRODUCTION FACILITY LAYOUT

HANGING ROCK I #4-14
SECTION 4, T12S – R23E
668' FSL AND 2101' FWL

SCALE: 1" = 50'
DATE: 05-05-98
Drawn By: T.D.H.



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85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

There are no federal stipulations at this time.

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PERMITCO
COMPANY

A Class III Archeological Survey has been conducted by Grand River Institute. No significant cultural resources were found and clearance has been recommended. A copy of this report will be submitted directly to the appropriate agencies by Grand River Institute.

PETROLEUM PERMITTING
PERMITCO
COMPANY

A Wastewater Permit will be filed with the Uintah Basin District Health Department by Mountain West Oilfield Services on behalf of Rosewood Resources, Inc.

PETROLEUM PERMITTING
PERMITCO
COMPANY

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/05/98

API NO. ASSIGNED: 43-047-33217

WELL NAME: HANGING ROCK I 4-14
OPERATOR: ROSEWOOD RESOURCES INC (N7510)
CONTACT: Lisa Smith (303) 857-9999

PROPOSED LOCATION:
SESW 04 - T12S - R23E
SURFACE: 0668-FSL-2101-FWL
BOTTOM: 0668-FSL-2101-FWL
UINTAH COUNTY
UNDESIGNATED FIELD (002)

LEASE TYPE: FED
LEASE NUMBER: UTU-57455
SURFACE OWNER: Federal

PROPOSED FORMATION: WSMVD

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

RECEIVED AND/OR REVIEWED:

✓ Plat
✓ Bond: Federal [✓] State [] Fee []
(No. MT-0627)
N Potash (Y/N)
N Oil Shale (Y/N) *190-5(B)
✓ Water Permit
(No. 49-1547)
N RDCC Review (Y/N)
(Date:)

N/A Fee Surf Agreement (Y/N)

LOCATION AND SITING:

✓ R649-2-3. Unit Hanging Rock
✓ R649-3-2. General
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Date: ___

COMMENTS: ___

STIPULATIONS: (1) FEDERAL APPROVAL

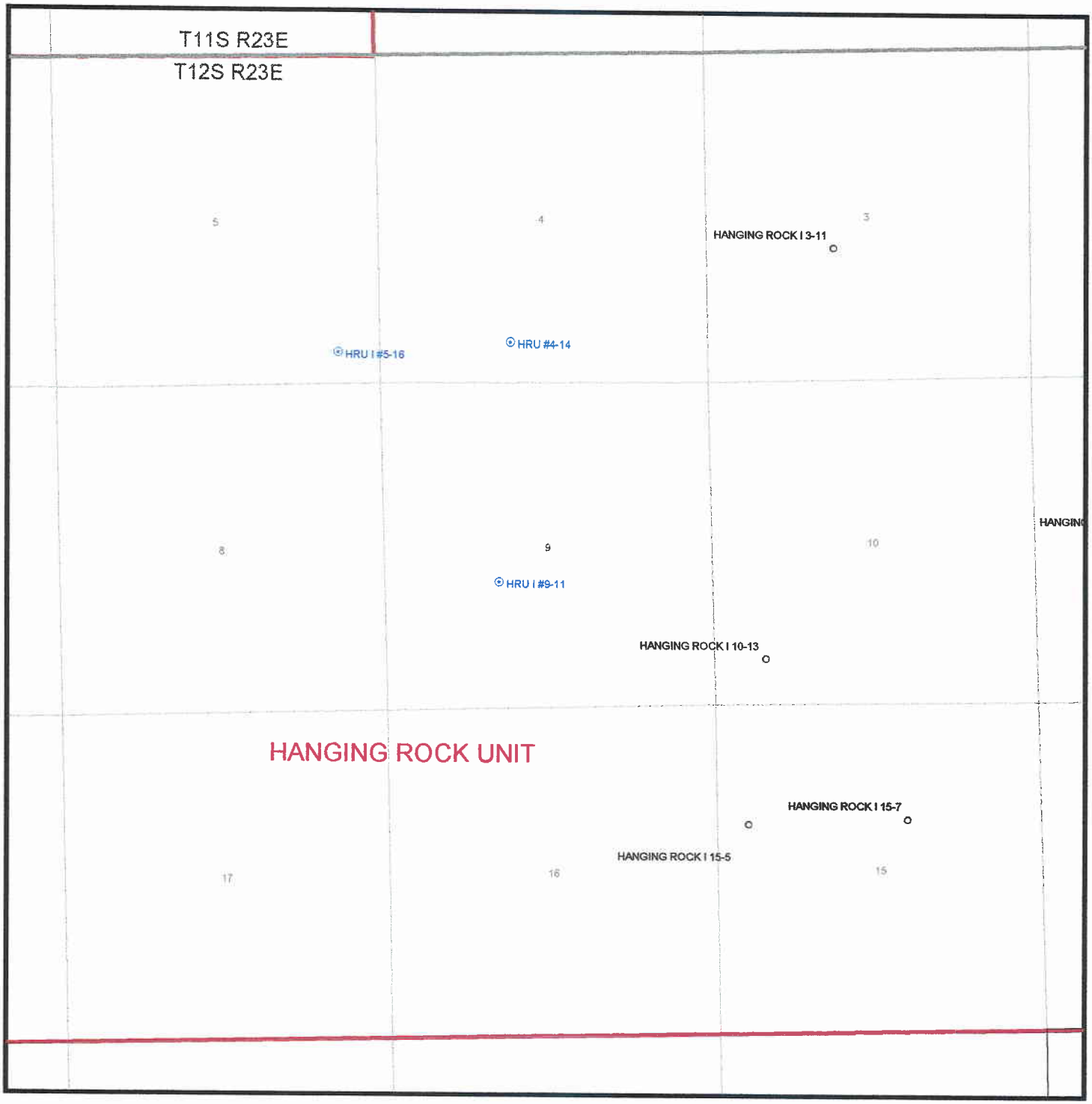
DIVISION OF OIL, GAS & MINING

OPERATOR: ROSEWOOD RESOURCES (N7510)

FIELD: UNDESIGNATED (002)

SEC. 4, 5, & 9, TWP 12S, RNG 23E

COUNTY: UINTAH UNIT: HANGING ROCK UNIT



DATE PREPARED:
7-OCT-1998

FAX TRANSMITTAL

To: Utah DOGM	Fax Number: 801/359-3940.
Attn: Lesha	Phone Number:
Number of Pages: 2 (including this page)	Date: 10/17/98. Time:

Re: Rosewood Water Source.

Lesha -
Billy @ the Water Rights office faxed me this permit.
Permit # 49-1547 is good for all ~~wells in~~
points of use in T10S-R22E, 23E, 24E
T11S-R22E, 23E, 24E
& T12S-R22E, 23E & 24E.

Thanks!
Lisa

Please call if you need anything else.

From: Permitco Inc.
14421 Weld County Road 10
Fort Lupton, CO 80621
Lisa L. Smith

Fax Number: 303/857-0577
Phone Number: 303/857-9999

RECEIVED
OCT 17 1998
DIV OF OIL, GAS & MIN

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 10/16/98 Page 1

WRNUM: 49-1547 APPLICATION/CLAIM NO.: F68330 CERT. NO.:

OWNERSHIP

NAME: Rosewood Resources Inc
ADDR: 100 Crescent Court Suite 500
CITY: Dallas STATE: TX ZIP: 75201

OWNER MISC:
INTEREST:

LAND OWNED BY APPLICANT: No

DATES, ETC.

FILING:	04/27/1995	RECVD BY: [BMW]	PRIORITY: 04/27/1995	ADV DESIG: 04/27/1995	BY: [RWL]	PAPER: Vernal Express	
PUB BEGAN:	05/10/1995	PUB ENDED: 05/17/1995	PROTEST END: 06/06/1995	PROTESTED: [ ]	PROOF/PUB: 06/16/1995	BY: [DD]	
A/R DESIG:	[Approved]	A/R DESIG: 07/14/1995	REGION ENG: [RWL]	APPROP: [KLJ]	MEMO TRC: [Yes]	APPR/REJECT: [Approved]	
APPR/REJ:	07/18/1995	PROOF DUE: 06/30/1999	EXTENSION: / /	ELEC/PROOF: [ ]	ELEC/PROOF: / /	PROOF DRAFT: / /	
CERT/WUC:	/ /	LAP, ETC: 07/31/2005	PROV LETR: / /	RENOVATE: / /			

PD Book No. Type of Right: FIXD Status: APP Source of Info: APPL Map: Date Verified: 04/27/1995 Initials: BMW

LOCATION OF WATER RIGHT

FLOW: 20.0 acre-feet SOURCE: Existing Underground Water Wells

COUNTY: Uintah COMMON DESCRIPTION: About 12 Mi. SW of Bonanza

POINTS OF DIVERSION -- UNDERGROUND:
(1) N 400 ft W 1700 ft from SE cor, Sec 13, T 11S, R 23E, SLBM DIAM: ins. DEPTH: to ft. YEAR DRILLED: WELL LOG?
Comment:
(2) N 1700 ft W 2500 ft from SE cor, Sec 6, T 11S, R 24E, SLBM DIAM: ins. DEPTH: to ft. YEAR DRILLED: WELL LOG?
Comment:
(3) S 300 ft E 2400 ft from W4 cor, Sec 8, T 11S, R 24E, SLBM DIAM: ins. DEPTH: to ft. YEAR DRILLED: WELL LOG?
Comment:
(4) S 400 ft E 1950 ft from W4 cor, Sec 18, T 11S, R 24E, SLBM DIAM: ins. DEPTH: to ft. YEAR DRILLED: WELL LOG?
Comment:

PLACE OF USE OF WATER RIGHT

	NORTH-WEST4 NW NE SW SE	NORTH-EAST4 NW NE SW SE	SOUTH-WEST4 NW NE SW SE	SOUTH-EAST4 NW NE SW SE
ALL T 10S R 22E SLBM	*			
ALL T 10S R 23E SLBM	*			
ALL T 10S R 24E SLBM	*			
ALL T 11S R 22E SLBM	*			
ALL T 11S R 23E SLBM	*			
ALL T 11S R 24E SLBM	*			
ALL T 12S R 22E SLBM	*			
ALL T 12S R 23E SLBM	*			
ALL T 12S R 24E SLBM	*			

USES OF WATER RIGHT

CLAIMS USED FOR PURPOSE DESCRIBED: 1547
Referenced To. Claims Groups: Type of Reference -- Claims: Purpose: Remarks:
PERIOD OF USE: 01/01 TO 12/31
##OIL RECOVERY Exploration for Gas Well in the Rockhouse and Rainbow Gas Units.

OTHER COMMENTS

Land owned by BLM, in process of getting permit to use BLM wells and to drill gas wells. The wells are existing BLM Underground water wells.

TYPE OF RIGHT: This is a fixed time application for a period of 10 years.

END OF DATA

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

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

Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

October 20, 1998

Rosewood Resources, Inc.
P.O. Box 1668
Vernal, Utah 84078

Re: Hanging Rock I #4-14 Well, 668' FSL, 2101' FWL, SE SW, Sec. 4, T. 12 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 43-047-33217.

Sincerely,

John R. Baza
Associate Director

lwp
Enclosures
cc: Uintah County Assessor
Bureau of Land Management, Vernal

Operator: Rosewood Resources, Inc.

Well Name & Number: Hanging Rock I #4-14

API Number: 43-047-33217

Lease: UTU-57455

Location: SE SW **Sec.** 4 **T.** 12 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 prior to spudding the well. Contact Jim Thompson at (801)538-5336.

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

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

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

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

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OCT 20 1998
DIV OF OIL, GAS & MINING

IN REPLY REFER TO:
3160
(UT-922)

Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 1998 Plan of Development Hanging Rock Unit
Uintah County, Utah.

Pursuant to email between Lisha Cordova, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following well(s) is/are planned for calendar year 1998 within the Hanging Rock Unit, Duchesne County, Utah.

API #	WELL NAME	LOCATION
43-047-33217	HANGING ROCK I 4-14	0668-FSL 2101-FWL 04 12S 23E
43-047-33218	HANGING ROCK I 5-16	0479-FSL 0681-FEL 05 12S 23E
43-047-33219	HANGING ROCK I 9-11	2023-FSL 1859-FWL 09 12S 23E

This office has no objection to permitting the well(s) at this time.

/s/ Michael L. Coulthard

bcc: File - Hanging Rock Unit
Division of Oil Gas and Mining
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:--

FORM 3160-3
(December 1990)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires December 31, 1991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: UTU-57455

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

7. UNIT AGREEMENT NAME: Hanging Rock Unit

8. FARM OR LEASE NAME, WELL NO.: Hanging Rock I

9. API WELL NO.: #4-14

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 4, T12S - R23E

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Rosewood Resources, Inc. Phone: 435/789-0414 Fax: 435/789-0497 P. O. Box 1668 Vernal, UT 84078

3. ADDRESS AND TELEPHONE NO.: PERMITCO INC. Phone: 303/857-9999 Fax: 303/857-0577 14421 Weld County Road 10 Ft. Lupton, CO 80621

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At Surface: 668' FSL and 2101' FWL
At proposed prod. zone: SE SW Sec. 4, T12S - R23E

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OCT 05 1998

12. COUNTY OR PARISH: Uintah
13. STATE: Utah

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 29.8 miles south of Bonanza, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): +/- 4,617'

16. NO. OF ACRES IN LEASE: 10,092.71

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40 Acres

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: +/- 5,400'

19. PROPOSED DEPTH: 7,100'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6,018' ungraded

22. APPROX. DATE WORK WILL START*: October 15, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#	500'	300 sx Class "G"
7-7/8"	4-1/2"	11.6#	7,100'	1300 sx top of cement @ 2500'

Rosewood Resources, Inc. proposes to drill a well to 7,100' to test the Wasatch and Mesa Verda Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached. CONFIDENTIAL - TIGHT HOLE

Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

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 Sue L Smith TITLE Consultant For: Rosewood Resources, Inc. Date 10/1/98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE NOTICE OF APPROVAL

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

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY [signature] TITLE Assistant Field Manager Mineral Resources DATE MAR 11 1999

*See Instructions On Reverse Side

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MAR 19 1999
DIV. OF OIL, GAS & MINING

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

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Rosewood Resources, Inc.

Well Name & Number: Hanging Rock I 4-14

API Number: 43-047-33217

Lease Number: U-57455

Location: SESW Sec. 04 T. 12 S R. 23 E

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.

RECEIVED
MAR 1 9 1999
DIV. OF OIL, GAS & MINING

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.

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 string or requesting plugging orders.** Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit to this office any water analyses conducted.

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

If conductor pipe is set it will be cemented to surface. If drive pipe is used it will be pulled prior to cementing surface casing.

As a minimum, the usable water 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 identified at **± 1034 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.

5. Coring, Logging and Testing Program

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

A cement bond log (CBL) will be run from the production casing shoe to **± 834 ft.** and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

6. Notifications of Operations

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours **prior** to spudding the well.

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

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.

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.

7. Other Information

The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted following initial installation 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.

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).

APD approval is valid 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 approval or notification is necessary, please contact one of the following individuals:

Wayne Bankert Petroleum Engineer	(801) 789-4170
Ed Forsman Petroleum Engineer	(801) 789-7077
Jerry Kenczka Petroleum Engineer	(801) 789-1190
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, spend 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.

CONDITIONS OF APPROVAL FOR THE SURFACE USE PROGRAM OF THE APPLICATION FOR PERMIT TO DRILL

-The access road should be crowned at between 2 to 3%. 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 reserve pit topsoil will be piled separately from the location topsoil as shown on the cut sheet.

-The location topsoil pile will be seeded immediately after the soil is piled by broadcasting the seed, then walking the topsoil pile with the dozer to plant the seed. The seed mix provided in the APD will be used instead of the 5 lbs. of fourwing saltbush mention in section 10 (f) of the APD.

All poundages are in Pure Live Seed.

-Once the reserve pit is dry, it should be filled, recontoured, topsoil spread, and seeded in the same manner discussed above.

-The subsoil pile shown on the cut sheet is for the construction of tank dikes. **Topsoil is not to be used for dike construction.**

October 4, 2000

CONFIDENTIAL

Rosewood Resources, Inc.
P.O. Box 1668
Vernal, Ut 84078

Attention: Leisha Cordova

Subject: APD Extensions

Rosewood Resources, Inc. respectfully requests APD extensions for the following wells:

Federal N #42-22 SE NE Sec. 22, T11S-R24E 43-047-33264

Hanging Rock I #9-11 NE SW Sec. 9, T12S-R23E 43-047-33219

Hanging Rock I #6-2 Lot 2 (NW NE) Sec. 6, T12S-R23E 43-047-33234

Hanging Rock I #5-16 SE SE Sec. 5, T12S-R23E 43-047-33218

Hanging Rock I #4-14 SE SW Sec.4, T12S-R23E 43-047-33217

If there are any questions please feel free to contact us at (435) 789-0414. ext. 10

Sincerely,

Jill Henrie

Jill Henrie
Administrative Assistant

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 10/11/00
By: [illegible]

COPY SENT TO OPERATOR
Date: 10-18-00
Initials: CHD

RECEIVED
OCT 06 2000
DIVISION OF
OIL, GAS AND MINING

APDs Approved by BLM, but on hold for unspecified problems

Notes from Margie Hermann - BLM Vernal email to Don Staley dated 8/30/2000. Margie's comments highlighted.

WELL FILE

On the "Holding for now", these permits have been approved, but there is a problem, so they are just being held for now. We work hard to be confusing!

Margie

Company Name	API	Well Name	Approval Date	Extension Date	Twp	Rng	Sec	County	Lease Type
COASTAL OIL & GAS CORP								NTAH	INDIAN
DOMINION EXPL & PROD INC								UINTAH	FEDERAL
EOG RESOURCES INC								UINTAH	FEDERAL
EOG RESOURCES INC								UINTAH	FEDERAL
FALCON CREEK RESOURCES								DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332123	UTE TRIBAL 8-30-4-2 *NOT APPROVED YET*	25-Nov-98		040S	020W	30	DUCHESNE	INDIAN
INLAND PRODUCTION COMPANY	4301331951	WELLS DRAW 9-30 *EXTENDED TO 6/01*	09-Jul-98		080S	160E	30	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332114	WEST POINT 5-31-8-16 *EXPIRES 12/11/00*	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332115	WEST POINT 6-31-8-16 *EXPIRES 12/14/00*	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332116	WEST POINT 7-31-8-16 *EXPIRES 12/14/00*	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332119	WEST POINT 9-31-8-16 *EXPIRES 11/10/00*	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332120	WEST POINT 11-31-8-16 *EXPIRES 11/10/00*	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332032	MONUMENT BUTTE 7N-35-8-16 *NOT APPROVED YET*	09-Jul-98		080S	160E	35	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332106	SOUTH WELLS DRAW 13-3-9-16 *EXPIRES 10/8/00*	10-Aug-98		090S	160E	03	DUCHESNE	FEDERAL
LONE MTN PRODUCTION CO	4304733184	A FED H 41-28 *EXPIRES 12/3/00*	09-Sep-98		100S	240E	28	UINTAH	FEDERAL
LONE MTN PRODUCTION CO	4304733165	FED H 14-30 *PRODUCING GAS WELL*	19-Aug-98		100S	240E	30	UINTAH	FEDERAL
LONE MTN PRODUCTION CO	4304733183	FED T 31-11 *HOLDING FOR NOW*	14-Sep-98		120S	240E	11	UINTAH	FEDERAL
LONE MTN PRODUCTION CO	4304733323	FED V 12-21 *DRILLING 4/27/99*	24-Mar-99		130S	210E	21	UINTAH	FEDERAL
PACIFIC TRANS SUPPLY	4301330435	PTS 32-29 FEDERAL *EXPIRED 5/00*	20-May-98		080S	170E	29	DUCHESNE	FEDERAL
PETROGLYPH OPERATING CO	4301331930	UTE TRIBAL 30-13 *NOT APPROVED YET*	01-Jun-98		050S	030W	30	DUCHESNE	INDIAN
RETAMCO OPERATING INC	4304733311	RIVER BEND 13-27 *EXPIRES 3/7/01*	18-Mar-99		090S	190E	27	UINTAH	FEDERAL
RETAMCO OPERATING INC	4304733312	ROCK HOUSE 11-31 *APPROVED 8/25/00*	18-Mar-99		100S	230E	31	UINTAH	FEDERAL
RETAMCO OPERATING INC	4304733369	ATCHEE RIDGE 11-27-13-25 *EXPIRES 8/31/00*	20-Aug-99		130S	250E	27	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733263	FEDERAL H 34-30 *EXPIRES 4/22/01*	18-Feb-99		100S	240E	30	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733242	FEDERAL K 23-22 *EXPIRES 4/22/01*	10-Dec-98		110S	210E	22	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733264	FEDERAL N 42-22 *HOLDING FOR NOW*	15-Dec-98		110S	240E	22	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733217	HANGING ROCK I 4-14 *HOLDING FOR NOW*	20-Oct-98		120S	230E	04	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733218	HANGING ROCK I 5-16 *HOLDING FOR NOW*	19-Oct-98		120S	230E	05	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733234	HANGING ROCK I 6-2 *HOLDING FOR NOW*	10-Nov-98		120S	230E	06	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733219	HANGING ROCK I 9-11 *HOLDING FOR NOW*	20-Oct-98		120S	230E	09	UINTAH	FEDERAL
SHENANDOAH ENERGY INC	4304733269	WVFU 18 WG *NOT APPROVED YET*	06-Jan-99		080S	210E	14	UINTAH	INDIAN

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

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

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

November 14, 2001

Jill Henrie
Rosewood Resources, Inc.
P. O. Box 1668
Vernal, Utah 84078

Re: APD Rescinded - Hanging Rock I 4-14, Sec. 4, T12S, R23E, API 43-047-33217
APD Rescinded - Hanging Rock I 5-16, Sec. 5, T12S, R23E, API 43-047-33218
APD Rescinded - Hanging Rock I 6-2, Sec. 6, T12S, R23E, API 43-047-33234
APD Rescinded - Hanging Rock I 9-11, Sec. 9, T12S, R23E, API 43-047-33219
APD Rescinded – Federal N 42-22, Sec. 22, T11S, R24E, API 43-047-33264
Uintah County, Utah

Dear Ms. Henrie:

The Applications for Permit to Drill (APD's) for the subject wells were approved by the Division of Oil, Gas and Mining (the Division) in October, November and December, 1998. The Division approved a one-year APD extension for all of the wells on October 11, 2000, extending the APD's to October 11, 2001. No drilling activity at these locations have been reported to the Division. Due to the excessive time delay in commencing drilling operations, approval to drill the wells is hereby rescinded, effective October 11, 2001.

New APD's must be filed with this office for approval prior to the commencement of any future work on the subject locations.

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

Sincerely,

Lisha Cordova

Lisha Cordova
Eng. Technician

cc: Well File(s)
Bureau of Land Management, Vernal