

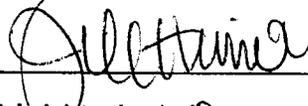
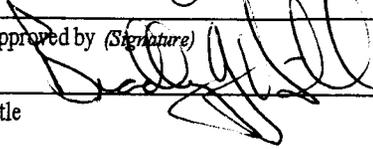
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		8. Lease Name and Well No. <b>Rockhouse #45</b>
2. Name of Operator <b>Rosewood Resources, Inc.</b>		9. API Well No. <b>43-047-38411</b>
3a. Address <b>P.O. Box 1668 Vernal, UT 84078</b>	3b. Phone No. (include area code) <b>435-789-0414 X10</b>	10. Field and Pool, or Exploratory <del>Rockhouse</del> <b>Undesignated</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>504' FNL 681' FEL SEC 6 T11S R23E</b> At proposed prod. zone <b>688660X 37.894793</b> <b>44172507 -109.352095</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>SEC 6 NENE T11S R23E SLB&amp;M</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 37 miles.</b>		12. County or Parish <b>Uintah</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>504'</b>		13. State <b>UT</b>
16. No. of acres in lease <b>763.45</b>	17. Spacing Unit dedicated to this well <b>40</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1500'</b>	19. Proposed Depth <b>8500'</b>	20. BLM/BIA Bond No. on file <b>MT-0627</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5773' GL</b>	22. Approximate date work will start* <b>UPON APPROVAL</b>	23. Estimated duration <b>13 days</b>
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification.  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed/Typed) <b>Jill Henrie</b>	Date <b>07/25/2006</b>
Title <b>Administrative Assistant</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>BRADLEY G. HILL</b>	Date <b>08-14-06</b>
Title <b>Of ENVIRONMENTAL MANAGER</b>		

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

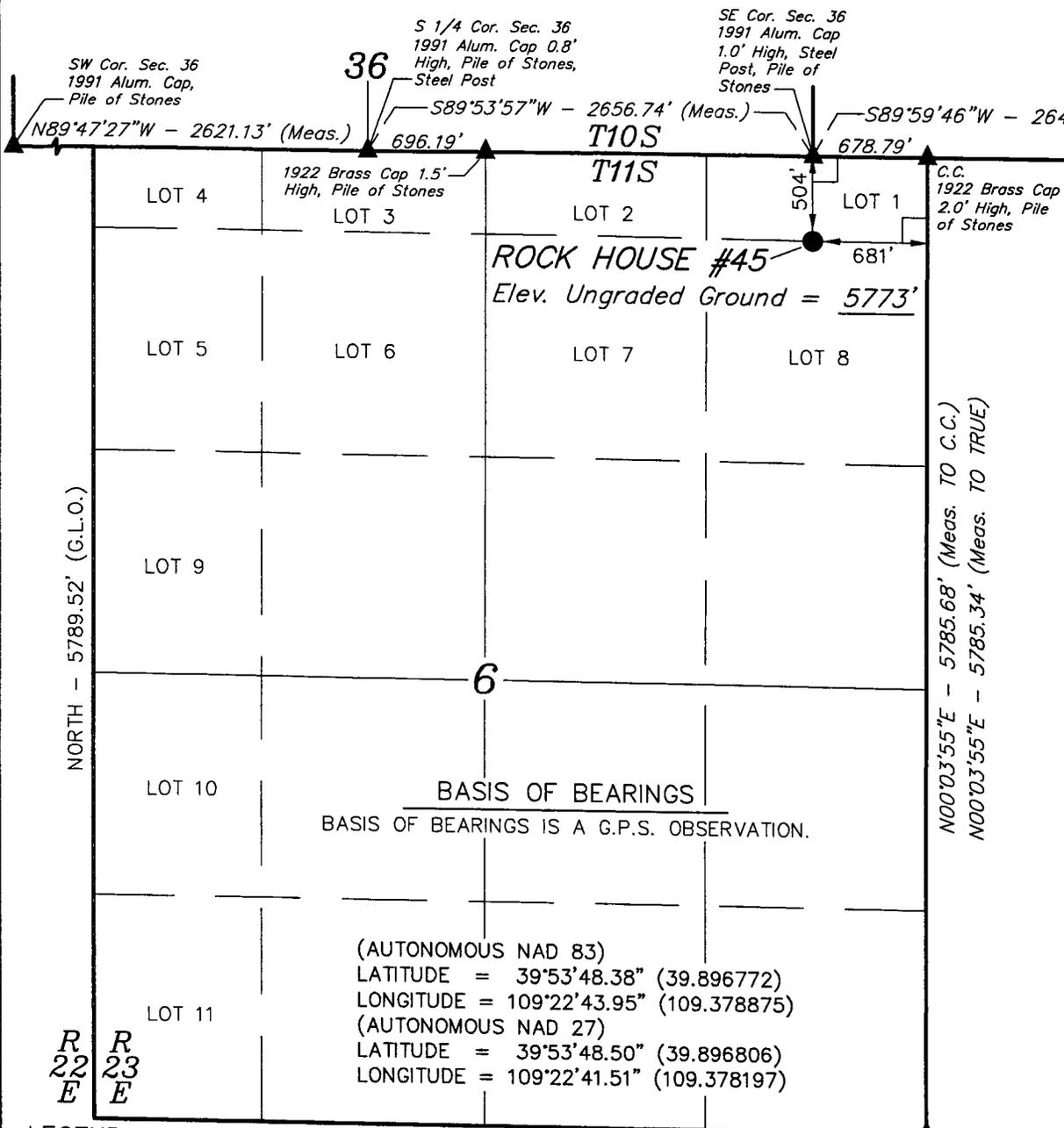
Federal Approval of this  
Action is Necessary

RECEIVED  
JUL 31 2006  
DIV. OF OIL, GAS & MINING

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

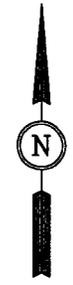
# ROSEWOOD RESOURCES, INC.

Well location, ROCK HOUSE #45, located as shown in the NE 1/4 NE 1/4 (LOT 8) of Section 6, T11S, R23E, S.L.B.&M. Uintah County, Utah.



### BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.



SCALE

### 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.

*John H. Gray*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

<b>UINTAH ENGINEERING &amp; LAND SURVEYING</b>		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 10-25-05	DATE DRAWN: 11-11-05
PARTY M.A. S.D. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE ROSEWOOD RESOURCES, INC.	

### LEGEND:

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

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**NE¼ NE ¼ Sec. 6, T11S, R23E**  
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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>
Uintah A	Surface	+5773'
Wasatch	3743'	+2030'
Mesa Verde	5683'	+90'
T.D.	8500'	-2727'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas/Oil	Wasatch	3743' – 5683'
Gas/Oil	Mesa Verde	5683' – 8500'

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 joint 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,**

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such as a preflush fluid, inner string cement method, etc. shall be utilized to help prevent cement contamination.

- 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 Or equivalent	0-1000'	12 ¼"	9 5/8"	32.3#	H-40	ST&C	New
Production Or equivalent	0-8500'	7 7/8"	4 ½"	11.6#	M-80	LT&C	New

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

<u>Surface</u>	<u>Type and Amount</u>
0-1000'	+/- 425 SXS Premium + 2% CaCl + ¼# /SX Flocele + 2% Gel. Slurry Weight 15.6 PPG. Yield 1.18 ft sk.

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**Production**

**Type and Amount**

**0-8500'**

**Lead cement:**

**+/- 215 SXS - 10% Excess additives =  
Hifill "V" 16% Gel, 1% EX-1, 3% Salt  
.2%HR-7, 10# Gilsonite, 25# SX Flocele.  
Slurry weight 11 ibm gal. Yield 3.80 ft sk.**

**Tail Cement:**

**+/- 1025 SXS - 10% Excess additives =  
50/50 POZ "G" 2% Gel, 3% KCL, .75%  
Halad-322, .2% HR-5, .25# Flocele,  
Granulite, 3# SX Silicate, .2% FWCA.  
Slurry weight 13.40 ibm gal. Yield 1.49 ft  
sk.**

- 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:**

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- 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.

5. Mud Program

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

<u>Interval</u>	<u>Mud Type</u>
0-1000'	Air or water drill
1000'-2,000'	Fresh water CRYSTAL DRIL/Sweeps
2,000'-5,660'	2% KCl water/CRYSTAL DRIL/Sweeps
5,660-8,500'	2% KCL/IMPERMEX/SEAMUD

<u>Interval</u>	<u>Visc</u>	<u>PH</u>	<u>Mud Weight</u>
0-1000'	28-29	8.0- 8.5	8.3 – 8.5 ppg
1000'-2,000'	28-29	7.0 - 8.0	8.3 – 8.4 ppg
2,000'-5,660'	28-29	8.0- 9.5	8.6 – 8.9 ppg
5,660-8,500'	32-42	9.0 - 9.5	8.6 – 8.9 ppg

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**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:**

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

**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 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:**

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**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. A Litho-density, Compensated Neutron, Induction, SP, Gamma Ray, & Caliper 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, 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.**

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- 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 upon approval.**
- b. **It is anticipated that the drilling of this well will take approximately 13 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.**
- 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**

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- f. 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.**
- g. A Completion Rig will be moved in following drilling operations. All conditions of this approved plan are applicable during the completion operations.**
- h. 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.**
- i. 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.**
- j. 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.**
- k. 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.)**

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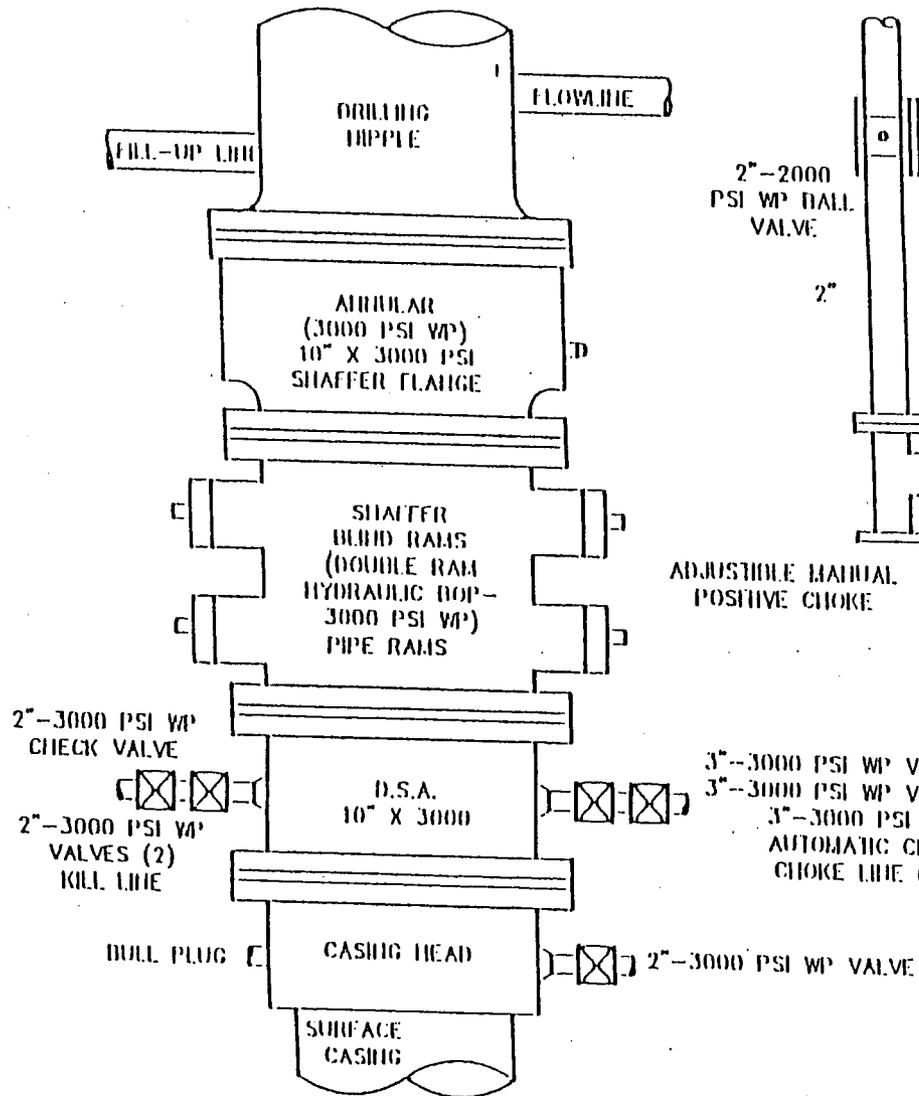
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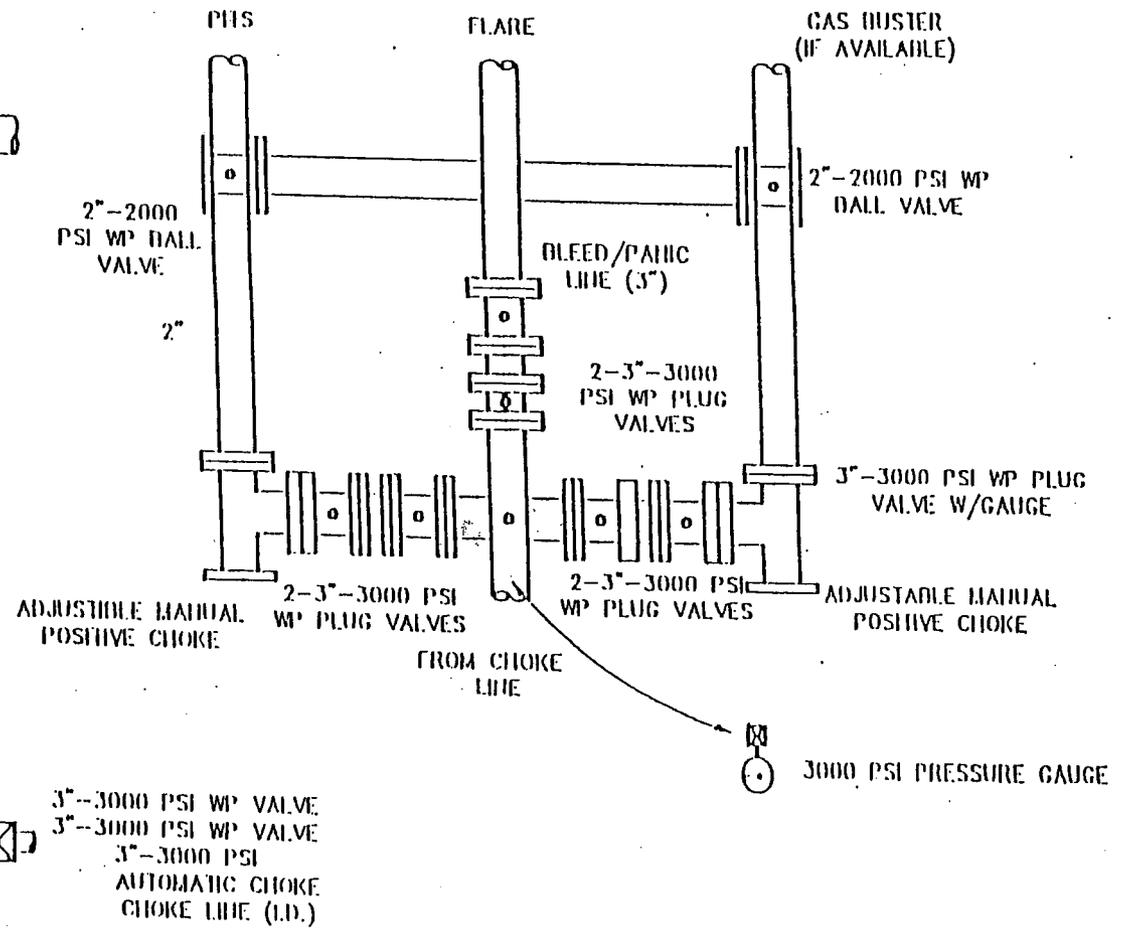
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- l. A first production conference will be scheduled within 15 days after receipt of the first production notice.**
  
- m. No well abandonment operations will commence without prior approval of the AO. In the case of newly drilled dry holes or failures, 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.**
  
- n. 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.**

**DOP SCHEMATIC**  
**3000 PSI WORKING PRESSURE**



**PLAN VIEW CHOKES 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.

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**SURFACE USE PLAN**

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**ONSHORE OIL & GAS ORDER NO. 1**

**NOTIFICATION REQUIREMENTS**

- |   |   |
|---|---|
| <b>Location Construction -</b>                | <b>Forty-eight (48) hours prior to construction of location and access roads.</b>   |
| <b>Location Completion -</b>                  | <b>Prior to moving in drilling rig.</b>   |
| <b>Spud Notice -</b>                          | <b>At least twenty-four (24) hours prior to spudding the well.</b>  |
| <b>Casing String and -<br/>Cementing</b>      | <b>Twenty-four (24) hours prior to running casing and cementing all casing strings.</b>   |
| <b>BOPE and Related -<br/>Equipment Tests</b> | <b>Twenty-four (24) hours prior to initiating pressure tests.</b>   |
| <b>First Production -</b>                     | <b>Within five (5) business days after new well begins or production resumes after well has been off line for more than ninety (90) days.</b> |

**The following individuals met on Wednesday, Jan 24<sup>th</sup> for the onsite evaluation of the proposed site.**

<b>Holly Via</b>	<b>Bureau of Land Management</b>
<b>Todd McGrath</b>	<b>SWCA</b>
<b>Brandon Mcdonald</b>	<b>SWCA</b>
<b>Greg D. Olsen</b>	<b>Uintah Engineering &amp; Land Survey</b>
<b>Benjamin R. Johnson</b>	<b>Uintah Engineering &amp; Land Survey</b>
<b>Jill Henrie</b>	<b>Rosewood Resources, Inc.</b>
<b>Dennis Atwood</b>	<b>Rosewood Resources, Inc.</b>

**1. Existing roads**

- a. The proposed well is located approximately 37 miles south of Bonanza, Ut.**

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**Rosewood Resources, Inc.**  
**Rockhouse #45**  
**504' FNL 681' FEL**  
**NE¼ NE ¼ Sec. 6, T11S, R23E**  
**Uintah County, Utah**

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

**Follow Bonanza Highway to Kings Well Road. Proceed past West Asphalt heading towards Rockhouse Field. Turn left heading north down Saddletree Canyon. Go past Rosewood's Rockhouse #15 location & turn left heading west. Make a right hand turn heading north at the fork in the road. Proceed heading north passing Rosewood's proposed Rockhouse #43 location on the left hand side of the road. Proceed another .5 miles until you reach proposed Rockhouse #45 location.**

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

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

**e. 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 160' +/-' of proposed access 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 3%.**

**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.**

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

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- g. Surface disturbance and vehicular travel will be limited to the approved location and access route. Any additional area needed will be approved in advance.**
- h. No cattleguards will be necessary**
- 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 – none**
- b. Injection wells – none**
- c. Producing wells- none**
- d. Drilling wells – none**
- e. Shut-in wells – none**
- f. Temporarily abandoned – 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 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 pipeline will be 135' from the well-site to the tie-in point and will be constructed of welded steel. It will be 4" in diameter.**
- 5. Location and Type of Water Supply**
- a. The proposed water source for this well is the Rock House 5A - Water Permit # 49-1547. SEC 13 T11S R 23E. Please see attached maps.**
  - b. Water will be hauled over the roads shown on Maps "A" and "B".**
- 6. Source of Construction Material**
- a. Surface and subsoil materials in the immediate area will be utilized.**
  - b. Any gravel used will be obtained from a commercial source.**
  - c. 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.**

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**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) 781-4400, forty-eight (48) hours prior to construction activities.**
- b. The reserve pit will be on the northeast of the location.**
- c. The flare pit will be located downwind of the prevailing wind direction on the southeast 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 north of the location as shown on the Pit & Pad Layout. The topsoil pile for the reserve pit reclamation will be stored on the southeast of the location as shown on the Pit & Pad Layout. Topsoil along the access route will be windrowed on the uphill side.**
- e. Access to the well pad will be from the south as shown in the Pit & Pad Layout.**
- f. See Location Layout for orientation of rig, cross section of drill pad, cuts and fills.**
- g. 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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- h. 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.**
- i. 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.**
- j. 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 during onsite inspection is as follows: 4 lb Crested Wheat, 4 lbs Indian Ricegrass, 4 lb Needle and Thread Grass.**

**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 determined 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. Cover sheet is attached for your convenience.**
- e. A Paleontological reconnaissance survey of proposed well pads, pipelines and access roads has been conducted by Stephen D Sandau. A copy of this report has been sent directly to the appropriate agencies by Mr. Sandau. Cover sheet is attached for your convenience.**
- 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**

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**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;**

**-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.**

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- e. 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.**
- f. A complete copy of the APD shall be on location during construction of location and drilling activities.**
- g. 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.**
- h. "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.**
- i. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval. After permit termination, a new application will need to be filed for any future operations.**
- j. The operator or his contractor shall contact the BLM Offices at (435) 781-4400 48 hours prior to beginning construction activities.**
- k. The BLM Office shall be notified upon site completion prior to moving in the drilling rig.**

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- I. **In the event after-hours approval is necessary, please contact one of the following individuals:**

<b>Matt Baker</b>	<b>Petroleum Engineer (435)828-4470</b>
<b>Michael Lee</b>	<b>Petroleum Engineer (435)828-7875</b>
<b>BLM Fax Machine</b>	<b>(435)789-3634</b>

**13. Lessee's or Operator's Representatives**

**ROSEWOOD RESOURCES, INC.**  
**P.O. Box 1668**  
**72 North Vernal Avenue**  
**Vernal, Utah 84078**  
**435/789-0414**

**Permit Matters**

**Jill Henrie - 435/789-0414 Ext. 10**

**Drilling & Completion Matters**

**Jerry Dietz - 303/542-1931 (Office)**  
**303/877-4670 (Mobile)**

**Environmental & Safety Matters**

**Alan Roachell - 214/756-6694 (Office)**  
**214/466-2993 (Cell)**

## **Rockhouse #45**

Rosewood Resources, Inc. proposes to drill a well to 8500' 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.

### **CONFIDENTIAL-TIGHT HOLE**

#### **SELF CERTIFICATION**

Please be advised that Rosewood Resources, Inc. is to be considered the operator of the Rockhouse #45 well located at NENE SEC 6 T11S R23E Lease #UTU-66407 in Uintah County. 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.

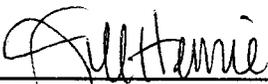
#### **CERTIFICATION**

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

7/25/06

  
Jill Henyie  
**Administrative Assistant**  
**Rosewood Resources, Inc.**

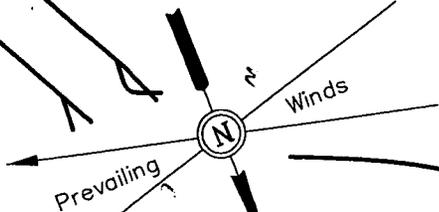
ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

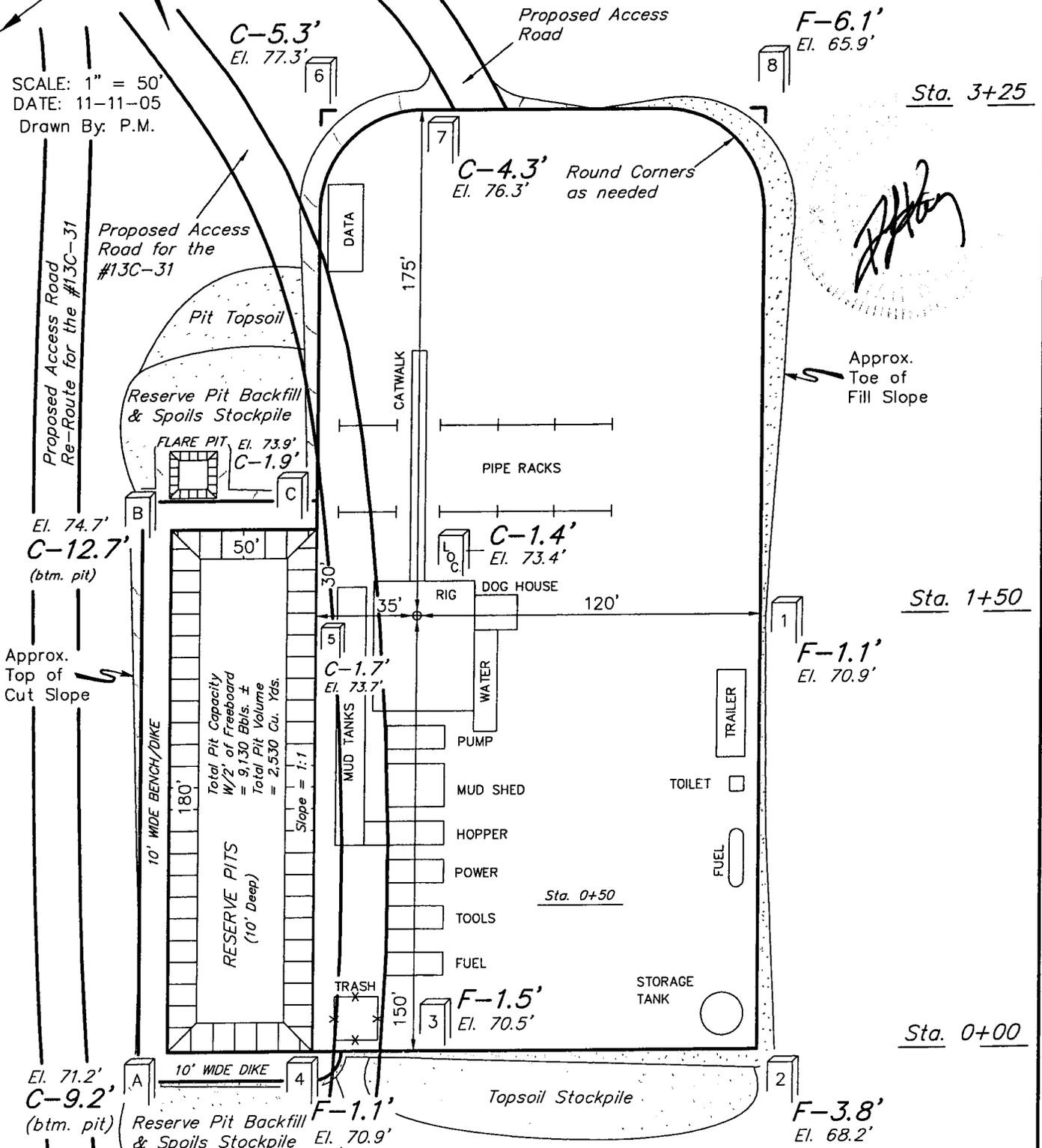
ROCK HOUSE #45

SECTION 6, T11S, R23E, S.L.B.&M.

504' FNL 681' FEL



SCALE: 1" = 50'  
DATE: 11-11-05  
Drawn By: P.M.



NOTES:

Elev. Ungraded Ground at Location Stake = 5773.4'  
Elev. Graded Ground at Location Stake = 5772.0'

ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

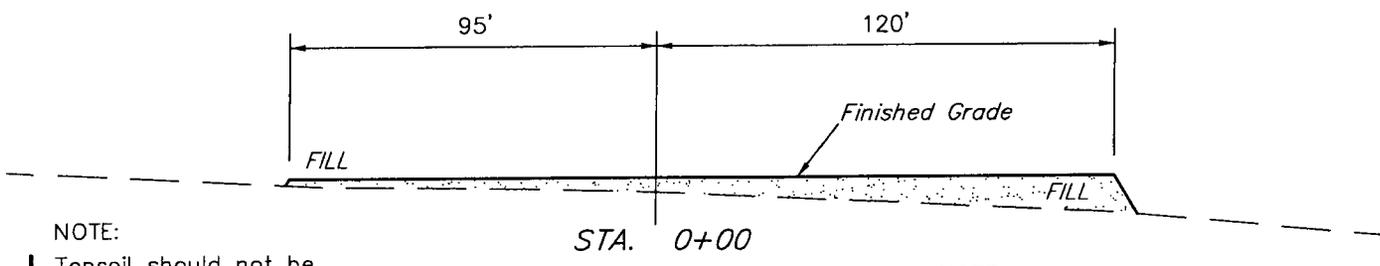
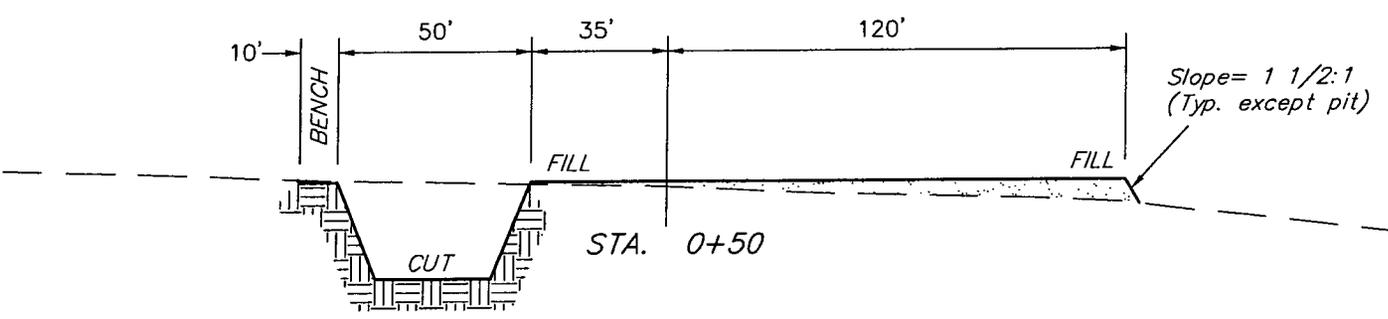
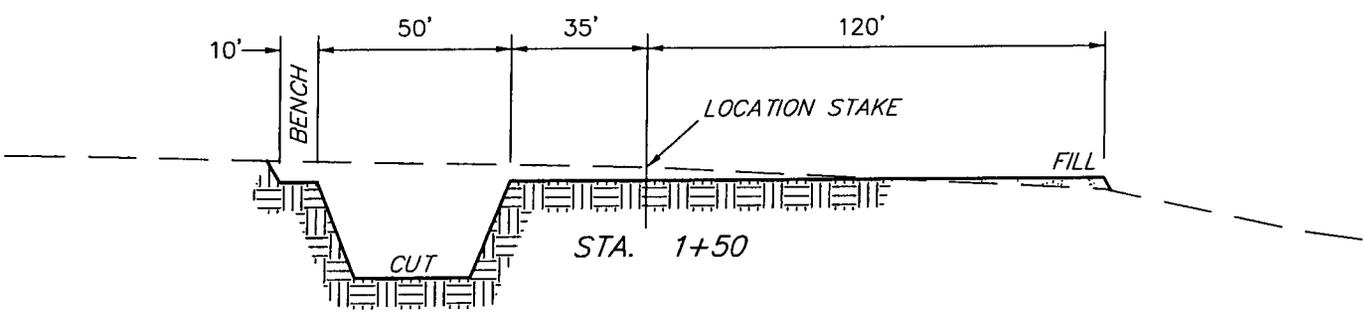
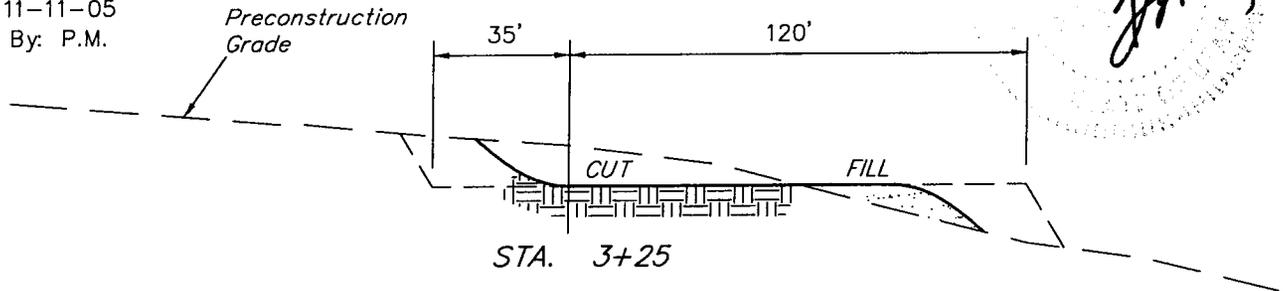
ROCK HOUSE #45

SECTION 6, T11S, R23E, S.L.B.&M.

504' FNL 681' FEL

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

DATE: 11-11-05  
Drawn By: P.M.



NOTE:

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

\* NOTE:

FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT		
(6") Topsoil Stripping	=	1,290 Cu. Yds.
Remaining Location	=	3,590 Cu. Yds.
<b>TOTAL CUT</b>	<b>=</b>	<b>4,880 CU.YDS.</b>
<b>FILL</b>	<b>=</b>	<b>2,320 CU.YDS.</b>

EXCESS MATERIAL	=	2,560 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	2,560 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	0 Cu. Yds.

# ROSEWOOD RESOURCES, INC.

ROCK HOUSE #45  
LOCATED IN UINTAH COUNTY, UTAH  
SECTION 6, T11S, R23E, S.L.B.&M.

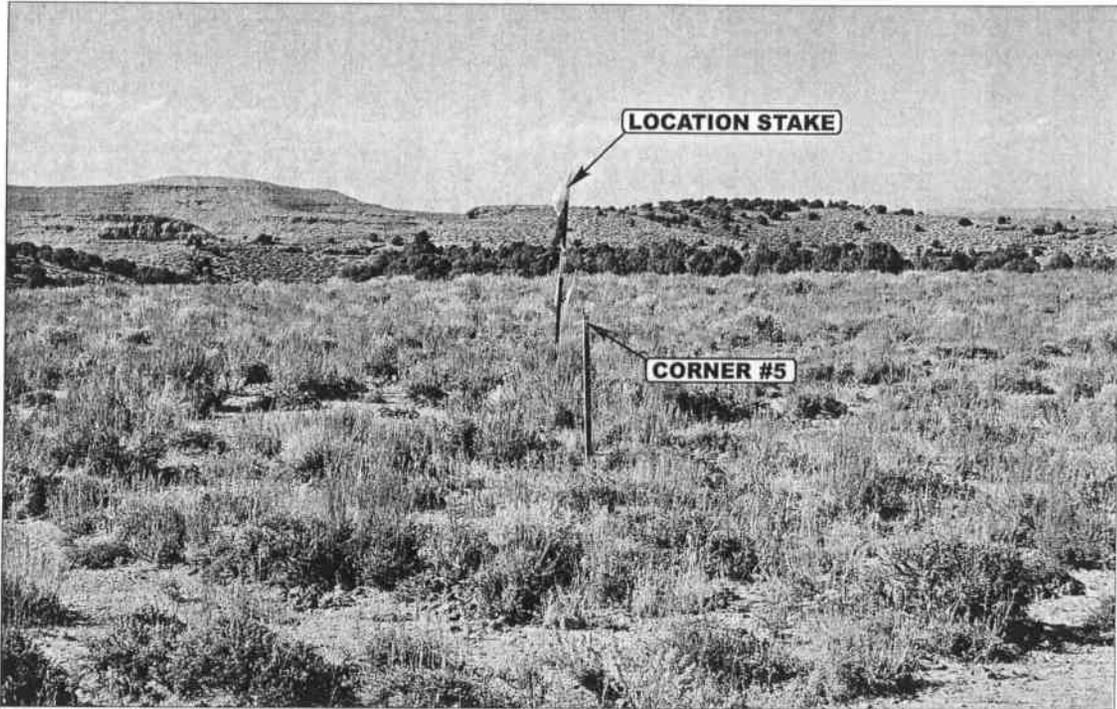


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

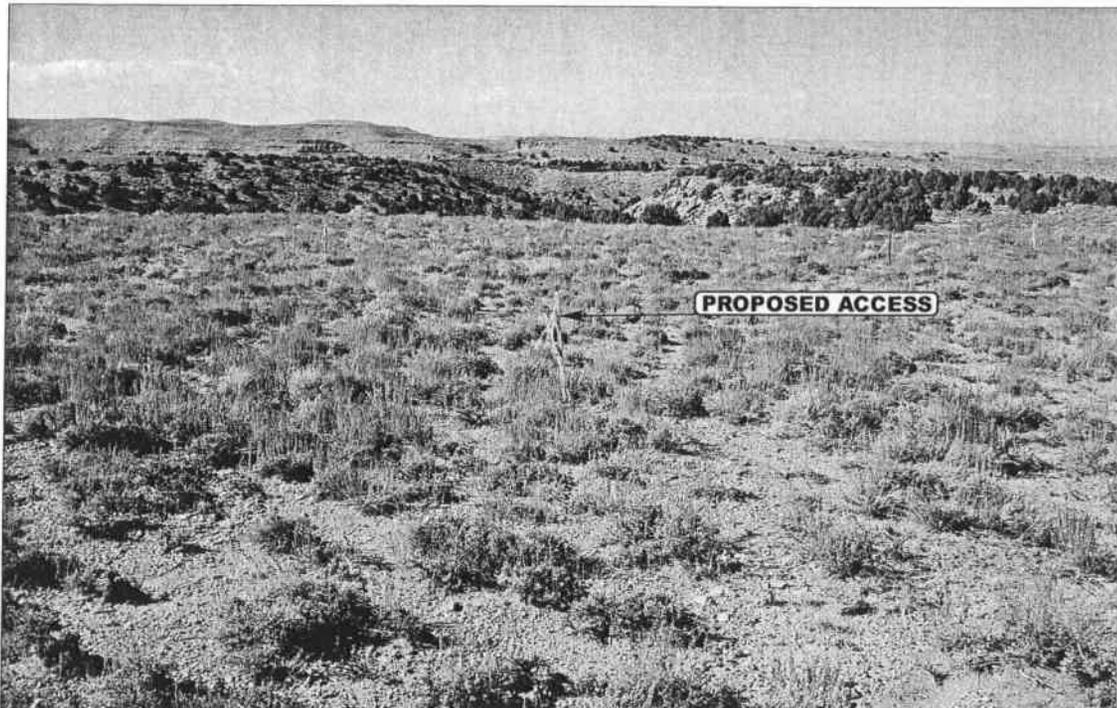


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY

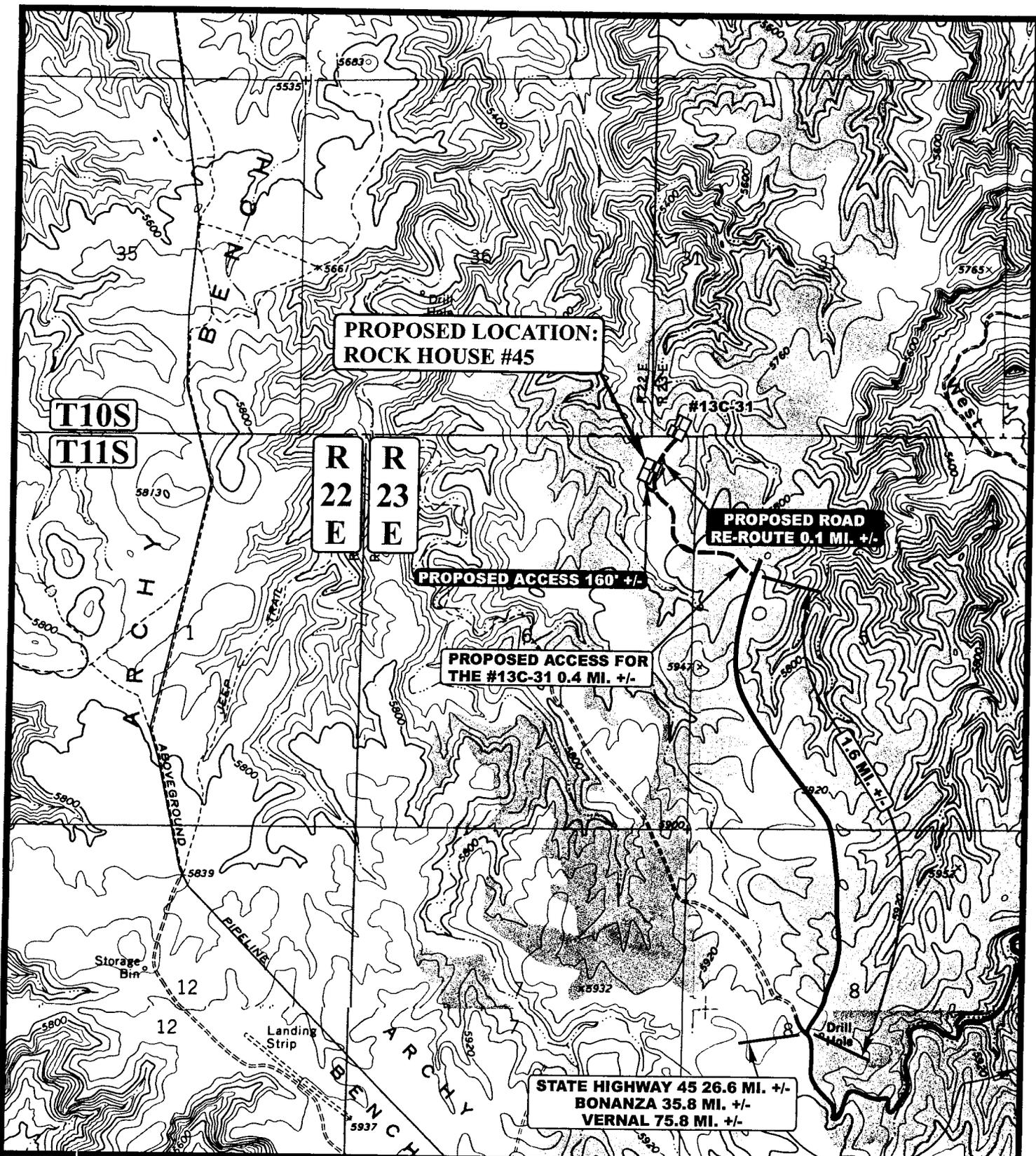


- Since 1964 -

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

LOCATION PHOTOS	10	29	05	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: M.A.	DRAWN BY: C.P.		REVISED: 00-00-00	





**LEGEND:**

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD
- - - - - PROPOSED ROAD RE-ROUTE



**ROSEWOOD RESOURCES, INC.**

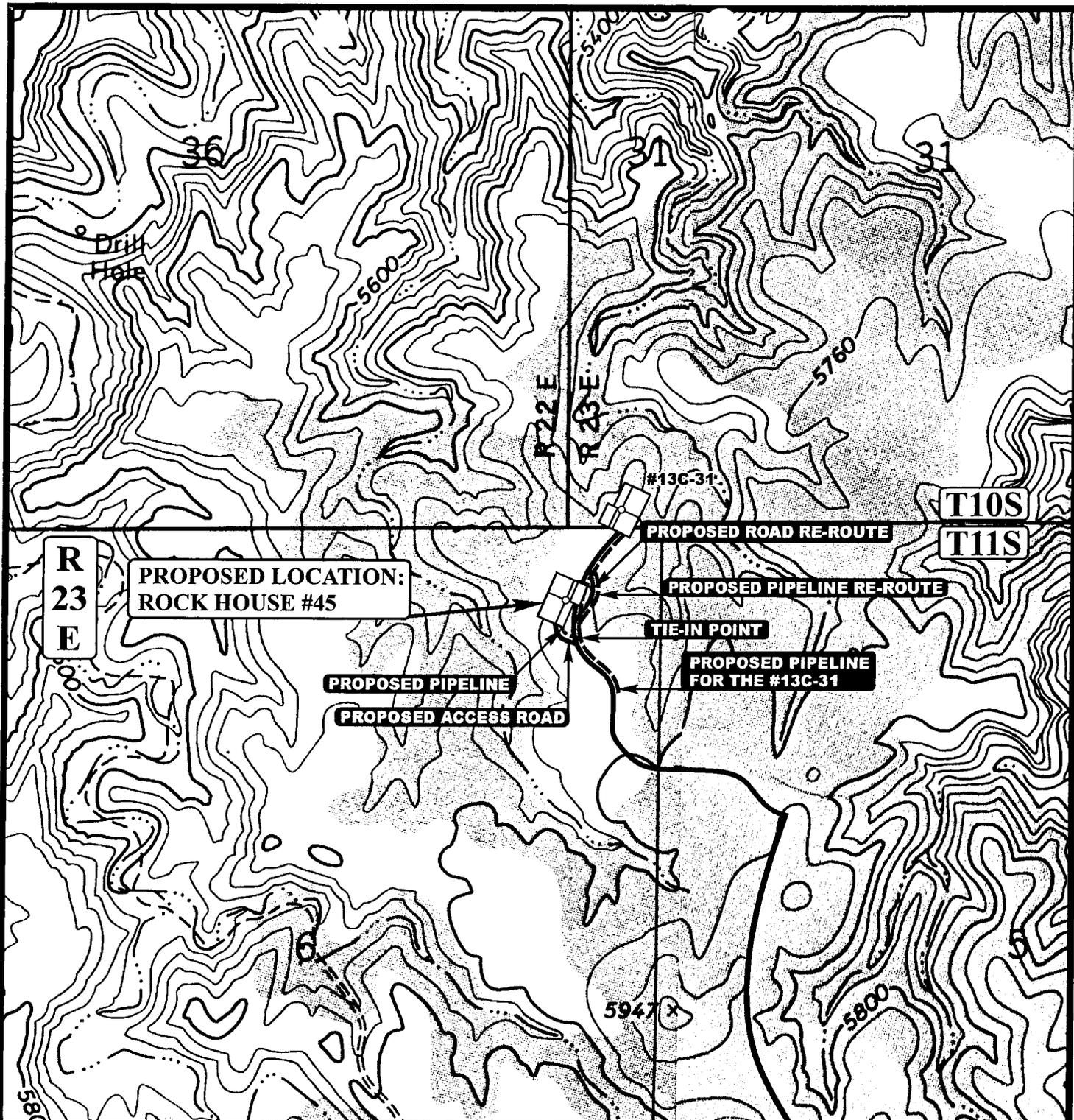
**ROCK HOUSE #45**  
**SECTION 6, T11S, R23E, S.L.B.&M.**  
**504' FNL 681' FEL**



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

<b>TOPOGRAPHIC</b> MAP	<b>10</b>	<b>29</b>	<b>05</b>
	MONTH	DAY	YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.		REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 135' +/-

APPROXIMATE TOTAL PIPELINE RE-ROUTE DISTANCE = 500' +/-

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  PROPOSED PIPELINE RE-ROUTE
-  PROPOSED ROAD RE-ROUTE
-  PROPOSED PIPELINE
-  PROPOSED PIPELINE (SERVICING OTHER WELLS)



**ROSEWOOD RESOURCES, INC.**

**ROCK HOUSE #45**  
**SECTION 6, T11S, R23E, S.L.B.&M.**  
**504' FNL 681' FEL**



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 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

<b>TOPOGRAPHIC</b>	<b>10</b>	<b>29</b>	<b>05</b>
<b>MAP</b>	MONTH	DAY	YEAR
SCALE: 1" = 1000'	DRAWN BY: C.P.		REVISED: 00-00-00



# **Paleontological Reconnaissance Report**

---

**Rosewood Resources Proposed Well Pads, Pipelines and Access  
Roads for "Rock House #38-39 & #42-46"  
(Sec. 5-6 & 11, T 11 S, R 23 E)**

**Archy Bench, Archy Bench SE, & Asphalt Wash  
Topographic Quadrangles  
Uintah County, Utah**

December 7, 2005

Prepared by Stephen D. Sandau  
Paleontologist for  
Intermountain Paleo-Consulting  
P. O. Box 548  
Springville, Utah 84663



January 2, 2006

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

RE: *A Cultural Resource Inventory of Rockhouse Wells #38, #39, #42, #43, #44, #45, and #46  
For Rosewood Resources, Inc., Uintah County, Utah. Sagebrush Report No 1491*

Dear Jill,

Enclosed please find one copy of the above cited report. Blaine Phillips, Archaeologist at the BLM Vernal Field Office has been sent two copies of the report. During this inventory there were no cultural resources found.

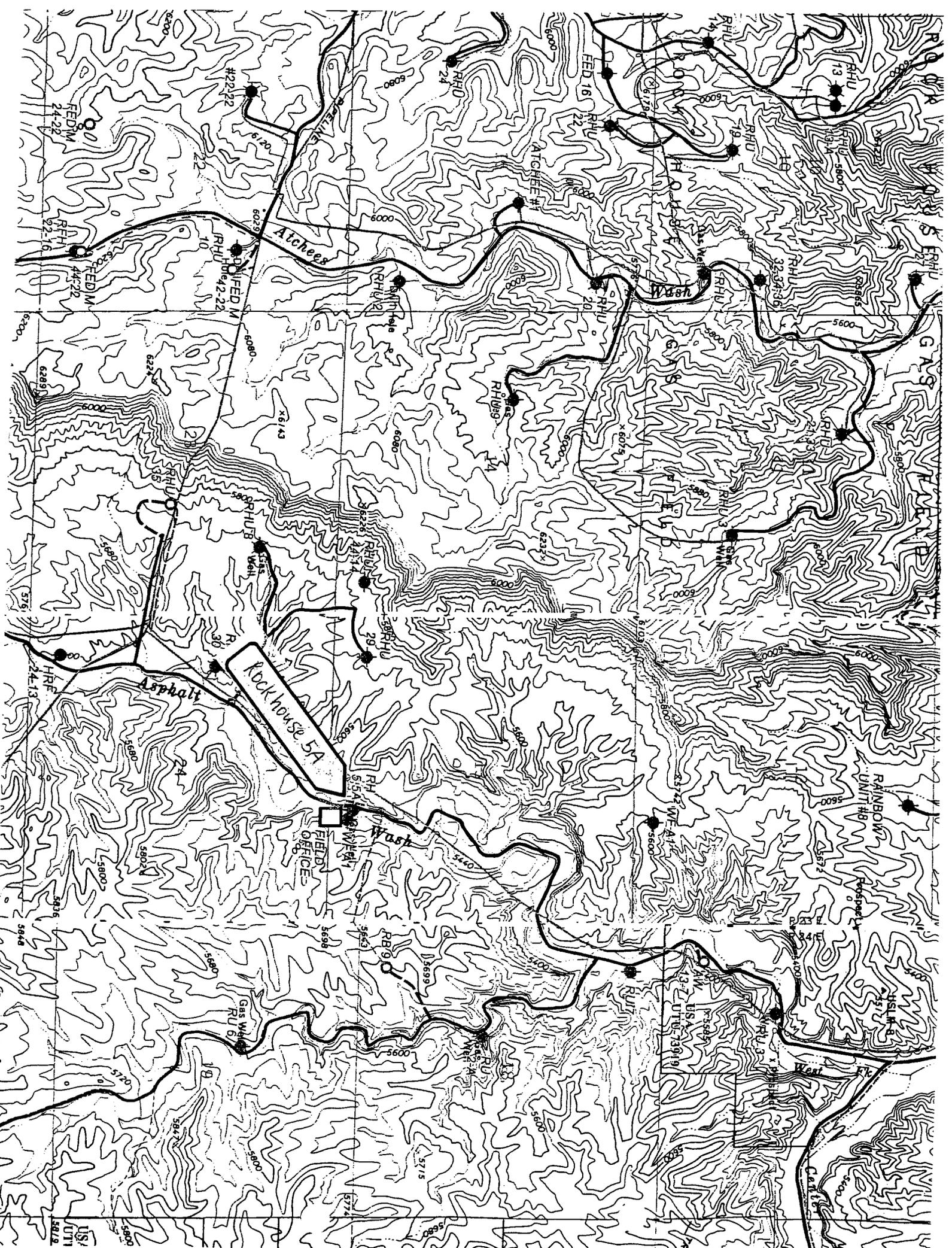
Please let me know if you have questions or need further information.

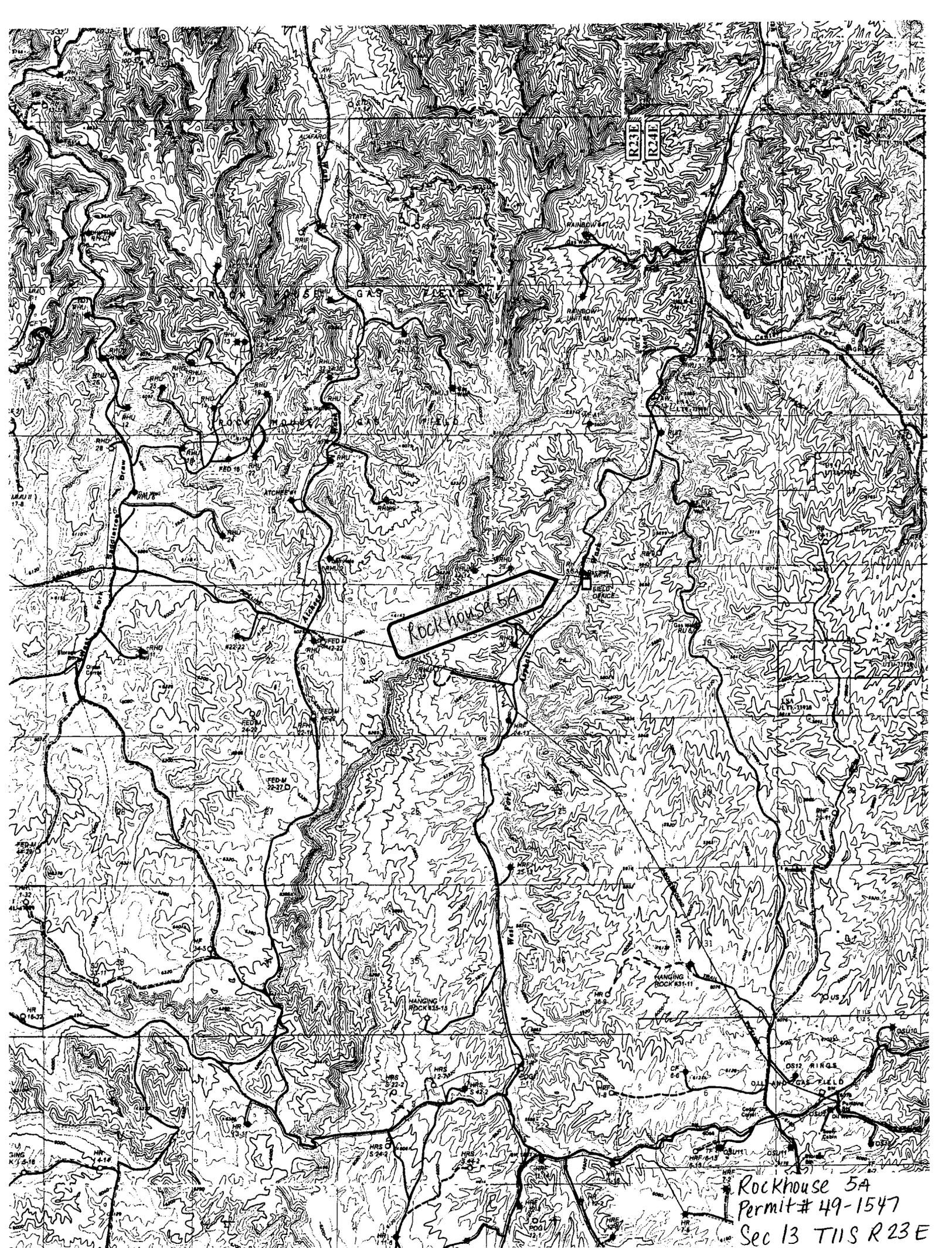
Sincerely,

A handwritten signature in cursive script, appearing to read "Wendy Simmons Johnson".

Wendy Simmons Johnson  
Senior Archaeologist

enclosure





Rockhouse 5A

Rockhouse 5A  
Permit # 49-1547  
Sec 13 T11S R23E

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/31/2006

API NO. ASSIGNED: 43-047-38411

WELL NAME: ROCKHOUSE 45  
 OPERATOR: ROSEWOOD RESOURCES INC ( N7510 )  
 CONTACT: JILL HENRIE

PHONE NUMBER: 435-789-0414

PROPOSED LOCATION:

NENE 06 110S 230E  
 SURFACE: 0504 FNL 0681 FEL  
 BOTTOM: 0504 FNL 0681 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.89679 LONGITUDE: -109.3781  
 UTM SURF EASTINGS: 638660 NORTHINGS: 4417352  
 FIELD NAME: UNDESIGNATED ( 2 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-66407  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD  
 COALBED METHANE WELL? NO

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)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: \_\_\_\_\_
- 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: \_\_\_\_\_

STIPULATIONS: 1- Fed Reg Approval

2- Spacing Serp

# NATURAL BUTTES FIELD

ROCK HOUSE  
10-22-14-36

ROCK HOUSE  
10-23-24-31

SADDLE  
TREE DRAW 14-31

ROCK HOUSE  
10-23-14-33

T10S R22E

T10S R23E

T11S R23E

T11S R23E

ROCKHOUSE  
45

ROCKHOUSE  
44

ROCKHOUSE  
42

ROCKHOUSE  
43

ROCKHOUSE  
46

BHL  
11-22-42-1

CAUSE: 210-3 / 11-22-1985

6

# MARBLE MANSION II UNIT ROCK HOUSE FIELD

OPERATOR: ROSEWOOD RES INC (N7510)

SEC: 6 T.11S R. 23E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

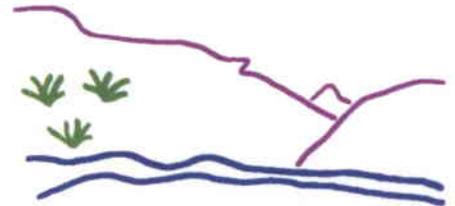
SPACING: R649-3-2 / GENERAL SITING

Field Status	
	ABANDONED
	ACTIVE
	COMBINED
	INACTIVE
	PROPOSED
	STORAGE
	TERMINATED

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

### Wells Status

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



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
DATE: 09-AUGUST-2006



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

August 14, 2006

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

Re: Rockhouse 45 Well, 504' FNL, 681' FEL, NE NE, Sec. 6, 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.

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 43-047-38411.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** Rosewood Resources Inc.  
**Well Name & Number** Rockhouse 45  
**API Number:** 43-047-38411  
**Lease:** UTU-66407

**Location:** NE NE                      **Sec.** 6                      **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.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

5. Lease Designation and Serial No.  
UTU-66407

6. If Indian, Allottee or Tribe Name  
N/A

7. If Unit or CA, Agreement Designation  
N/A

8. Well Name and No.  
Rockhouse #45

9. API Well No. 43-0473841  
APD in process @ BLM

10. Field and Pool, or Exploratory Area  
Rockhouse

11. County or Parish, State  
UINTAH CO., UTAH

**SUBMIT IN TRIPLICATE**

1. Type of Well

Oil Well  Gas Well  Other

CONFIDENTIAL

2. Name of Operator  
ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.  
P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
NENE SEC 6 T11S R23E 504' FNL 681' FEL SLB&M

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

TYPE OF SUBMISSION

Notice of Intent  
 Subsequent Report  
 Final Abandonment Notice

TYPE OF ACTION

Abandonment  
 Recompletion  
 Plugging Back  
 Casing Repair  
 Altering Casing  
 Other commingling  
 Change of Plans  
 New Construction  
 Non-Routine Fracturing  
 Water Shut-Off  
 Conversion to Injection  
 Dispose Water

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

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

Rosewood Resources, Inc. respectfully requests permission to commingle production in the Wasatch and Mesa Verde formations on the above mentioned well. The Wasatch and Mesa Verde are both participating areas and this well is on a lease only basis, it is not within a unit.

Thank you and please call with any questions or concerns.

Jill Henrie  
Rosewood Resources, Inc.  
435-789-0414 X10

COPY SENT TO OPERATOR  
Date: 12-07-06  
Initials: JHO

RECEIVED  
SEP 18 2006  
DIV. OF OIL, GAS & MINING

COPIES: ORIG. & 2-BLM; DIV. OG&M; DALLAS OFFICE

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

Signed Jill Henrie Title Administrative Assistant Date 09/12/06

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval, if any:

~~THIS SUNDRY IS BEING RETURNED. INSUFFICIENT DATA WAS SUBMITTED TO APPROVE THE REQUESTED ACTION (see R649-3-22).~~

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

Federal Approval of This Action is Necessary

[Signature]  
December 1, 2006  
Utah Division of Oil, Gas and Mining

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**RECEIVED**

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

JUL 25 2006

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-66407
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Rosewood Resources, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 1668 Vernal, UT 84078	3b. Phone No. (include area code) 435-789-0414 X10	8. Lease Name and Well No. Rockhouse #45
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 504' FNL 681' FEL SEC 6 T11S R23E Lot 8 At proposed prod. zone		9. API Well No. 43-047-38411
14. Distance in miles and direction from nearest town or post office* Approximately 37 miles.		10. Field and Pool, or Exploratory Rockhouse
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 504'	16. No. of acres in lease 1,723.450	11. Sec., T. R. M. or Blk and Survey or Area SEC 6 NENE T11S R23E SLB&M
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1500'	17. Spacing Unit dedicated to this well 40	12. County or Parish Uintah
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5773' GL	19. Proposed Depth 8500'	13. State UT
22. Approximate date work will start* UPON APPROVAL		20. BLM/BIA Bond No. on file MT-0627
23. Estimated duration 13 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed/Typed) Jill Henrie	Date 07/25/2006
Title Administrative Assistant		
Approved by (Signature) 	Name (Printed/Typed) Jerry Henrick	Date 3-28-2007
Title Assistant Field Manager Lands & Mineral Resources		Office VERNAL FIELD OFFICE

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**RECEIVED**

\*(Instructions on page 2)

APR 16 2007

U0061M

DIV. OF OIL, GAS & MINING

**NOTICE OF APPROVAL**

**CONDITIONS OF APPROVAL ATTACHED**

066XJ0583A



**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE**

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

**Company:** Rosewood Resources, Inc.  
**Well No:** Rockhouse 45  
**API No:** 43-047- 38411

**Location:** NENE, Sec. 6, T11S, R23E  
**Lease No:** UTU- 66407  
**Agreement:** N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:	Melissa Hawk	(435) 781-4476	(435) 828-7381
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

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

**Site Specific Conditions of Approval**

- During construction operations, if any vertebrate paleontological resources are discovered, all operations affecting such sites shall be immediately suspended and all discoveries shall be left intact until authorized to proceed by the Authorized Officer. The Authorized Officer of the Vernal BLM office shall be notified within 48 hrs of the discovery and a decision as to the preferred alternative/course of action will be rendered.
- The interim seed mix for this location shall be:

Crested wheatgrass	<i>Agropyron cristatum</i>	4 lbs. /acre
Needle and Threadgrass	<i>Stipa comata</i>	4 lbs. /acre
Indian Ricegrass	<i>Stipa hymenoides</i>	4 lbs. /acre

  - All pounds are in pure live seed.
  - Reseeding may be required if first seeding is not successful.
- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding should take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.
- The well will be spudded within five years of the existing or supplemented NEPA documentation.

**General Surface COA**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.

## **DOWNHOLE CONDITIONS OF APPROVAL**

### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- Production casing cement shall be brought up and into the surface casing. The minimum cement top is 200 ft above the surface casing shoe.
- A cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe. A field copy of the CBL shall be submitted to the BLM Vernal Field Office.

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to [UT\\_VN\\_Welllogs@BLM.gov](mailto:UT_VN_Welllogs@BLM.gov). This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location ( $\frac{1}{4}$  $\frac{1}{4}$ , Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers 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 shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

October 15, 2007

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

Re: APD Rescinded – Rockhouse 45, Sec. 6, T. 11S, R. 23E  
Uintah County, Utah API No. 43-047-38411

Dear Ms. Henrie:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 14, 2006. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 15, 2007.

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

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

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal/html>



IN REPLY REFER TO:

3160

UT08300

May 6, 2008

Jill Henrie  
Rosewood Resources, Inc.  
PO Box 1668  
Vernal, UT 84078

43-047-38411

Re: Notice of Expiration  
Well No. Rockhouse 45  
NENE Lot 8, Sec. 6, T11S, R23E  
Uintah County, Utah  
Lease No. UTU-66407

Dear Ms. Henrie:

The Application for Permit to Drill (APD) the above-referenced well was approved on March 28, 2007. No extension of the original APD was requested. According to our records, no known activity has transpired at the approved location. 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 in the future, 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.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

*Cindy Severson*

Cindy Severson  
Land Law Examiner

cc: UDOGM – Diana Mason

RECEIVED

MAY 08 2008

DIV. OF OIL, GAS & MINERALS