

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL DEEPEN

1b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

5. LEASE DESIGNATION AND SERIAL NO.
UTU-0780

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

7. UNIT AGREEMENT NAME
ROCK HOUSE UNIT

8. FARM OR LEASE NAME
ROCK HOUSE

9. WELL NO.
#35

10. FIELD AND POOL OR WILDCAT
ROCK HOUSE

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
NW SE SEC. 23, T11S, R23E SLBM 2221' FSL and 1952' FEL

12. County **UINTAH** 13. STATE **UTAH**

2. NAME OF OPERATOR
ROSEWOOD RESOURCES, INC.

3. ADDRESS OF OPERATOR
P.O. BOX 1668, VERNAL, UTAH 84078

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At Surface **2221' FSL and 1952' FEL**
At proposed Prod. Zone **NW SE SECTION 23, T11S, R23E**

4411687 N
644812 E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
APPROXIMATELY 28.5 MILES SOUTH OF BONANZA, UTAH

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest dtg. unit line, if any) 1952'	16. NO. OF ACRES IN LEASE 1080.00	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. 2000'	19. PROPOSED DEPTH 7500'	20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5756' UNGRADED

22. APPROX. DATE WORK WILL START*
SEPTEMBER 2001

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8"	36#	500'	350sx - CIRC. TO SURFACE
7 7/8"	4 1/2"	11.6#	7500'	1160 sx - 2 STAGE TO SURFACE

Rosewood Resources, Inc. proposes to drill a well to 7500' to test the Wasatch and Mesa Verde formations. If productive, casing will be set and the well completed. If dry, the well will be plugged and abandoned as per BLM requirements.

See Onshore Order No. 1 attached.

CONFIDENTIAL-TIGHT HOLE

RECEIVED

AUG 13 2001

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

DIVISION OF
OIL, GAS AND MINING

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 R. D. Miller TITLE Drilling Superintendent DATE 07/30/2001

(This space for Federal or State office use)

PERMIT NO. 43-047-34255 APPROVAL DATE _____
Application approval does not warrant or certify that the applicant holds legal or equitable title to the rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:
APPROVED BY Bradley G. Hill TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 11-08-01

*See Instructions On Reverse Side

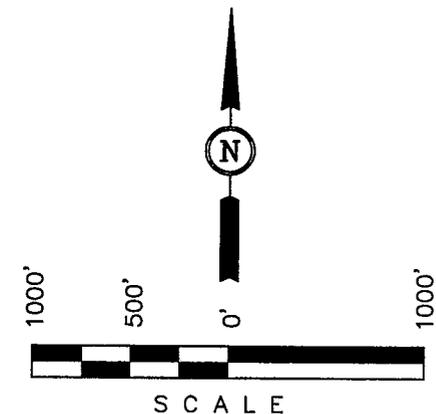
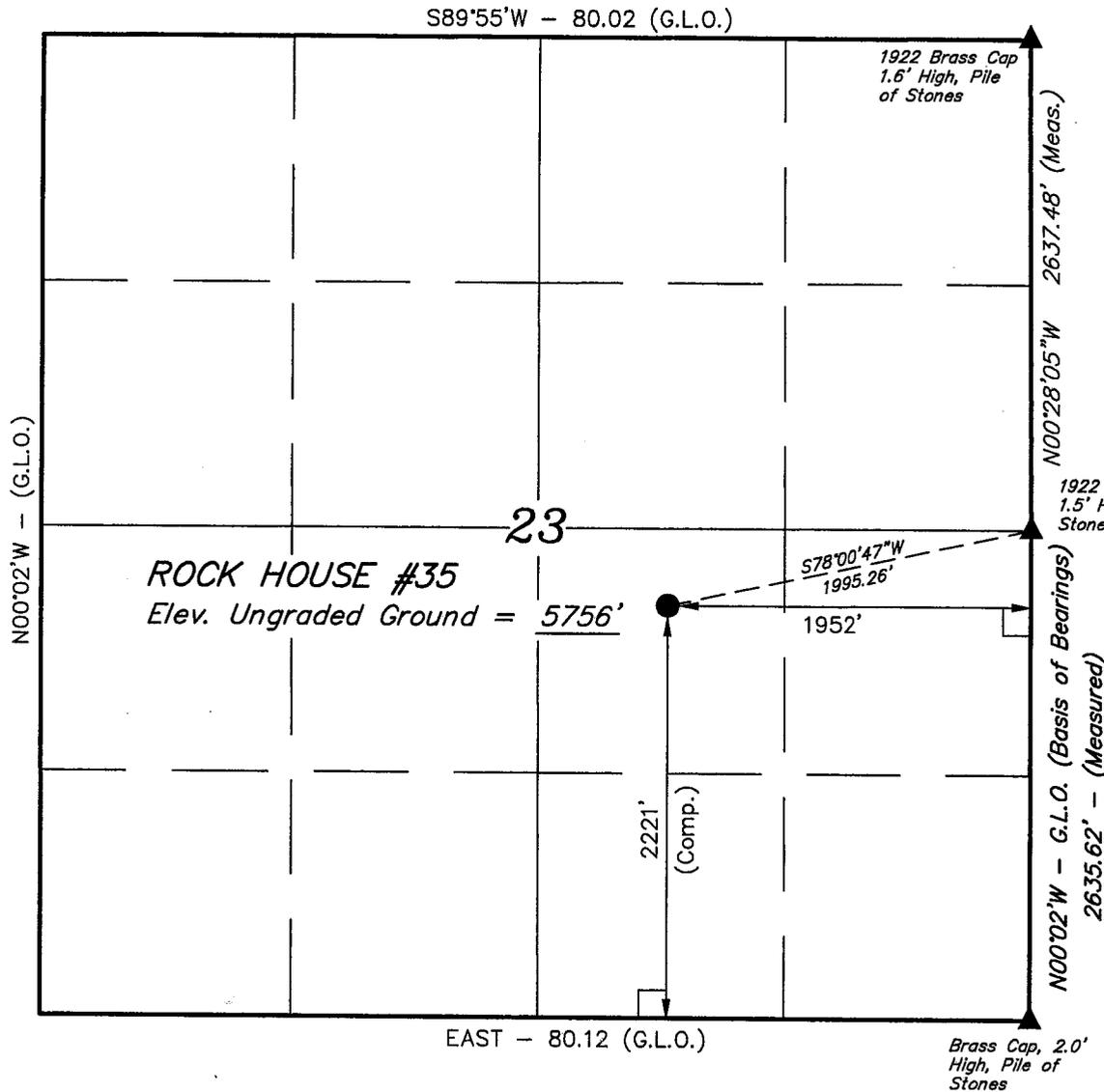
T11S, R23E, S.L.B.&M.

ROSEWOOD RESOURCES, INC.

Well location, ROCK HOUSE #35, located as shown in the NW 1/4 SE 1/4 of Section 23, T11S, R23E, S.L.B.&M. Uintah County, Utah.

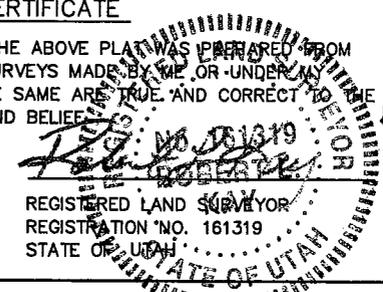
BASIS OF ELEVATION

BENCH MARK 87 EAM (1965) LOCATED IN THE SW 1/4 OF SECTION 24, 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 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.



LEGEND:

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

LATITUDE = 39°50'41"
LONGITUDE = 109°18'27"

UINTAH ENGINEERING & LAND SURVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 05-04-01	DATE DRAWN: 05-07-01
PARTY J.T. W.W. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE ROSEWOOD RESOURCES, INC.	

CONFIDENTIAL – TIGHT HOLE

ROCKHOUSE #35

2221' FSL and 1952' FEL
NW SE SEC. 23, T11S, R23E, SLB&M
UINTAH COUNTY, UTAH

ONSHORE OIL & GAS ORDER NO. 1

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

Copies sent to:

- 3 – Bureau of Land Management – Vernal, UT
- 1 – Division of Oil Gas & Mining – SLC, UT
- 2 – Rosewood Resources, Inc. – Dallas, TX
- 1 – Uintah Basin Public Health Dept. – Vernal, UT

State and Federal Permits

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Drilling Program

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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 Order No. 1 and the approved plan of operations. The operator is fully responsible for the actions off his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Green River	Surface	+5751'
Wasatch	2890'	+2861'
Mesa Verde	4680'	+1071'
T.D.	7500'	-1740'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Wasatch	2890' - 4680'
Gas	Mesa Verde	4680' - 7500'

All fresh water or 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% of internal yield pressure rating of casing. Pressure shall be maintained for at least 10 minutes or until test requirements 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, no more than a 10% decline in pressure in a 30 minute time period will be acceptable. Valve on casinghead below test plug must be open during test.

Annular type preventers shall be tested to 50% of rated working pressure. Pressure shall be maintained at least 10 minutes or until test requirements 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**
- d. 30-day intervals**

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

When testing kill line valve(s) the check shall be held open or 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 BOP safety drill shall be conducted weekly for drilling crews.

Pressure tests shall apply to all related well control equipment.

All prescribed tests and or drills shall be recorded in the daily drilling log.

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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 place until well operations are completed. Preventers will be inspected and operated at least daily to ensure good mechanical working order, this will be recorded on daily drilling report.

The BLM District Office shall be notified with sufficient lead time to have their representative on location during BOPE 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 on rigs drilling in this area utilize a 10" 3000# W.P. blowout preventer.
 - b. A choke line and a kill line will be properly installed. The kill line will not be used as a fill-up line.
 - c. The accumulator system shall have a pressure capacity to provide repeated operation of hydraulic preventers.
 - d. Drill string safety valve(s) to fit all tools in the drill string will 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 mineral deposits. 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 sufficient to handle maximum pressure to which it may be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons;

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Fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals or 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.**
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells.**
- d. Casing collars shall have a minimum clearance of 0.422 inches on 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 tested used casing that meets or exceeds API standards for new casing.**
- g. The surface casing shall be cemented to surface either during the primary cement job or by remedial cementing.**
- h. All indications of usable water shall be reported to the AO 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 every 2 joints starting with the shoe joint.**
- j. Top plugs shall be used to reduce the contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a preflush fluid, inner string cement method, etc. shall be utilized to help prevent cement contamination.**

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- k. All casing strings below the conductor shall be tested to 0.22 psi per foot of casing length or 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective action will 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 anticipated to control the well to the next casing point. This test shall be performed before drilling more than 20' of new hole.
- m. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-500'	12 1/4"	9 5/8"	36#	K-55	ST&C	New
Production	0-7500'	7 7/8"	4 1/2"	11.6#	N-80	LT&C	New

- n. Casing design subject to revision based on geological conditions encountered.
- o. The cement program will be as follows:

Surface
 0-500'

Type and Amount
 350 sx Class "G" with 2% CaCl and 1/4#/sk Cello-Flake.

Production
 0-7500'

Type and Amount
 1st Stage: 800 sx Class "G" with 2% Gel, 2% Micro-Bond .3% CFR 3, 0.5% Halad 9 & 1/4#/sk Cello-Flake. Top of cement on 1st stage @ 3400'. Cement stage tool @ 3000' +/-.

2nd Stage: 360 sx Prem Lite with 3% Salt, 2% Micro-Bond, 1% Econolite and 1/4#/sk Cello-flake. Top of cement on 2nd Stage @ surface.

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- p. Anticipated cement tops will be reported as to depth; not the expected number of cement sacks to be used. The District Office will be notified, with sufficient lead to have an AO to witness running all casing strings and cementing.**
- q. After cementing but before commencing any test, the casing shall stand idle 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 Office within 30 days of completing work.**

 - 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, weight, grade of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated to surface or top of cement behind casing, depth of cementing tools used, casing test method and results and the date performed. Show the Spud date on the first reports submitted.**
 - b. Temperature or bond logs must be submitted for each well where cement was not circulated to surface.**
- s. Auxiliary equipment to be used is as follows:**

 - 1. Kelly Cock Valve**
 - 2. No bit float is deemed necessary.**
 - 3. Sub with full opening valve.**

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5. Mud Program

- a. The proposed circulating mediums to be used during drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-500'	Air/Clear Water	8.3 ppg	---	N/C	---
500-2000'	Clear Water	8.3 ppg	---	N/C	---
2000-7500'	Water/Gel	8.4-9.7	30-40	8	---

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

A mud test will 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 monitored 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 in association with the drilling of this well.
- e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

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5. Evaluation Program

The anticipated type and amount of testing 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 DST tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the AO. 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 AO. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be reversed out of the test string under controlled surface conditions. This would involve 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. An AIT/GR/CDL/ML/GR will be run from the surface casing to T.D.
- c. No cores will be run.
- d. Whether the well is completed as a dry hole or a producer, a "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, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data,

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geologic summaries, sample description and all pertinent information compiled during the drilling, completion and/or workover operations.

- e. The anticipated completion program will be to test prospective zones in the Mesa Verde and Wasatch Formations by perforating and fracture stimulation.
- f. Daily drilling and completion progress reports shall be submitted to the Vernal Office on a weekly basis.

7. Abnormal Temperatures or Pressures

- a. The expected bottom hole pressure is 3000 psi
- b. No hydrogen sulfide gas, no abnormal pressures or temperatures are anticipated.

8. Anticipated Starting Dates and Notification of Operations

- a. Drilling will commence September 2001.
- b. It is anticipated that the drilling of this well will take approximately 10 days.
- c. The BLM in Vernal, Utah will be notified of anticipated dates to begin road & location construction and spud date.
- d. No location will be constructed or moved without approval from the AO. If well is plugged or suspended, prior approval from the AO must be obtained and notification given before resuming operations.
- e. The spud date will be reported orally to the AO within 48 hours after spudding. If well is spud on a weekend or holiday, the report will be submitted the following regular work day. Follow oral report with Sundry Notice.

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- 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, Utah 84078**
- g. Immediately Report: Spills, blowouts, fires, leaks, accidents or any other unusual occurrences will be promptly reported in accordance with the requirements of NTL-3A or its revision.**
- h. A Completion Rig will be moved in following drilling operations. All conditions of this approved plan are applicable during the completion operations.**
- 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 the well is put on line.**
- 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 a 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 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 period.**

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- 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 commence without 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 abandonment operations. This report will indicate where plugs were placed and the current status of the 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 the surface managing agency.**
- o. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see their exploration, development, production and construction operations are conducted in a manner which conforms with applicable Federal, State and Local laws and regulations.**

Surface Use Plan

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SURFACE USE PLAN

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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 in 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. |
| BOPE and Related -
Equipment Tests | Twenty-four (24) hours prior to initiating pressure tests. |
| First Production - | Within five (5) business days after new well begins or production resumes after well has been off line for more than ninety (90) days. |

The onsite inspection for the subject well was conducted on Thursday, June 21, 2001 at approximately 9:00 a.m. Weather conditions were warm and sunny. In attendance at the onsite inspection were the following individuals:

Byron Tolman	Bureau of Land Management
Dixie Sadlier	Bureau of Land Management
Gary Streeter	Uintah Engineering & Land Survey
Salty Miller	Rosewood Resources, Inc.
Jill Henrie	Rosewood Resources, Inc.

1. Existing roads

- a. The proposed well is located approximately 28.5 miles south of Bonanza, Ut.**

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SURFACE USE PLAN

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

Proceed south on State Road 45 (paved) for 4 miles. Turn south (left) on the Book Cliffs road (dirt). Proceed 3.9 miles to the Greeks Corral. Turn west (right) at the fork in road. Proceed 8.3 miles to Asphalt Wash sign. Stay to the left (right) of the sign. Proceed .7 miles to Rainbow sign. Stay to the west (right). This is also called the Kings Well road. Proceed 7.9 miles and turn north (right) off the county road. Proceed 2.9 miles turn west (left). Proceed 4.0 miles on access road to Rock House #35 location.

- c. **For location of access roads within 2-mile radius, see Maps A & B.**
- d. **Improvement to the existing access (BLM and County Roads) will not be necessary.**
- e. **All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.**
- f. **Existing roads and any newly constructed roads will be maintained in accordance with the standards of the Surface Managing Agency.**

2. Planned Access Roads

- a. **The last .4 miles of access road will be flat bladed with minimal disturbance. The remainder of the access is maintained by the County Road Dept. or is a BLM road.**
- b. **The maximum grade of the new construction will be approximately 5%.**
- c. **No turnouts are planned at this time.**
- d. **There are no major cuts or fills. No culverts and/or bridges will be required.**
- e. **The new access road was centerline flagged at the time of staking.**

ONSHORE ORDER NO. 1
Rosewood Resources, Inc.
Rock House #35
2221' FSL 1952' FEL
NW SE Sec. 23, T11S, R23E
Uintah County, Utah

CONFIDENTIAL- TIGHT HOLE

Lease No. UTU-0780

SURFACE USE PLAN

Page 3

- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. No cattleguards will be necessary.
- h. Surface disturbance and vehicular travel will be limited to the approved location and access route. Any additional area needed will be approved in advance.
- i. 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)
- j. 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, crowning and capping the roadbed as necessary to provide a well constructed and 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 crossing type. Crossings will be designed to prohibit siltation or accumulation of debris in the crossing nor shall the drainage be blocked by the road. Erosion of barrow ditches by runoff water shall be prevented by diverting water 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.
- k. If the well is productive, additional water drainage would be added to keep water off the roadway.
- l. 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 drilling of this well.
- m. No road right-of-way will be required at this time.

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3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location. See Map "B".
- a. Water wells – Rock House #5A
 - b. Injection wells – none
 - c. Producing wells – Rock House #8 & #30, Hanging Rock #24-13
 - d. Drilling wells – none
 - e. Shut-in wells – Rock House #44-14
 - f. Temporarily abandoned wells – none
 - g. Disposal wells – none
 - h. Abandoned wells – Rock House #29
 - 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 Pumping Units) will be painted Olive Black. All facilities will be painted within six months of installation. Facilities required to comply with Occupational Safety and Health Act (OSHA) will be excluded.

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- b. If storage facilities/tank batteries are constructed on this lease, they will be surrounded by a containment dike of sufficient capacity to contain 1 ½ times the contents of the largest tank or vessel, unless more stringent protective requirements are deemed necessary by the AO.
- 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 load lines will be placed inside the containment dike.
- 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. 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 and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and on all future calibrations. A copy of the calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with 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 contradiction in the unit or other lease or 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 AO.

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- h. Any necessary pits will be properly fenced to prevent 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 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 2400' in length. The pipeline route is shown on Map "C".**

5. Location and Type of Water Supply

- a. The proposed water source for this well is the Rock House 5A. # 49-1547**
- b. Water will be hauled over the roads shown on Maps "A" and "B".** *le*

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.**

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- 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. **The reserve pit will be lined with 10 mil. Plastic liner. The pit area will be sufficiently bedded with either straw or felt prior to installing liner. The liner will overlap the pit walls and be covered with dirt or rocks to hold it in place. No trash, scrap pipe, etc. that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the AO.**
- c. **Burning will not be allowed. All trash will be contained in a trash cage and its contents hauled to an approved disposal facility.**
- d. **After first production, produced water will be confined to a pit or storage tank for a period not to exceed ninety (90) days. During this time, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with water analysis, will be submitted for the AO's approval.**
- 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 portable-toilet will be furnished with the drilling rig.**

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8. Ancillary Facilities

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

9. Well Site Layout

- a. The operator or dirt contractor shall contact the BLM Office at (435) 789-1362, forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be on the southwest side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the northwest side, a minimum of 100 feet from the wellhead and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the southwest and northwest corners of the location as shown on the Pit & Pad Layout. A separate topsoil pile located on the northwest corner of the reserve pit will be utilized for pit reclamation. Topsoil along the access route will be windrowed on the uphill side.
- e. Trees will be stockpiled separately from the topsoil and subsoil on southeast corner near access road and off location.
- f. Access to the well pad will be from the north as shown in the Pit & Pad Layout.
- g. See Location Layout for orientation of rig, cross section of drill pad, cuts and fills.
- h. The location of mud tanks, reserve pit, trash cage, pipe racks and living facilities are also shown on the Location Layout.

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- i. During construction, all brush/trees will be removed from the well pad and access road to be stockpiled separately from the topsoil piles as shown in the Pit & Pad Layout.**
- j. All pits will be fenced to the following minimum standards:**

 - 1. 39 inch net wire shall be used with at least one strand of 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 should 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.**
- k. The reserve pit fencing will be on three sides during the drilling operations and on the fourth side when the rig is moved off the location. Pits will be fenced and maintained until cleanup.**

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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. The plastic nylon reinforced liner shall be torn and perforated before backfilling the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be contoured to approximate the original contours of the site.
- e. Reclamation of unrequired areas on the well pad/access road no longer needed for operations will be accomplished by grading, leveling and seeding as recommended by the AO.

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

<u>Species</u>	<u>Lbs. PLS/Acre</u>
Shadscale	4
4-Wing Saltbush	4
Indian Ricegrass	4

Seeding will be performed with approval from AO. Generally seeding is performed in the Fall prior to permanent ground freezing. Seed will be drilled or broadcast and seed walked in with dozer.

- f. The topsoil stockpile will be seeded with above listed seed mixture.

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Dry Hole

- g. At such time as the well is plugged and abandoned, the operator shall submit a Subsequent Report of Abandonment and the AO will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads - All roads are county maintained or managed by the BLM.

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

Mineral Ownership

The minerals are owned by the Federal Government and have been leased by Rosewood Resources, Inc.

12. Other Information

- a. A Class III archeological survey has been conducted by Sagebrush Archeology. A copy of this report will be sent directly to the appropriate agencies by Sagebrush Archeology.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing and/or collecting artifacts from historic or archeological sites. If historic or archeological materials are uncovered during construction, the operator is to immediately halt all operations and contact the 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;

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-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 an 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 that 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 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, pesticides or other potentially hazardous chemicals.
- d. 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 time without BLM authorization.
- e. No erosion control structures are proposed at this time.

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- f. All lease and/or unit operations will be conducted in such a manner that full compliance 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 the approved APD shall be on location during construction and drilling activities.**
- g. A complete copy of the APD shall be on location during construction of 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 shall 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 used to request plan changes 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. After permit termination, a new application will need to be filed for any future operations.**
- k. The operator or his contractor shall contact the BLM Offices at (435) 789-1362 48 hours prior to beginning construction activities.**
- l. The BLM Office shall be notified upon site completion prior to moving in the drilling rig.**
- m. In the event after-hours approval is necessary, please contact one of the following individuals:**

Ed Forsman
Jerry Kenczka
BLM Fax Machine

Petroleum Engineer (435)789-7077
Petroleum Engineer (435)781-1190
(435)789-3634

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13. Lessee's or Operator's Representatives

ROSEWOOD RESOURCES, INC.
P.O. Box 1668
Vernal, Utah 84078
435/789-0414 (O)

Permit Matters

Jill Henrie – 435/789-0414 Ext. 10

Drilling & Completion Matters

Danny Widner – 435/789-0414 Ext. 11 (Office)
435/828-6100 (Mobile)
Salty Miller - 435/789-0414 Ext. 15 (Office)
435/789-6438 (Mobile)
435/789/0823 (Home)

Map & Diagrams

ROSEWOOD RESOURCES, INC.
ROCK HOUSE #35
 LOCATED IN UINTAH COUNTY, UTAH
 SECTION 23, T11S, R23E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: WESTERLY



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

- Since 1964 -

LOCATION PHOTOS			5	7	01	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: B.B.		DRAWN BY: K.G.		REVISED: 00-00-00		

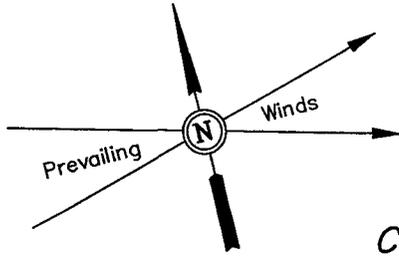
ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

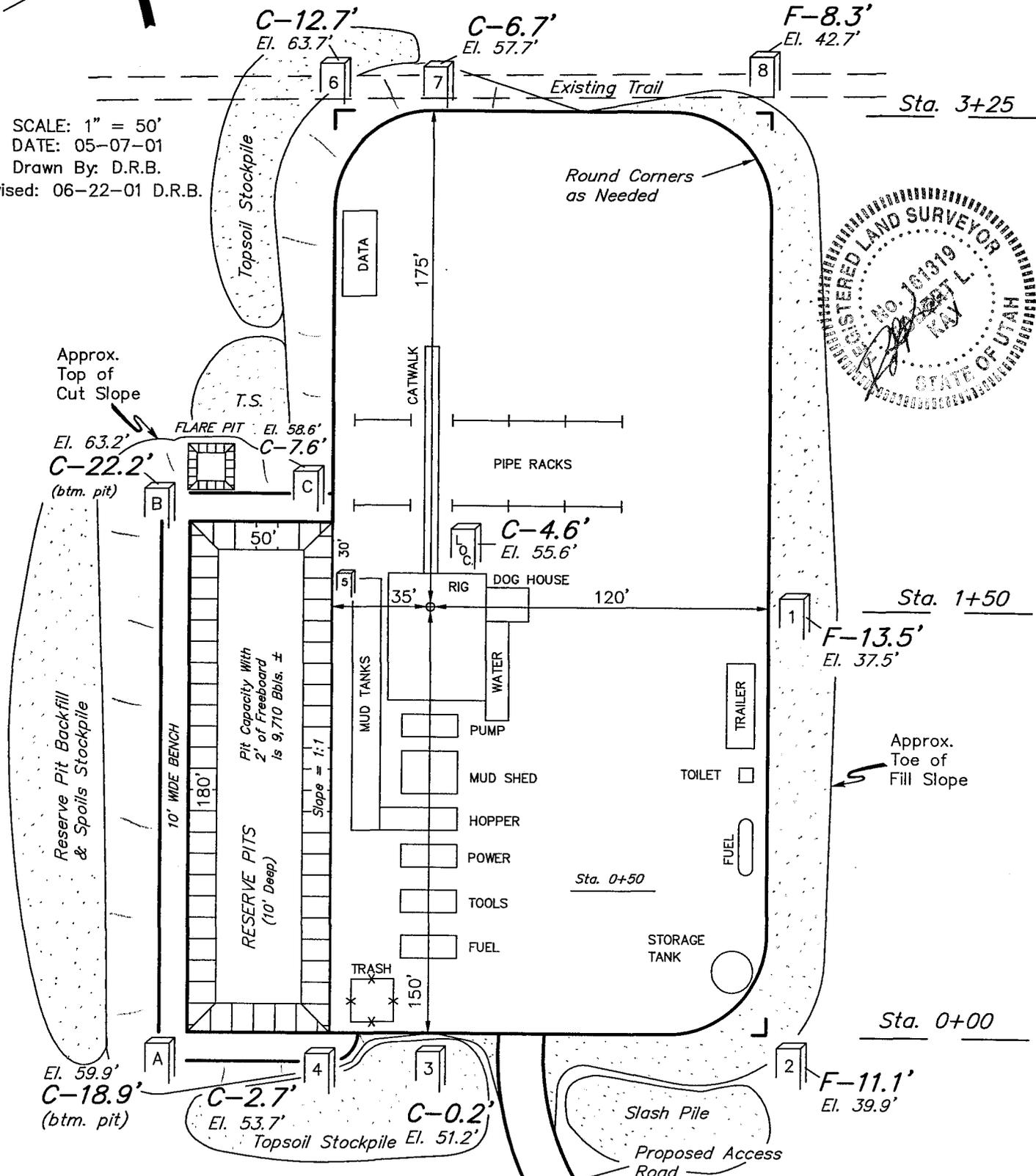
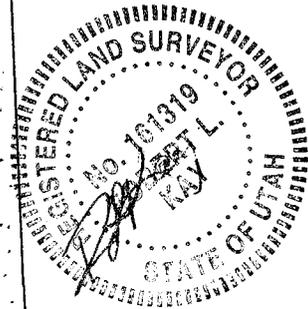
ROCK HOUSE #35

SECTION 23, T11S, R23E, S.L.B.&M.

2221' FSL 1952' FEL



SCALE: 1" = 50'
 DATE: 05-07-01
 Drawn By: D.R.B.
 Revised: 06-22-01 D.R.B.



Elev. Ungraded Ground at Location Stake = 5755.6'
 Elev. Graded Ground at Location Stake = 5751.0'

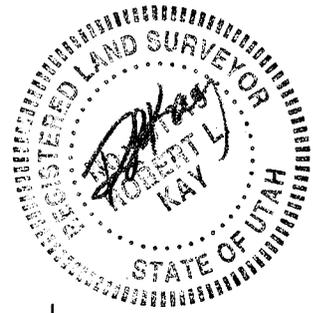
ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

ROCK HOUSE #35

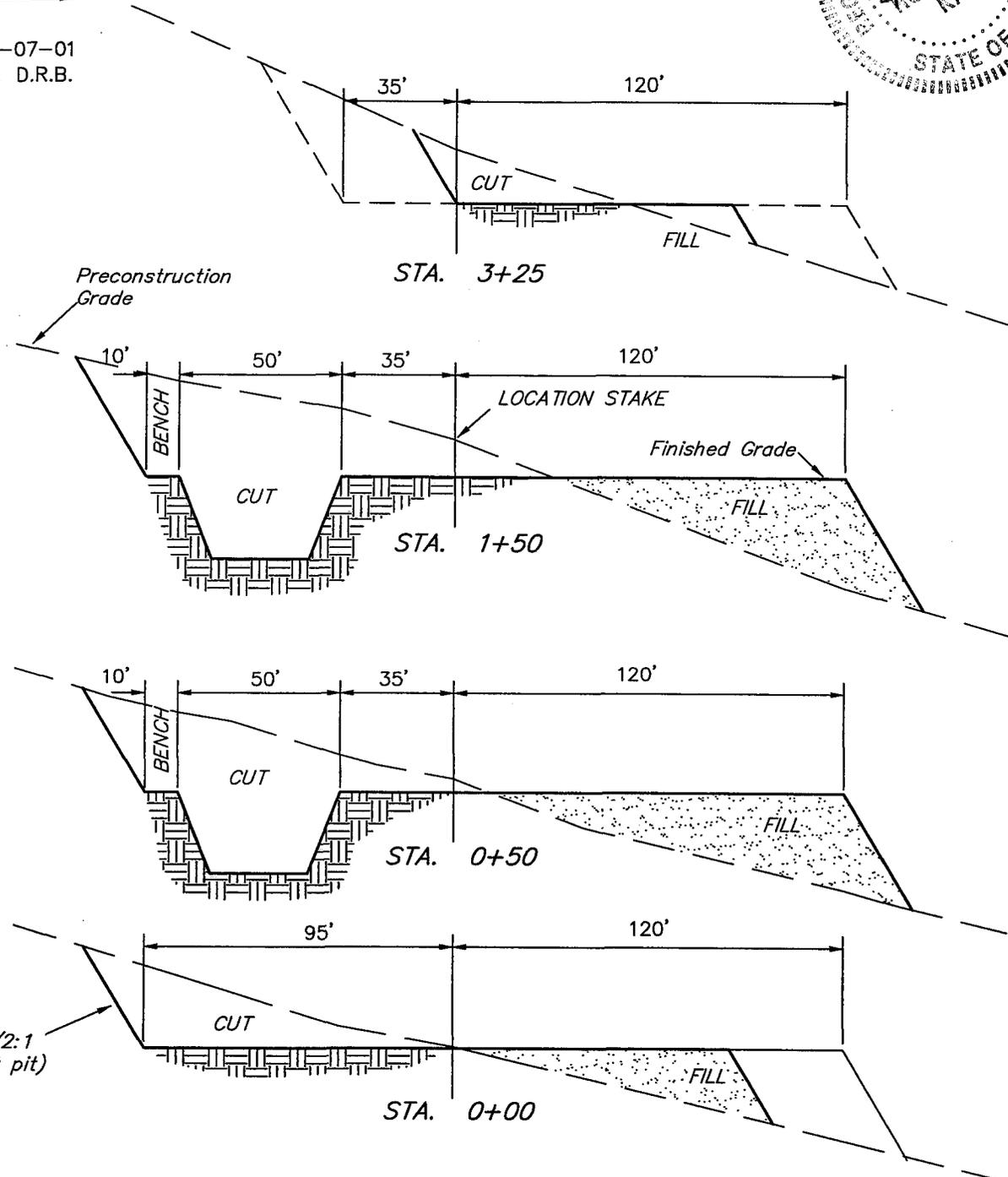
SECTION 23, T11S, R23E, S.L.B.&M.

2221' FSL 1952' FEL



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

DATE: 05-07-01
Drawn By: D.R.B.

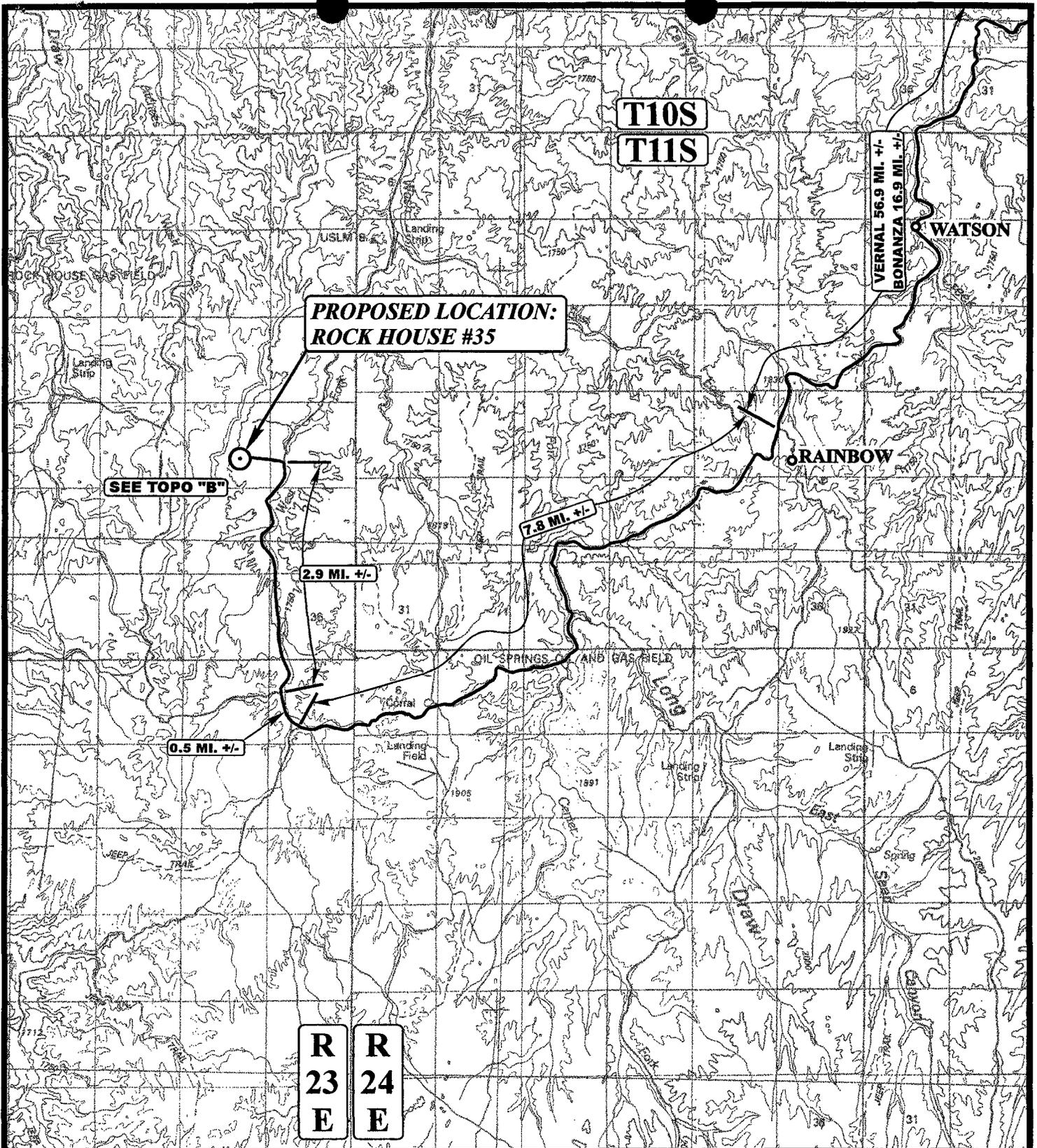


APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 10,380 Cu. Yds.
TOTAL CUT	= 11,480 CU.YDS.
FILL	= 8,660 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



LEGEND:

⊙ PROPOSED LOCATION

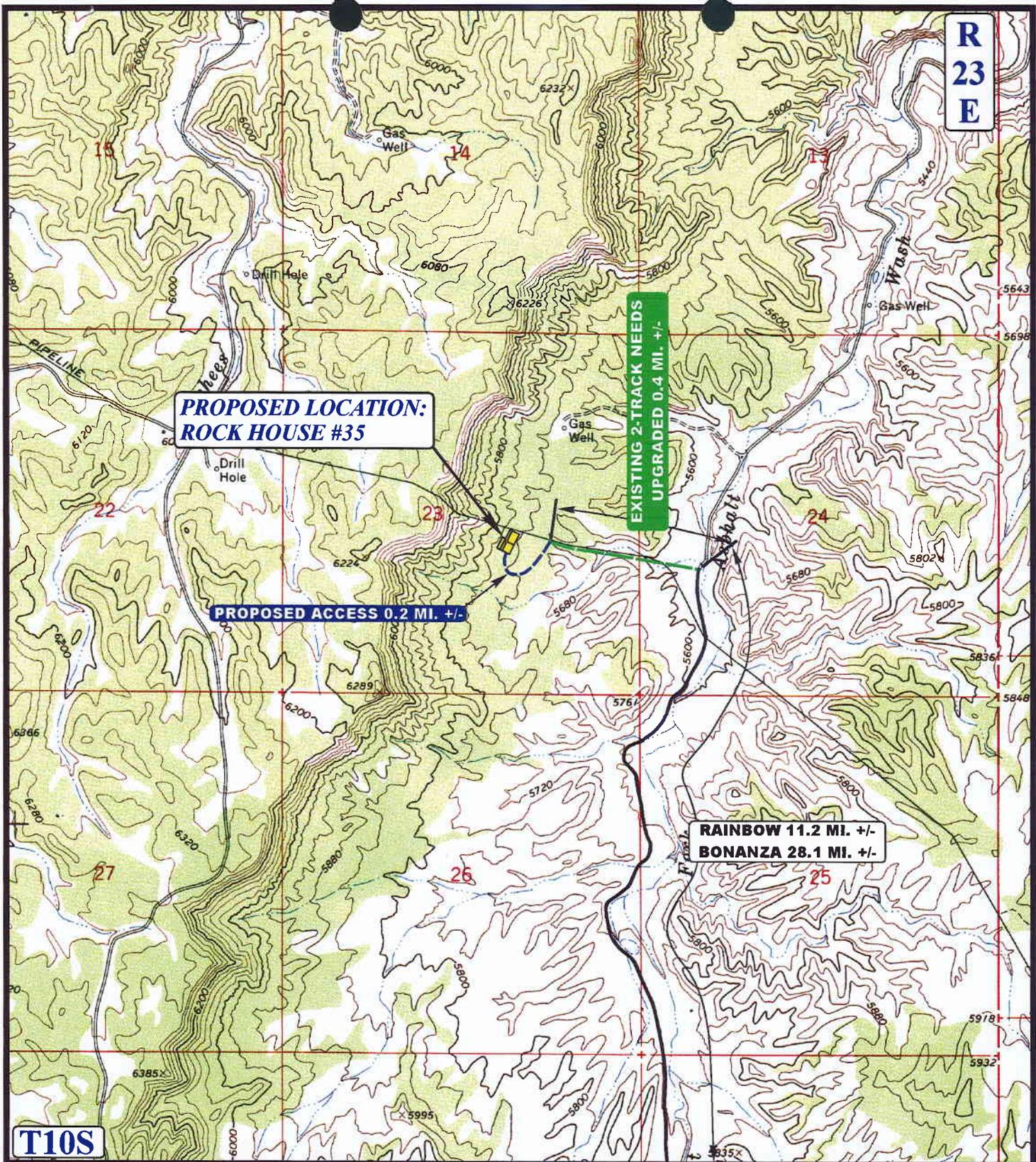
ROSEWOOD RESOURCES, INC.

ROCK HOUSE #35
SECTION 23, T11S, R23E, S.L.B.&M.
2221' FSL 1952' FEL

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



TOPOGRAPHIC **5 7 01**
MAP MONTH DAY YEAR
 SCALE: 1:100,000 DRAWN BY: K.G. REVISED: 00-00-00 **A**
 TOPO



**R
23
E**

**PROPOSED LOCATION:
ROCK HOUSE #35**

**EXISTING 2-TRACK NEEDS
UPGRADED 0.4 MI. +/-**

PROPOSED ACCESS 0.2 MI. +/-

**RAINBOW 11.2 MI. +/-
BONANZA 28.1 MI. +/-**

T10S

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD

ROSEWOOD RESOURCES, INC.

**ROCK HOUSE #35
SECTION 23, T11S, R23E, S.L.B.&M.
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Utah Engineering & Land Surveying
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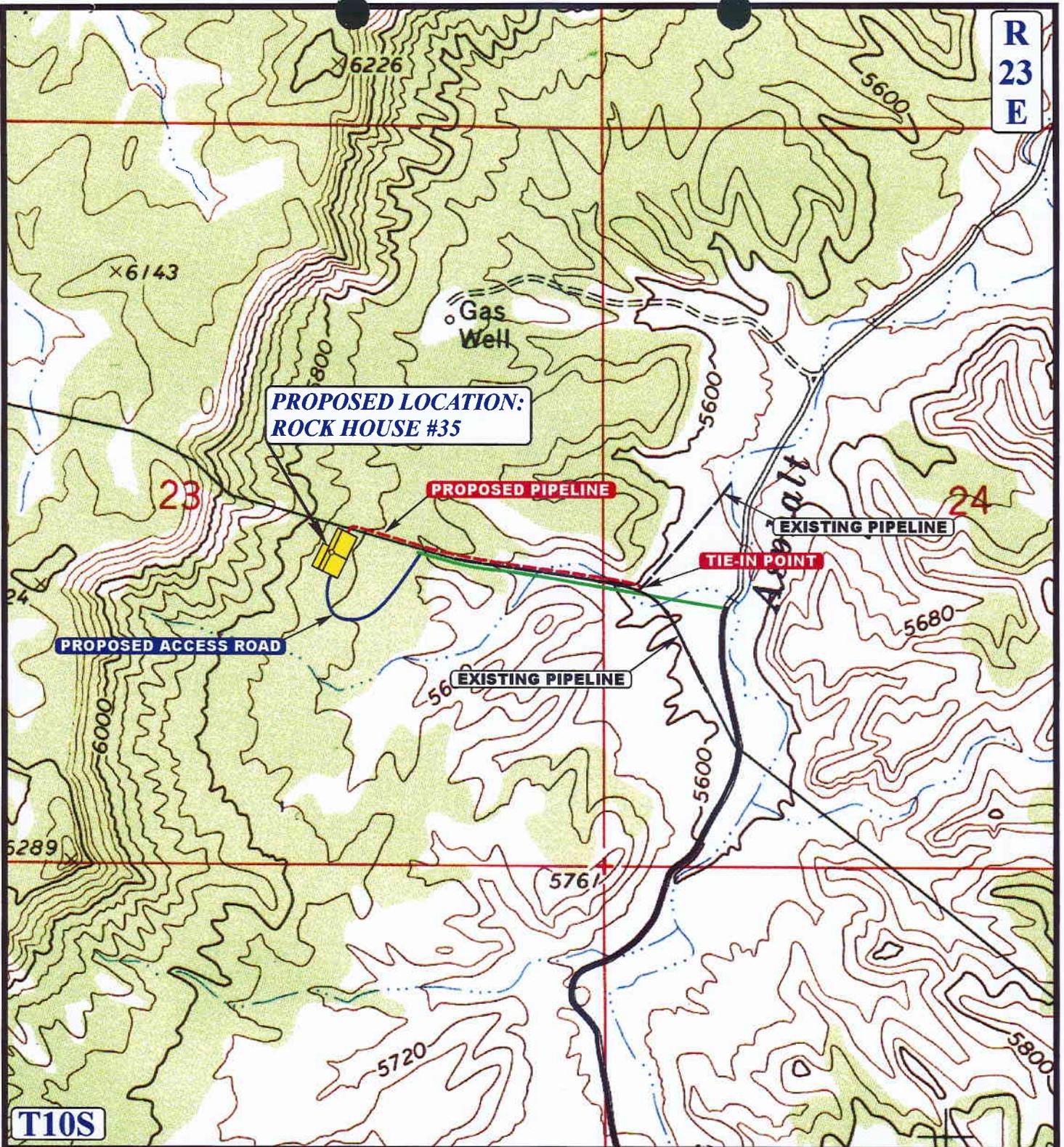
**TOPOGRAPHIC
MAP**

5	7	01
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 00-00-00



R
23
E



APPROXIMATE TOTAL PIPELINE DISTANCE = 2400' +/-

LEGEND:

-  EXISTING PIPELINE
-  PROPOSED PIPELINE
-  PROPOSED ACCESS

ROSEWOOD RESOURCES, INC.

ROCK HOUSE #35
SECTION 23, T11S, R23E, S.L.B.&M.
2221' FSL 1952' FEL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
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TOPOGRAPHIC
MAP

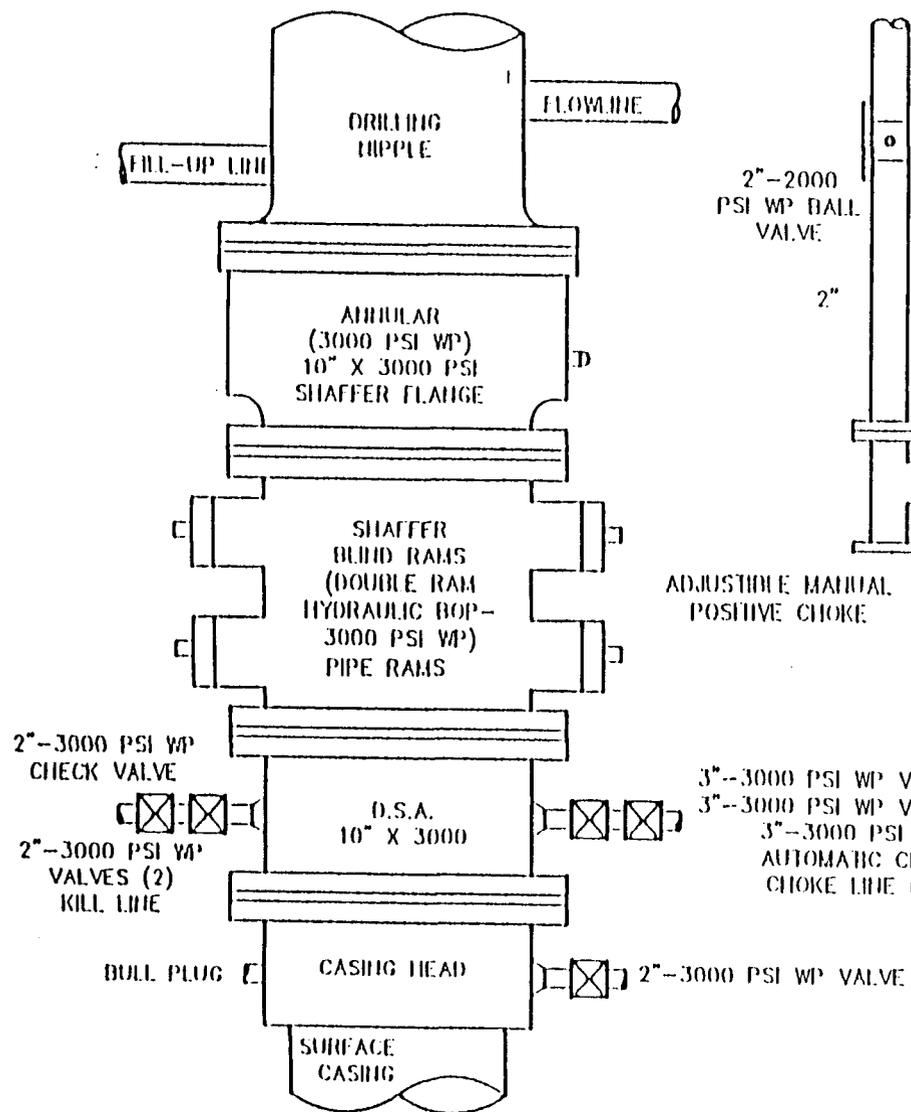
5	7	01
MONTH	DAY	YEAR

SCALE: 1" = 1000' | DRAWN BY: K.G. | REVISED: 00-00-00

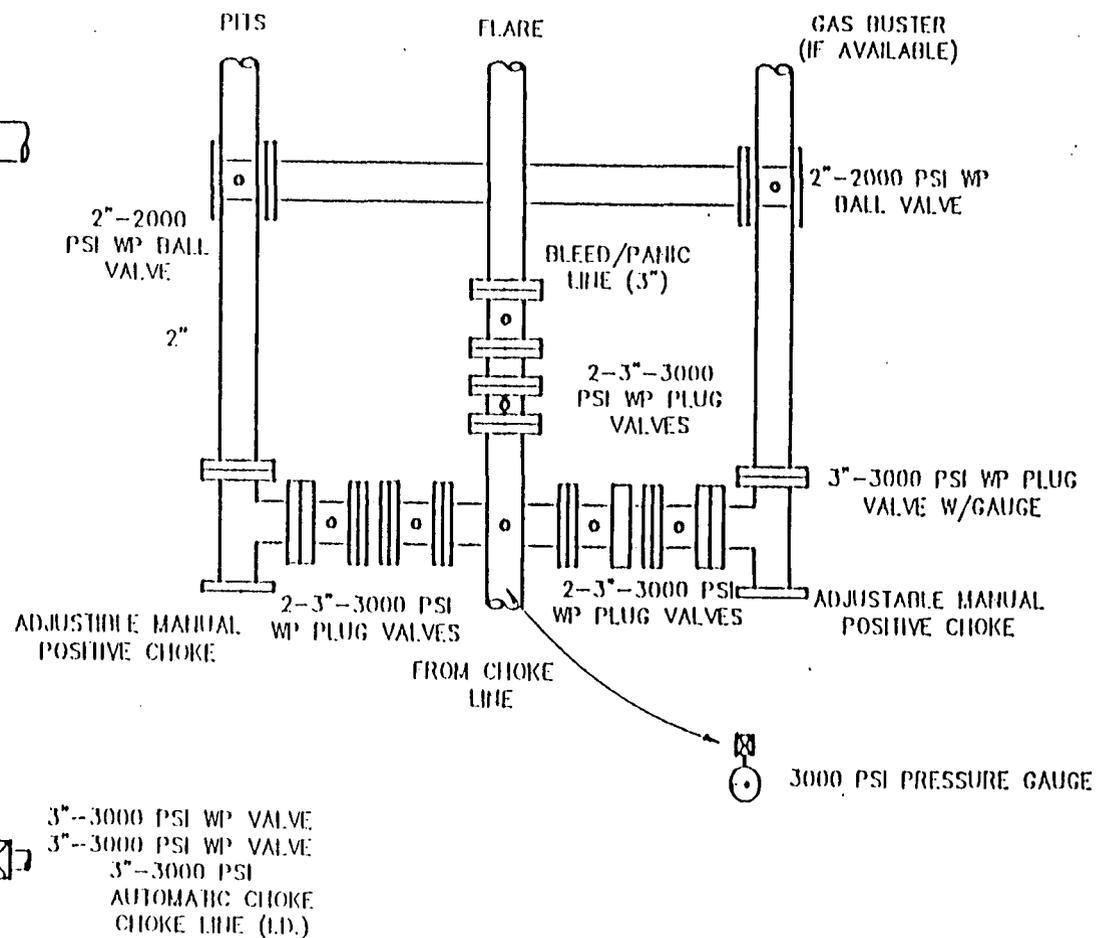


BOP Diagram

**BOP SCHEMATIC
3000 PSI WORKING PRESSURE**



PLAN VIEW CHOKE MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKE AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKE LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.

Archaeology Reports

A Class III Archaeological Survey has been conducted by Sagebrush Archaeology. A copy of this report will be submitted directly to the appropriate agencies by Sagebrush Consultants, L.L.C.

Rockhouse #35

SELF CERTIFICATION

Please be advised that Rosewood Resources, Inc. is to be considered 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.

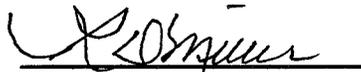
Bond coverage for this well is provided by Nationwide Bond no. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

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 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.

Date 7/30/01


Randy Miller
Drilling Superintendent
Rosewood Resources, Inc.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/13/2001

API NO. ASSIGNED: 43-047-34255

WELL NAME: ROCK HOUSE 35
 OPERATOR: ROSEWOOD RESOURCES INC (N7510)
 CONTACT: R D MILLER

PHONE NUMBER: _____

PROPOSED LOCATION:
 NWSE 23 110S 230E
 SURFACE: 2221 FSL 1952 FEL
 BOTTOM: 2221 FSL 1952 FEL
 UINTAH
 ROCK HOUSE (670)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-0780
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. MT-0627)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-1547)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

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

COMMENTS: Need "Ex.Loc" info. (rec'd 11-8-01)

STIPULATIONS: 1- Fed. Apprvl.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

August 15, 2001

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2001 Plan of Development Rock House 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 wells are planned for calendar year 2001.

API #	WELL NAME	LOCATION
(Proposed PZ Wasatch/Mesa Verde)		
43-047-34252	Rock House 32 Sec. 11, T11S, R23E	1092 FSL 0766 FWL
43-047-34253	Rock House 34 Sec. 10, T11S, R23E	2002 FSL 0642 FEL
43-047-34255	Rock House 35 Sec. 23, T11S, R23E	2221 FSL 1952 FEL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

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

MCoulthard:mc:8-15-1

November 6, 2001

Division of Oil, Gas & Minerals
1594 West North Temple, Suite 1210
Salt Lake, Utah 84114-5801
Attention: Leisha Cordova

RE: Rule 649-3-2

Dear Ms. Cordova:

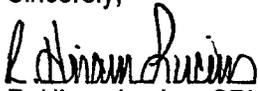
Rosewood Resources, Inc. respectfully requests approval for an exception location for the following wells located in Uintah County, Utah. Rosewood Resources, Inc. was required to deviate from the general rule for locating these wells due to surface and topographic problems. After review, all requested locations are greater than 460 feet from any offset owners.

The wells subject to this request are:

Bitter Creek Coral 34-8
Federal "L" 19-7
Rockhouse 34
Rockhouse 35

Should you have questions or comments, please advise.

Sincerely,



R. Hiram Lucius, CPL
Land Manager

Cc: Jill Henrie

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NOV 08 2001

**DIVISION OF
OIL, GAS AND MINING**



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 8, 2001

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

Re: Rock House Unit 35 Well, 2221' FSL, 1952' FEL, NW SE, Sec. 23, T. 11 South,
R. 23 East, Uintah County, Utah

Gentlemen:

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

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-34255.

Sincerely,

John R. Baza
Associate Director

dm

Enclosures

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

Operator: Rosewood Resources, Inc.
Well Name & Number Rock House Unit 35
API Number: 43-047-34255
Lease: UTU 0780

Location: NW SE Sec. 23 T. 11 South R. 23 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

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

5. LEASE DESIGNATION AND SERIAL NO. UTU-0780
6. IF INDIAN, ALOTTEE OR TRIBE NAME N/A
7. UNIT AGREEMENT NAME ROCK HOUSE UNIT
8. FARM OR LEASE NAME ROCK HOUSE
9. WELL NO. #35
10. FIELD AND POOL OR WILDCAT ROCK HOUSE
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA NW SE SEC. 23, T11S, R23E SLBM 2221' FSL and 1952' FEL
12. County UINTAH
13. STATE UTAH

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK **DRILL** **DEEPEN**

1b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
ROSEWOOD RESOURCES, INC.

3. ADDRESS OF OPERATOR
P.O. BOX 1668, VERNAL, UTAH 84078

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At Surface **2221' FSL and 1952' FEL**
At proposed Prod. Zone **NW SE SECTION 23, T11S, R23E**

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JUL 31 2001**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
APPROXIMATELY 28.5 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)
1952'

16. NO. OF ACRES IN LEASE
1080.00

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.
2000'

19. PROPOSED DEPTH
7500'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5756' UNGRADED

22. APPROX. DATE WORK WILL START*
SEPTEMBER 2001

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8"	36#	500'	350sx - CIRC. TO SURFACE
7 7/8"	4 1/2"	11.6#	7500'	1160 sx - 2 STAGE TO SURFACE

Rosewood Resources, Inc. proposes to drill a well to 7500' to test the Wasatch and Mesa Verde formations. If productive, casing will be set and the well completed. If dry, the well will be plugged and abandoned as per BLM & State of Utah requirements.

See Onshore Order No. 1 attached.

CONFIDENTIAL-TIGHT HOLE

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 R.D. Miller TITLE **Drilling Superintendent** DATE **07/30/2001**

(This space for Federal or State office use)

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

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 Howard R. Cleary TITLE **Assistant Field Manager Mineral Resources** DATE **12/13/2001**

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*See Instructions On Reverse Side

DEC 18 2001

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.

**DIVISION OF
OIL, GAS AND MINING**

DOG M

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Rosewood Resources, Inc.

Well Name & Number: Rock House #35

API Number: 43-047-34255

Lease Number: U - 0780

Location: NWSE Sec. 23 T. 11S R. 23E

Agreement: Rock House WS MV

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.

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 John Mayers 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 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.

3. Casing Program and Auxiliary Equipment

As a minimum, the usable water and Mahogany Oil Shale shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the shale zone, identified at ± 876 ft.

4. Mud Program and Circulating Medium

None

5. Coring, Logging and Testing Program

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

6. Notifications of Operations

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.

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

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 and tested for meter accuracy 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 Field 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).

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 approvals are necessary, you must contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 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.

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

The location topsoil shall be broadcast seeded immediately after it has been piled with the seed mix identified in the APD then walked with the dozer to plant the seed.

Once the reserve pit is dry, it shall be filled, recontoured, topsoil spread, and broadcast seeded with the seed mix identified in the APD and walked with the dozer to plant the seed.

When lining the reserve pit, a felt liner shall be installed first then the 12-mil nylon reenforced plastic liner placed on top of the felt liner. No straw shall be used when lining the pit.

Due to the highly erosive soils in the area, no construction of the access road or well pad shall be allowed when the soils are wet and muddy.

The tank dike shall be constructed from subsoils. **Topsoil is not to be used for dike construction.**



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 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

January 13, 2003

Jill Henrie
Rosewood Resources
PO Box 1668
Vernal, UT 84078

Re: APD Rescinded – Rock House #35, Sec.23, T.11S, R.23E
Uintah County, Utah API No. 43-047-34255

Dear Ms. Henrie:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining on November 8, 2001. On January 9, 2003, you requested that the division rescind the approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 9, 2003.

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

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

Sincerely,

Diana Mason
Engineering Technician

cc: Well File
Gil Hunt, Technical Services Manager
Bureau of Land Management, Vernal

43-047-34255



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

<http://www.blm.gov/utah/vernal>

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

February 25, 2003

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

Re: Notification of Expiration
Well No. Rockhouse 35
NWSE, Sec. 23, T11S, R23E
Uintah County, Utah
Lease No. UTU-0780
Rock House WS MV

Dear Ms. Henrie:

The Application for Permit to Drill the above-referenced well was approved on December 13, 2001. Since that date, no known activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

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

Sincerely,

Leslie Walker
Legal Instruments Examiner

cc: UDOGM

RECEIVED
MAR 03 2003
DIV. OF OIL, GAS & MINING