

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UT-84199
5b. 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 NA
2. Name of Operator Retamco Operating, INC		7. If Unit or CA Agreement, Name and No. NA
3a. Address PO BOX 790 Red Lodge, MT 59068		8. Lease Name and Well No. Black Horse 13-4-15-24
3b. Phone No. (include area code) 406-446-1583		9. API Well No. 43-042-39340
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 651130X 639' FSL & 800' FEL SWSW At proposed prod. zone Same as above 43 775814 39.536483 -109.241426		10. Field and Pool, or Exploratory Expansive Wildcat
11. Sec., T. R. M. or Blk. and Survey or Area Sec. 4, T. 15S, R. 24E		12. County or Parish Uintah
13. State UT		14. Distance in miles and direction from nearest town or post office* 62.4 miles southeast of Ouray, UT
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 639'	16. No. of acres in lease 959.08	17. Spacing Unit dedicated to this well 40 Acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 9,500'	20. BLM/BIA Bond No. on file UT-1088
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7,466.3 Ungraded Ground Elevation	22. Approximate date work will start* 06/01/2007	23. Estimated duration 30 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 <i>Ginger Stringham</i>	Name (Printed/Typed) Ginger Stringham	Date 05/16/2007
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Title **Agent**

Approved by Signature <i>Bradley G. Hill</i>	Name (Printed/Typed) BRADLEY G. HILL	Date 06-12-07
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Title **Office ENVIRONMENTAL MANAGER**

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**

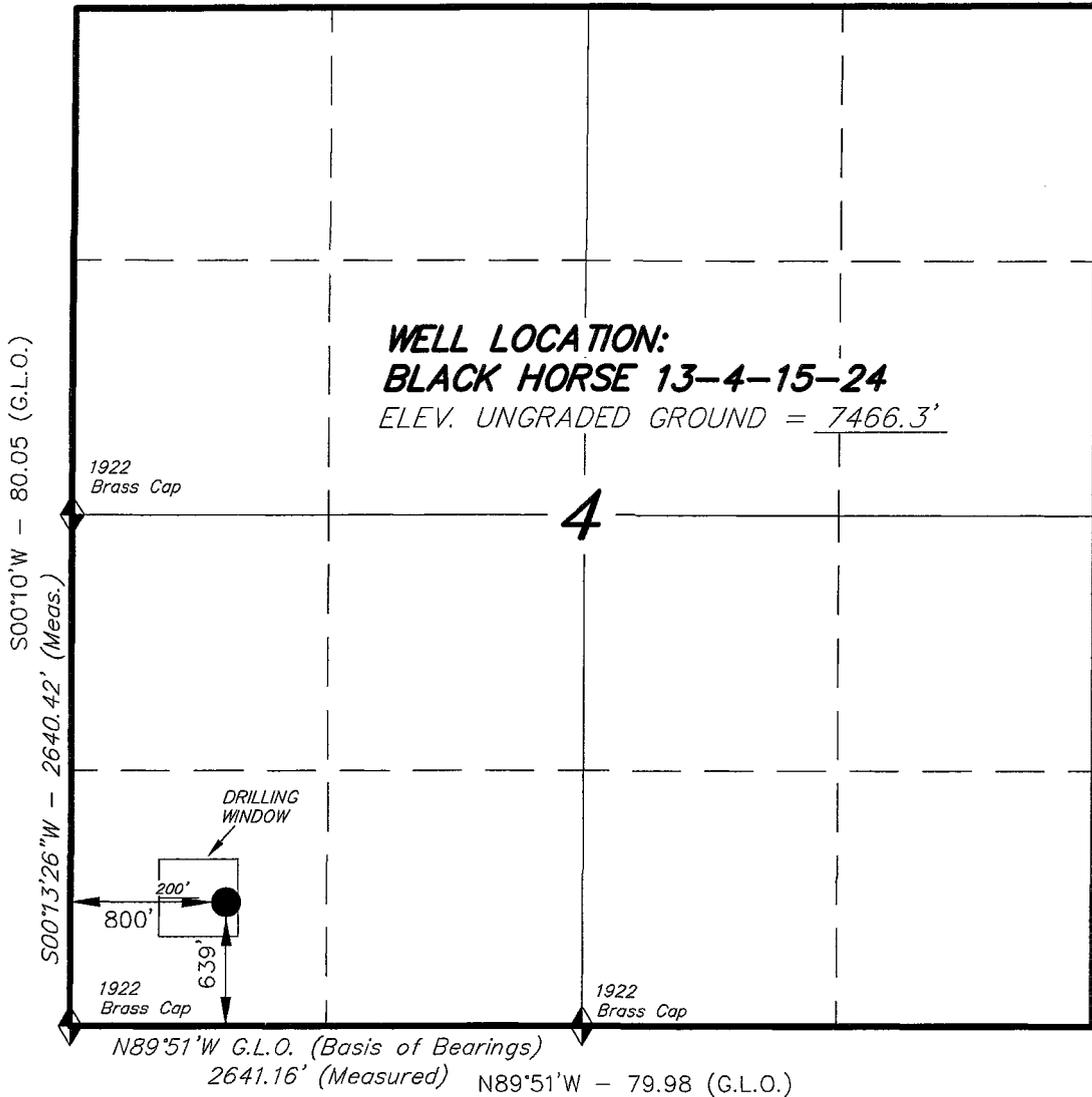
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DIV. OF OIL, GAS & MINING

T15S, R24E, S.L.B.&M.

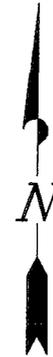
RETAMCO OPERATING, INC.

N89°59'W (G.L.O.)

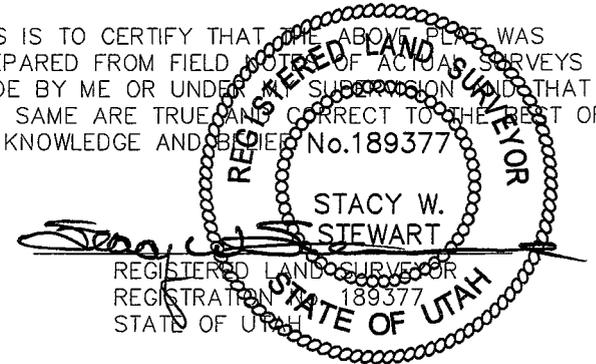


WELL LOCATION:
BLACK HORSE 13-4-15-24
 ELEV. UNGRADED GROUND = 7466.3'

WELL LOCATION, BLACK HORSE
 13-4-15-24, LOCATED AS SHOWN IN THE
 SW 1/4 SW 1/4 OF SECTION 4, T15S,
 R24E, S.L.B.&M. UINTAH COUNTY, UTAH.



THIS IS TO CERTIFY THAT THE ABOVE PLAN 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 No.189377



◆ = SECTION CORNERS LOCATED

BASIS OF ELEV;
 U.S.G.S. 7-1/2 min QUAD
 (TOM PATTERSON CANYON)

BLACK HORSE 13-4-15-24
 (Surface Location) NAD 83
 LATITUDE = 39° 32' 09.98"
 LONGITUDE = 109° 14' 33.55"

TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
 (435) 781-2501

DATE SURVEYED: 05-05-07	SURVEYED BY: C.D.S.
DATE DRAWN: 05-07-07	DRAWN BY: F.T.M.
REVISED:	SCALE: 1" = 1000'

Ten Point Plan

Retamco

Black Horse 13-4-15-24

Surface Location SW ¼ of the SW ¼, Section 4, T. 15S., R. 24E.

1. Surface Formation

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	0'	+ 7,465' GR
Wasatch	464'	+ 7,001'
Mesaverde	2,325'	+ 5,140'
Castlegate	4,585'	+ 2,880'
Mancos	5,305'	+ 2,160'
Dakota Silt	8,300'	- 835'
Dakota Sand	8,325'	- 860'
Morrison	8,495'	- 1,030'
TD	9,500'	- 2,035'

A 11" hole will be drilled to 750' +/- . The hole depth will depend on the top of Wasatch. The hole will be drilled 200' beyond the top of the Wasatch.

3. Producing Formation Depth:

Formation objective includes the Mancos, Dakota Silt, Dakota Sand, and the Morrison.

4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
17-1/2"	14"	36.75#	A-252	BTC	40'	NEW
11"	9 5/8"	36#	J-55	LTC	750'	NEW
7 7/8"	5 1/2"	17#	N-80	LTC	7,700'	NEW
7 7/8"	5 1/2"	20#	N-80	LTC	T.D.	NEW

Cement Program:

Cement volume = Gauge hole + 50%

The Surface Casing will be cemented from 150' to the Surface as follows:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>	<u>Water Mix</u>
Lead: 14"	Premium 5 16% Gel 10#/sk Gilsonite 3% Salt .25#/sk Flocele 3#/sk GB3	51 sx	3.82ft ³ /sx	11 ppg	23gal

Topouts with Class G + 4% Calcium Chloride + .25#/sk Flocele + 3#/sk GB3 as necessary to get cement to surface if lost returns encountered.

Cement volume = Gauge hole = 25%

Production casing will be cemented to 200' inside surface casing or higher as follows:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>	<u>Water Mix</u>
Lead: 5-1/2"	Premium 5 16% Gel 10 #/sk gilsonite 3% salt .25 #/sk flocele 3 #/sk GB3	224 sx	3.82ft ³ /sx	11 ppg	23gal
Tail: 5-1/2"	Class "G" 2% Calcium Chloride .25#/sk flocele	939 sx	1.18ft ³ /sx	15.6 ppg	5.2gal

Top job with Class G + 4% Calcium Chloride + .25#/sk Flocele + 3#/sk GB3 as necessary.

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 5000 psi. (0.4 gradient as measured by offset wells)

A 5000-psi WP BOP system as described in Diagram 1 (attached) will be installed and maintained from the 11" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

BOP tests with 200 psi minimum and 5000 psi maximum except for the annular (2500 psi) will be conducted:

1. After initial installation.
2. After any component change.
3. Twenty-one days after previous test.
4. As required by well conditions.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-750'	Air/Clear Water	-----	No Control	Air/Water
750'-T.D.	8.4-12.0	45-50	less than 10	Water/Gel

Note: Mud weights may exceed 12.0 due to solids increasing at or near T.D. Increased weights are not required to control formation pressure. Operator will have on location sufficient mud and weight material to increase mud weight to 12.0 at any time while drilling the subject well. Visual mud monitoring incorporating pit level indicators shall be used.

7. Auxiliary Equipment

Upper kelly cock, full opening stabbing valve, and 3" 5000 psi WP choke manifold to be tested with BOPs. A flow/show and pit level indicator will be installed.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 20' from surface to 750'.
Every 10' from 751' to T.D.

d)	Logging:	Type	Interval
		GR-CNL-LTD-AIT	T.D. to Surf. Csg
		GR-CNL	To Surf Csg
		Possible FMI (2,325')	within Mesa Verde

9. Abnormalities (including sour gas):

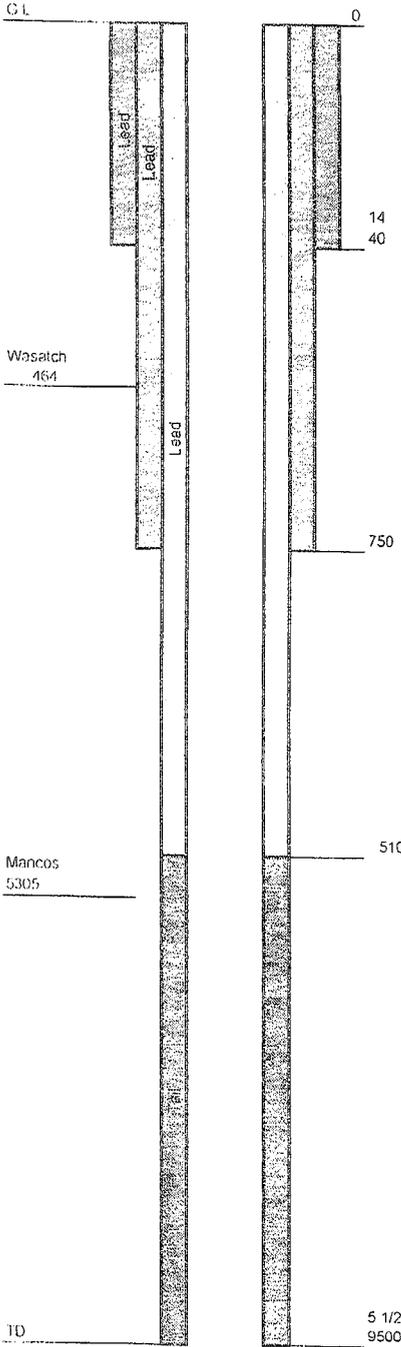
No abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is 06/01/2007. Duration of operations is expected to be 30 days.

Retamco

Well Name Black Horse 13-4-15-24



Proposed Casing

	Open	Csg				Csg		Internal		ID
	Hole Size	Csg Size	Csg Wt	Csg Grade	Coupling & Tread	Setting Depth	Csg New/Used	Yield PSI	Collapse PSI	
Conductor	17 1/2	14	36.75	A252		40	New	500		13.3
Surface	11	9 5/8	36	J-55	LTC	750	New	3,520	2,020	8.921
Production	7 7/8	5 1/2	17	N-80	LTC	7700	New	7,780	6,350	4.892
Production	7 7/8	5 1/2	20	N-80	LTC	9500	New	9,020	8,540	4.778

Estimated Formation Tops and Datum

Formation	Depth	Datum
Green River	Surface	7425
Wasatch	464	6961
Mesaverde	2325	5100
Castlegate	4585	2840
Mancos	5305	2120
Dakota Silt	8300	-875
Dakota Sand	8325	-900
Morrison	8485	-1070
TD	9500	-2075

Cement Program

Conductor Casing

	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead	14	Portland CMT	31	1.15	5	15.8
Top	0	Class IA 4				
Bottom	40	Integral Air-entraining Agent				

Conductor Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume	Hole Volume	Cement Amount	Cement Amount	Factor
				Cuft	Bbls	sks	w/50% Excess	
Lead	0	40	40	24	4	21	31	1.5

Conductor Casing Cement Data

	Csg Size	Hole Size	Ft Hole	Cuft/ft	Bbls/ft
	In.	In.			
Lead	14	17 1/2	40	0.6013	0.1671

Surface Casing

	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead	9 5/8	Premium 5	51	3.82	23	11
Top	0	16% Gel				
Bottom	750	10 #/sk gilsonite				
		3% Salt				
		.25 #/sk flocele				
		3 #/sk GB3				
Part	0	Class "G"	0	1.18	5	15.6
Top	0	2% Calcium Chloride				
Bottom	0	.25 #/sk flocele				
Top Job		Class "G"	10-200 sks	1.15	5	15.8
		4% Calcium Chloride				
		.25 #/sk flocele				
		3 #/sk GB3				

Surface Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume	Hole Volume	Cement Amount	Cement Amount	Factor
				Cuft	Bbls	sks	w/50% Excess	
Lead	0	40	40	20	3	5	8	1.5

Lead	40	750	710	110	20	20	34
Tail	0	0	0	0	0	0	0
						Total	34

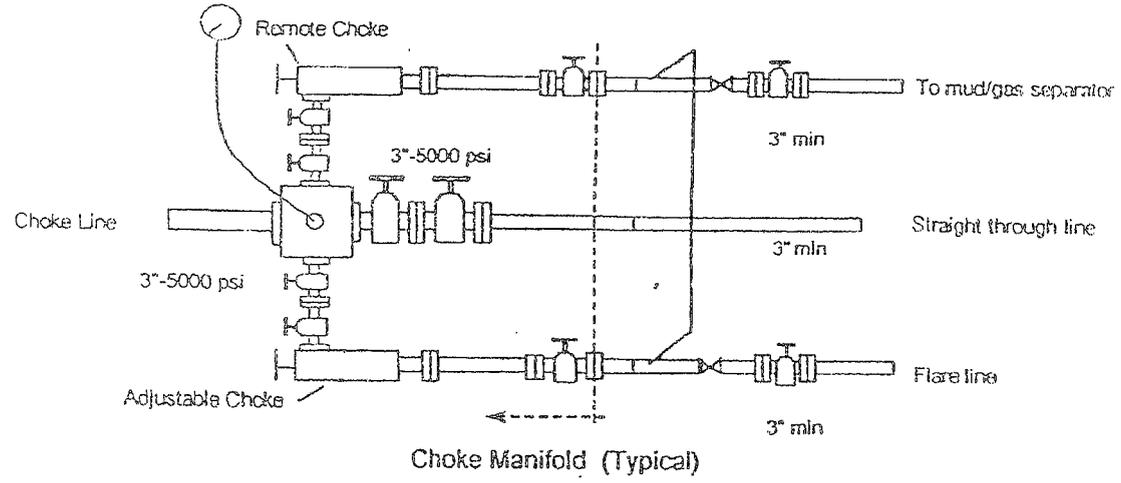
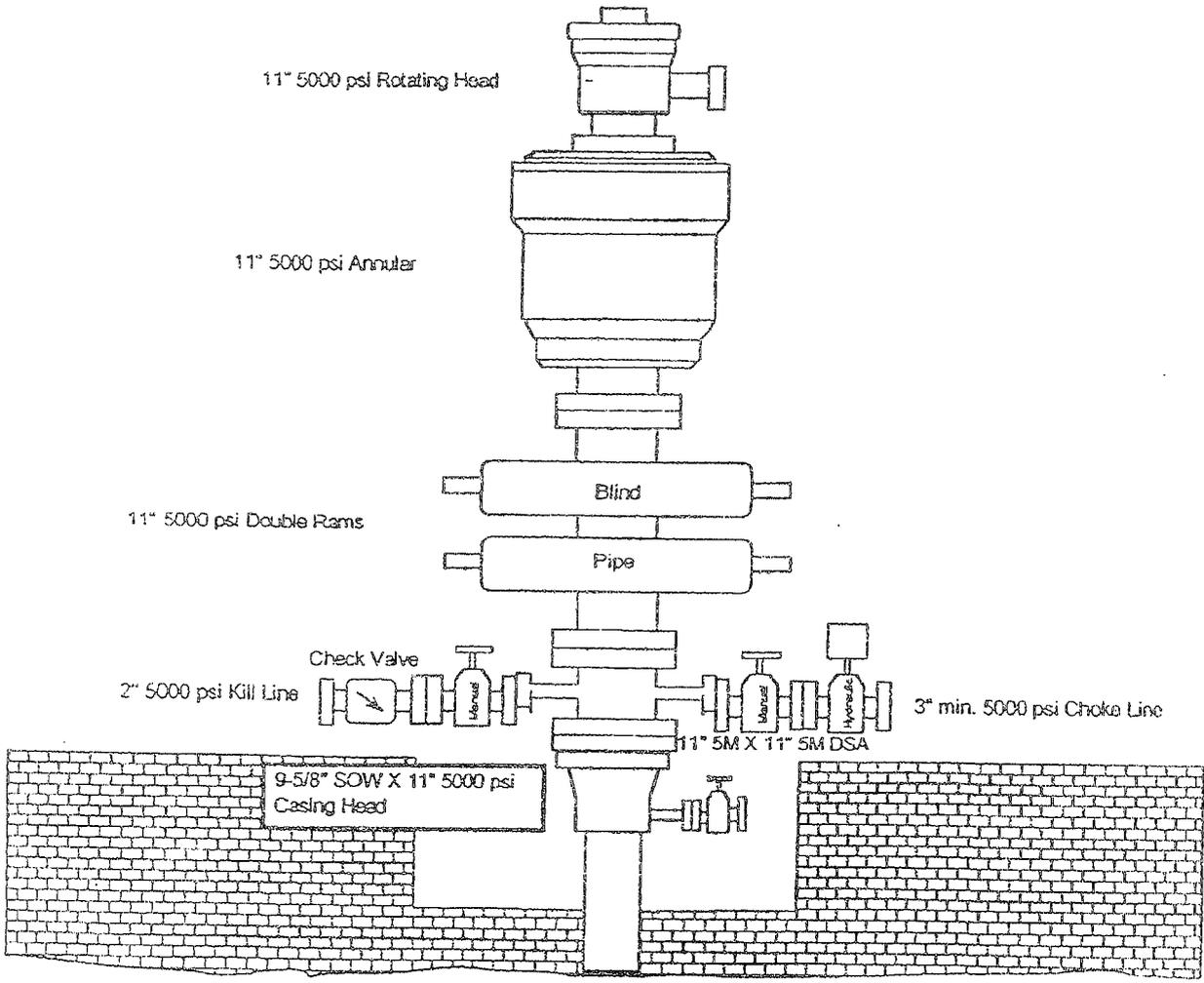
Surface Casing Cement Data					
	Csg Size In.	Hole Size In.	Ft Hole	Cuft/ft	Bbls/ft
Lead	8 5/8	13.5	40	0.4827	0.0679
Lead	8 5/8	11	710	0.1547	0.0219
Tail	0	0	0	0.0000	0.0000

Production Casing						
	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	5 1/2	Premium 5	254	3.82	23	11
Top	650	16% Gel				
Bottom	4365	10 #/sk gilsonite 3% Salt 25 #/sk flocele 3 #/sk GB3				
Tail	5 1/2	Class "G"	950	1.18	5.2	15.6
Top	4385	2% Calcium Chloride				
Bottom	9500	25 #/sk flocele				
Top Job		Class "G" 4% Calcium Chloride 25 #/sk flocele 3 #/sk GB3	10-200 sks	1.15	5.2	15.8

Production Cement Volume Calculation								
	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess	Factor
Lead	650	750	200	54	10	12	18	1.25
Lead	750	4385	3635	630	112	165	208	
						Total	224	
	4385	9500	5115	886	156	211	259	

Production Casing Cement Data					
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft
Lead	5 1/2	8 3/4	200	0.2691	0.0479
Lead	5 1/2	7 7/8	3635	0.1733	0.0249
Tail	5 1/2	7 7/8	5115	0.1733	0.0249

BOPE Diagram 5000 psi WP



RETAMCO

13 POINT SURFACE USE PLAN

FOR WELL

BLACK HORSE 13-4-15-24

LOCATED IN THE SW ¼ OF THE SW ¼

SECTION 4, T.15S, R24E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: UTU-84199

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads:

**Retamco Operating, INC
Black Horse 13-4-15-24
Section 4, T15S, R24E**

Proceed in a southerly direction along US Highway 88 from Ouray, UT in a southeasterly direction to the junction of this road and the Seep Ridge Road. Continue along the Seep Ridge Road in a southeasterly direction for approximately 53.0 miles to PR Springs. Proceed in an easterly then southerly direction approximately 1.4 miles to the junction of this road and Black Horse Ridge road. Turn left and proceed in a northeasterly direction approximately 6.7 miles to the proposed access road. Follow road flags in a northwesterly direction 3,960 feet to the proposed location.

Total distance from Ouray, Utah to the proposed well location is approximately 62.4 miles in a southeasterly direction.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 3,960 of new construction. Approximately 3,460 feet of new construction will be off lease. The road will be graded

once per year minimum and maintained.

- A) Approximate length 3,960 ft
- B) Right of Way width 30 ft
- C) Running surface 18 ft
- D) Surface material Native soil
- E) Maximum grade 8%
- F) Fence crossing None
- G) Culvert None
- H) Turnouts None
- I) Major cuts and fills None
- J) Road Flagged Yes
- K) Access road surface ownership Federal
- L) All new construction on lease No
- M) Pipe line crossing None

Please see the attached location plat for additional details.

An off lease right-of-way will be required for approximately 3,460'.

All surface disturbances for the road and location will not be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

- A) Producing well None
- B) Water well None
- C) Abandoned well None
- D) Temp. abandoned well None
- E) Disposal well None
- F) Drilling /Permitted well None
- G) Shut in wells None
- H) Injection well None
- I) Monitoring or observation well None

Please see the attached map for

additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Olive Black** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is **Olive Black**.

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

The operator will adhere to all site security guidelines and regulation identified in 43 CFR 3126.7.

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

If the well is capable of economic production a surface gas line will be required.

Approximately 34,720' of 6" steel buried gas gathering line would be constructed on Federal Lands.

The line will tie into an existing pipeline in Section 4, T16S, R24E. The pipeline would be strung and boomed adjacent to the access road. A 15' permanent right-of-way will be required and a 60' right-of-way will be necessary during construction.

An off lease right-of-way will be required for approximately 34,220.

Please see the attached location diagrams for pipeline location.

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

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

5. Location and type of water supply

Water for drilling and cementing will come from a municipal source at Dalbo/A-1 Tanks in Vernal, UT at 355 South 1000 East.

6. Source of construction materials

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

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **8 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit or, if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. **Onsite evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.**

C) Garbage:

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

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

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

8. Ancillary facilities

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

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 325 ft.
- B) Pad width 250 ft.
- C) Pit depth 8 ft.
- D) Pit length 140 ft.
- E) Pit width 70 ft.
- F) Max cut 3.9 ft.
- G) Max fill 3.1 ft.
- H) Total cut yds. 3,680
- I) Pit location East end
- J) Top soil location North end
- K) Access road location South end
- L) Flare Pit Corner C

Please see the attached location diagram for additional details.

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

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

- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,330 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside the dead men) will be re-contoured.**

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities. Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled.

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

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

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

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

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

To be determined by the AO.

11. Surface ownership:

Access road	Federal
Location	Federal
Pipe line	Federal

12. Other information:

A) Vegetation

The vegetation coverage is slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush were also found on the location.

B) Dwellings:

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

C) Archeology:

The location has not been surveyed, however, has been ordered. The survey will be forwarded to your office as soon as it has been completed.

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

promptly to the surface management agency.

D) Water:

The nearest water is the Sweet Water located 1.1 miles +/- to the East.

E) Chemicals:

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

F) Notification:

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

been off production for more than 90 days.

- g) Local fire authorities will be notified.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit outside the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

Ginger Stringham
Paradigm Consulting
PO BOX 790203
Vernal, UT 84079

Office 435-789-4162
Fax 435-789-8188
Cellular 435-790-4163

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

This drilling permit will be valid for a period of two years from the date of approval. After permit termination, a new

application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by Retamco Operating, INC and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

Onsite Dates: 4/13/07

Self Certification Statement

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

Please be advised that Retamco Operating, INC is considered to be the operator of the following well:

**Black Horse 13-4-15-24
Section 4, T. 15S, R. 24E
SW ¼ of the SW ¼
Lease UTU-84199
Uintah County, Utah**

The Retamco Operating, INC is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond UT-1088 provides state-wide bond coverage on all Federal Lands.



Name: Ginger Stringham
Title: Agent
Date: 5/16/2007

Statement of use of Hazardous Materials

No chemical (s) form the EPS'a consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization. Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 CFR355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

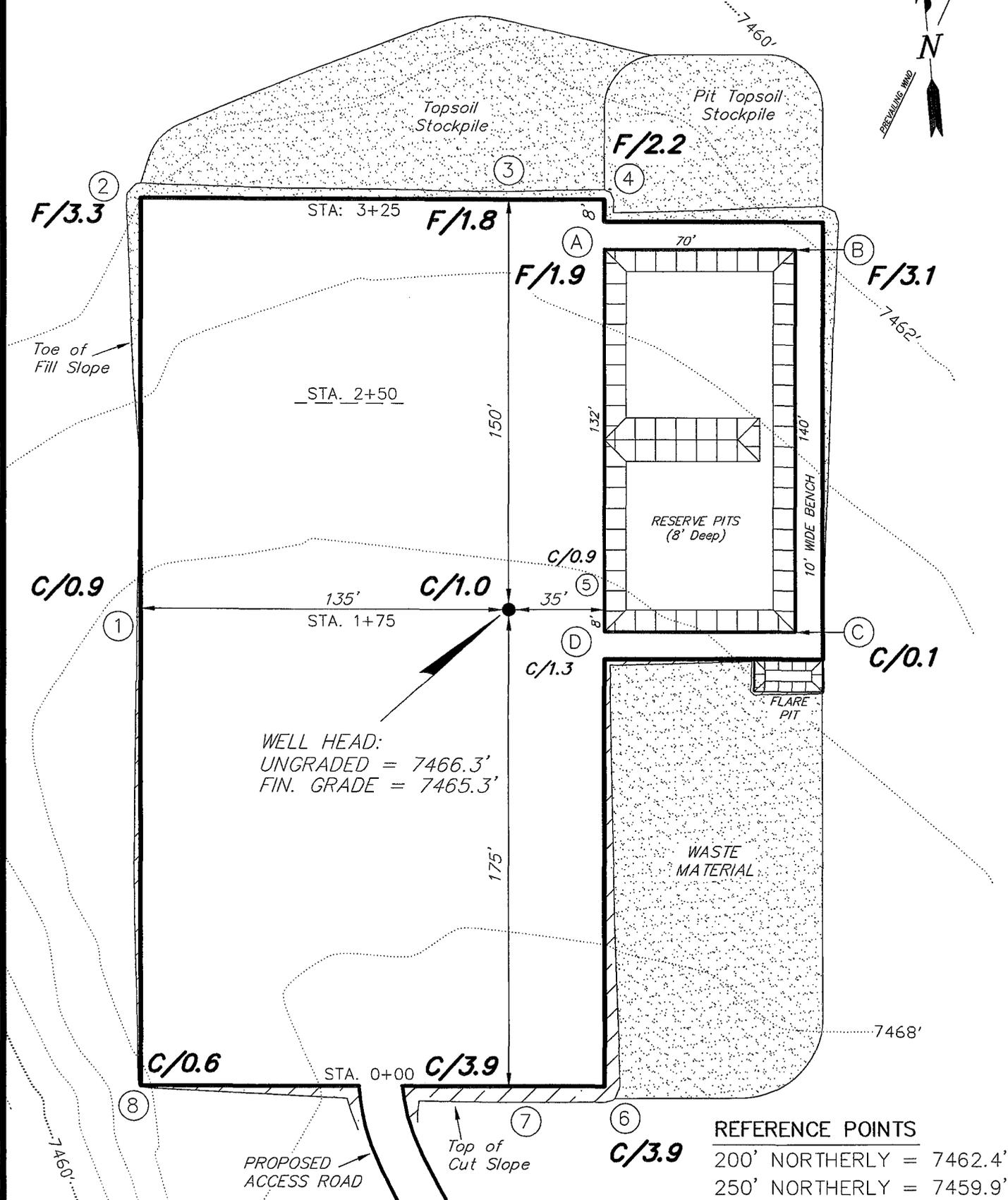
If you require additional information please contact:

Ginger Stringham
Agent for Retamco Operating, INC
Paradigm Consulting
PO BOX 790203
Vernal, UT 84079

435-789-4162 Office
435-790-4163 Cell
435-789-8188 Fax

RE. AMCO OPERATING, INC.

CUT SHEET / BLACK HORSE 13-4-15-24
 Section 4, T15S, R24E, S.L.B.&M.



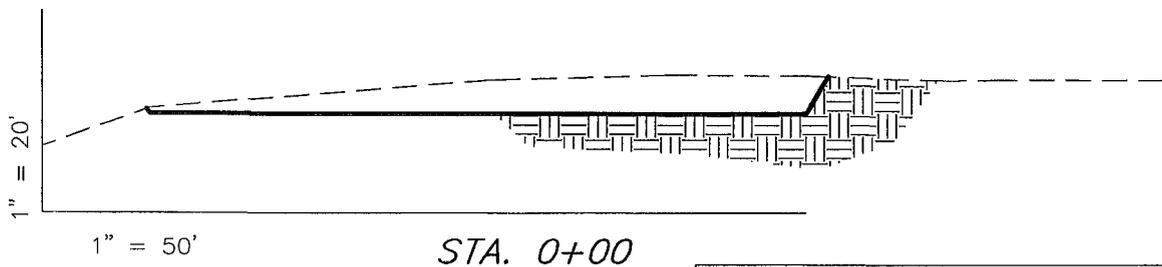
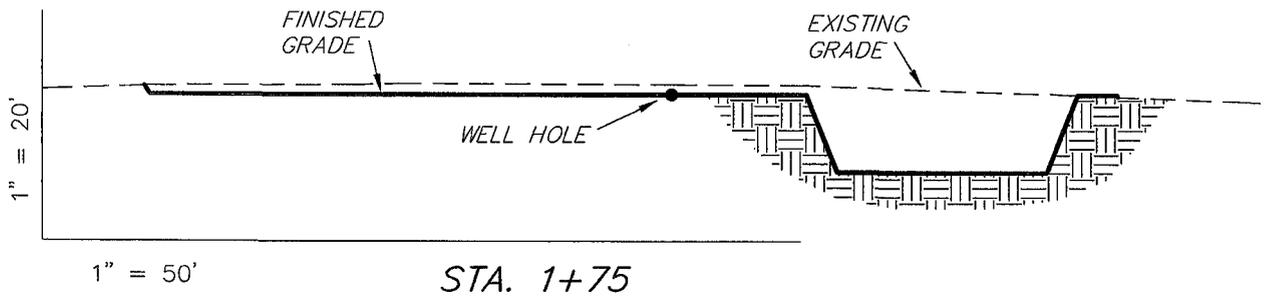
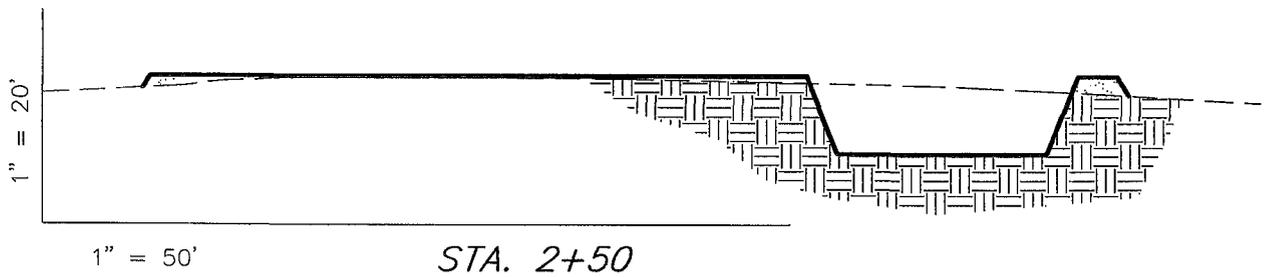
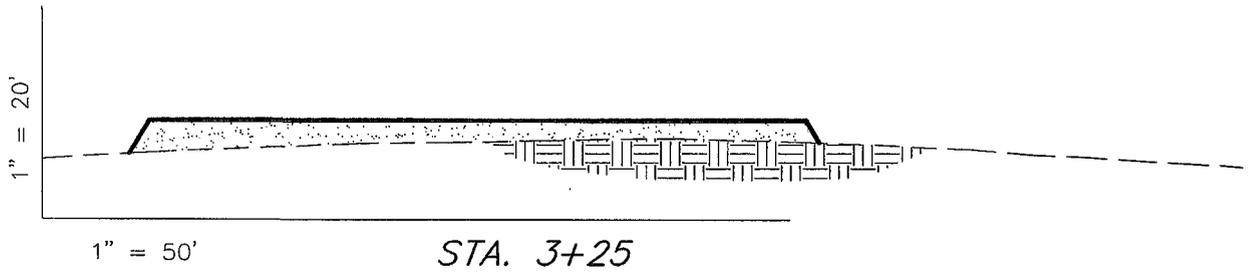
SURVEYED BY: C.D.S.	SCALE: 1" = 50'
DRAWN BY: F.T.M.	DATE: 05-07-07

Tri State Land Surveying, Inc. (435) 781-2501
 38 WEST 100 NORTH VERNAL, UTAH 84078

LETAMCO OPERATING, INC.

CROSS SECTIONS

BLACK HORSE 13-4-15-24



NOTE:
UNLESS OTHERWISE NOTED
ALL CUT/FILL SLOPES ARE
AT 1.5:1

ESTIMATED EARTHWORK QUANTITIES
(Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	1,370	1,360	Topsoil is not included in Pad Cut	10
PIT	2,310	0		2,310
TOTALS	3,680	1,360	1,330	2,320

SURVEYED BY: C.D.S.

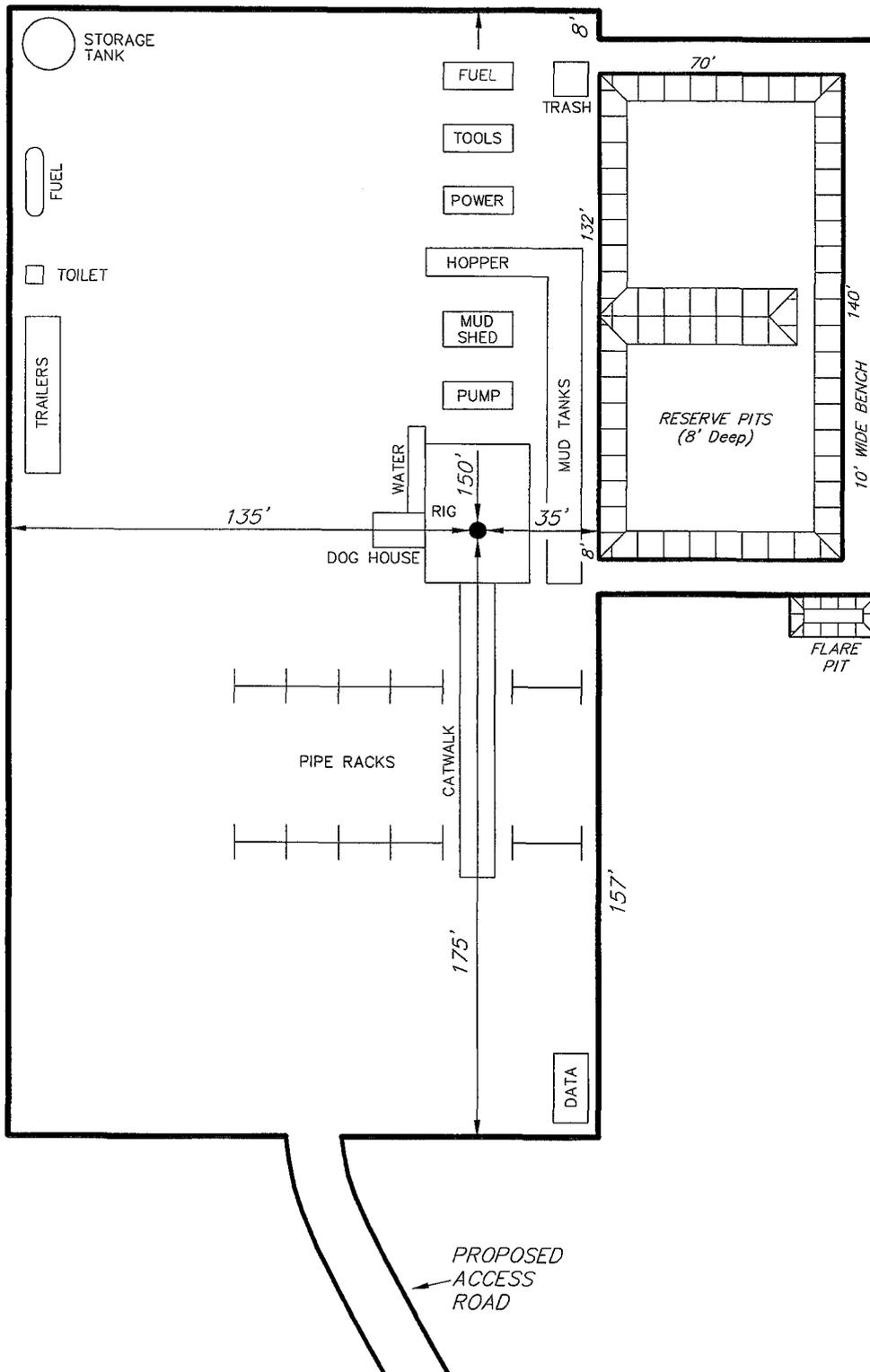
SCALE: 1" = 50'

DRAWN BY: F.T.M.

DATE: 05-07-07

Tri State Land Surveying, Inc. (435) 781-2501
38 WEST 100 NORTH VERNAL, UTAH 84078

RETAMCO OPERATING, INC.
TYPICAL RIG LAYOUT
BLACK HORSE 13-4-15-24



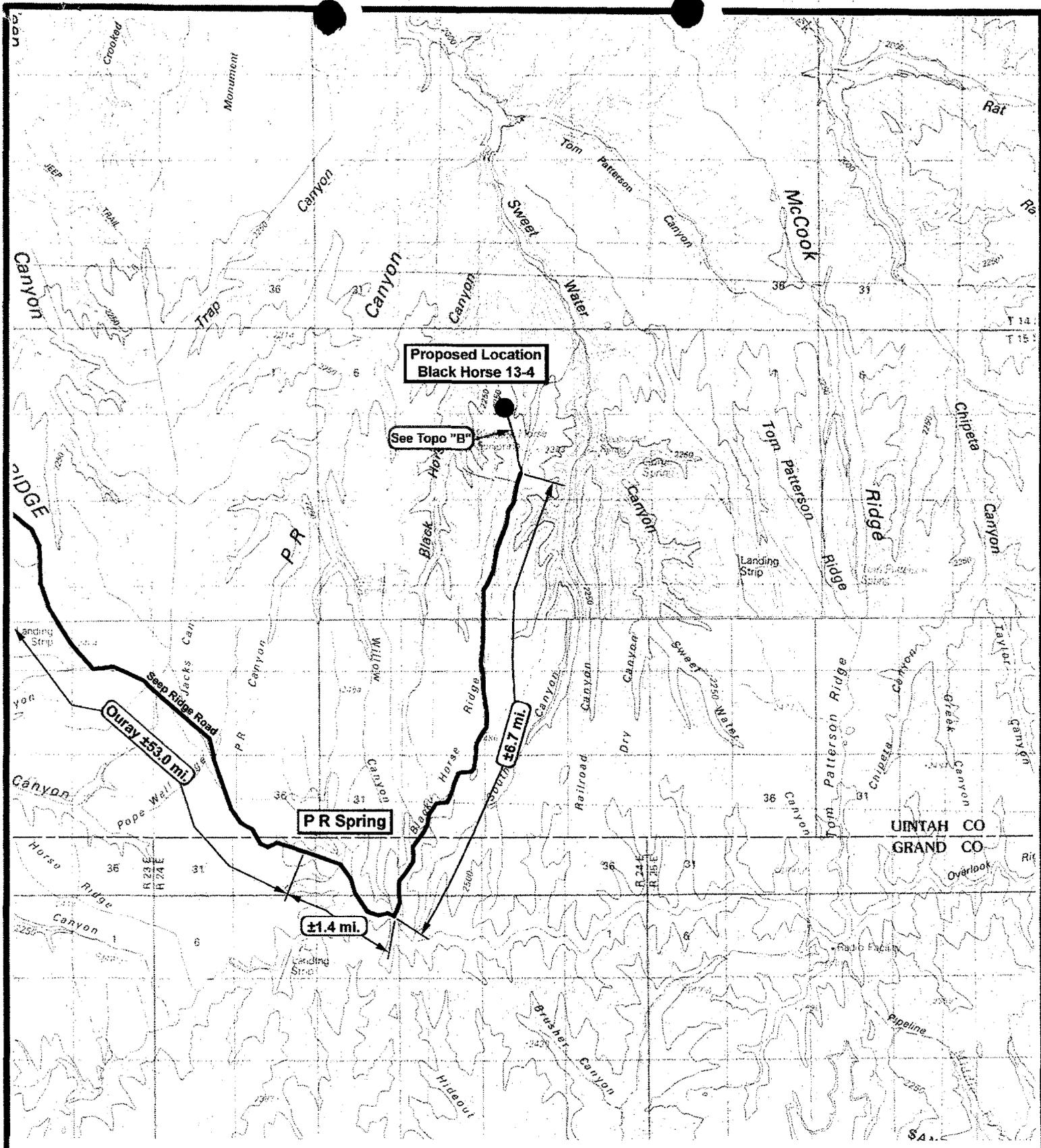
SURVEYED BY: C.D.S.

SCALE: 1" = 50'

DRAWN BY: F.T.M.

DATE: 05-07-07

Tri State (435) 781-2501
 Land Surveying, Inc.
 38 WEST 100 NORTH VERNAL, UTAH 84078



UINTAH CO
GRAND CO

RETAMCO
OPERATING INC.

Black Horse 13-4-15-24
SEC. 4, T15S, R24E, S.L.B.&M.

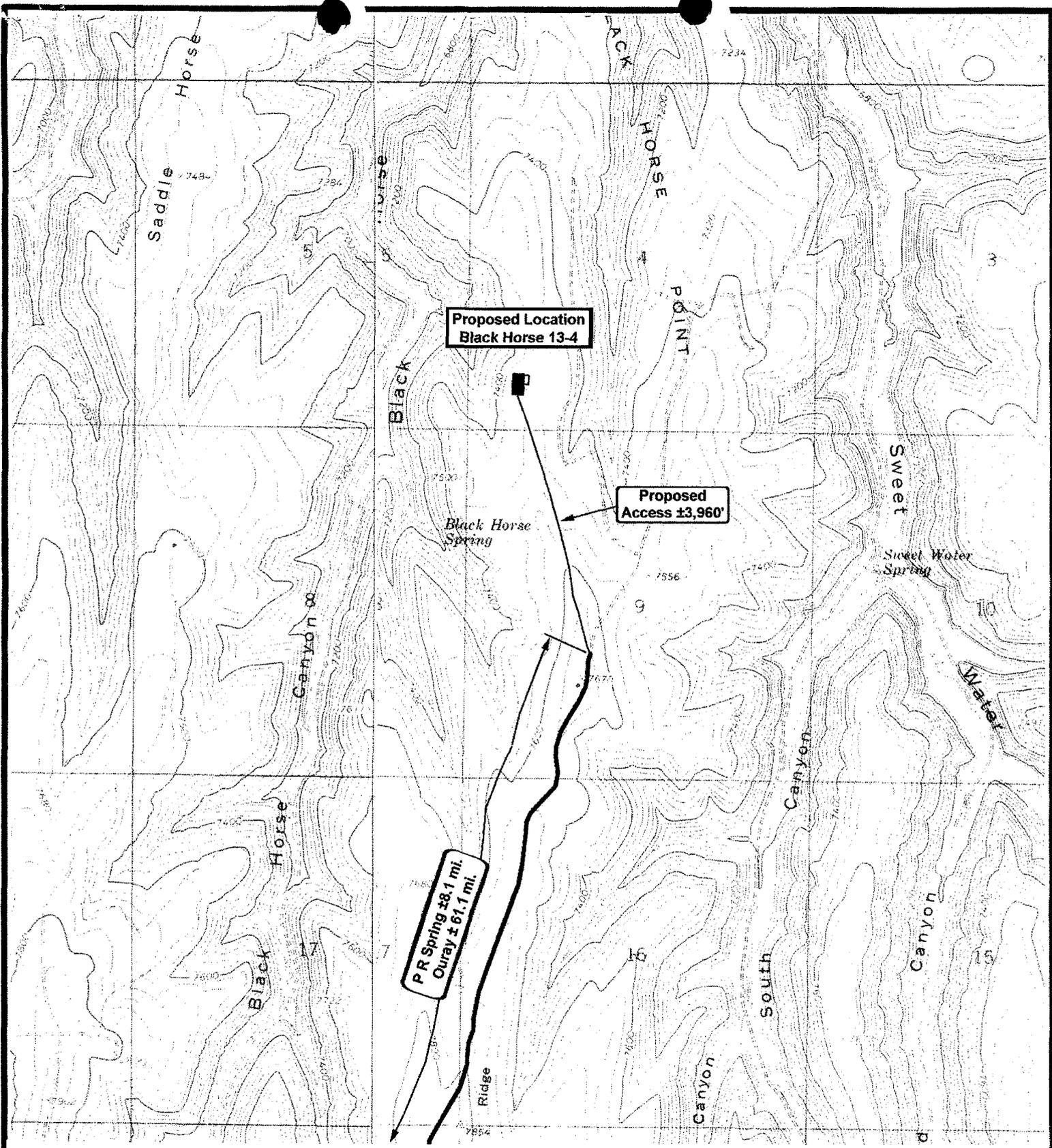


Tri-State
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1 = 100,000
DRAWN BY: mw
DATE: 05-08-2007

Legend
Existing Road
Proposed Access

TOPOGRAPHIC MAP
"A"



RETAMCO
OPERATING INC.

Black Horse 13-4-15-24
SEC. 4, T15S, R24E, S.L.B.&M.



Tri-State
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'

DRAWN BY: mw

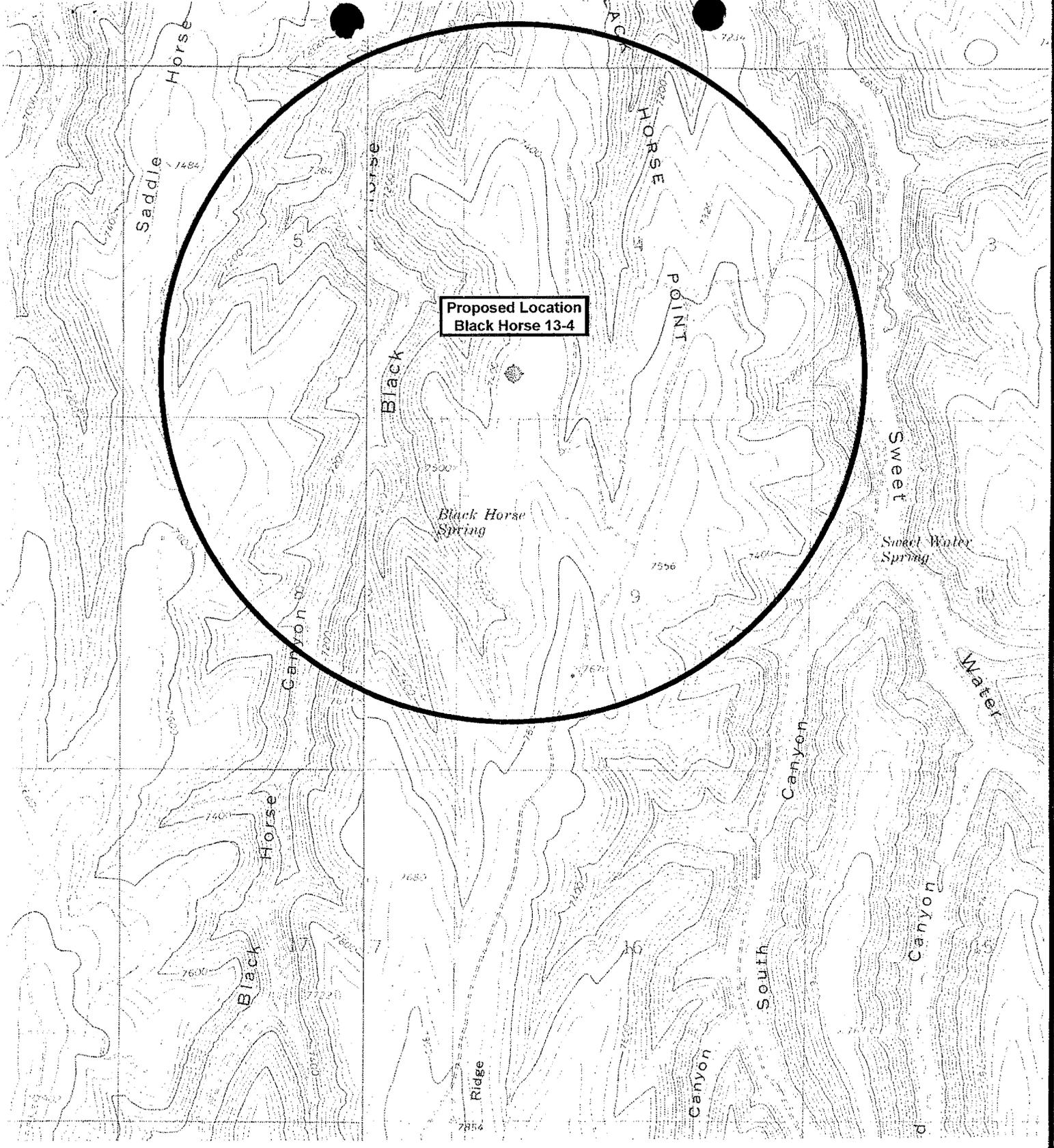
DATE: 05-08-2007

Legend

- Existing Road
- Proposed Access

TOPOGRAPHIC MAP

"B"



RETAMCO
OPERATING INC.

Black Horse 13-4-15-24
SEC. 4, T15S, R24E, S.L.B.&M.



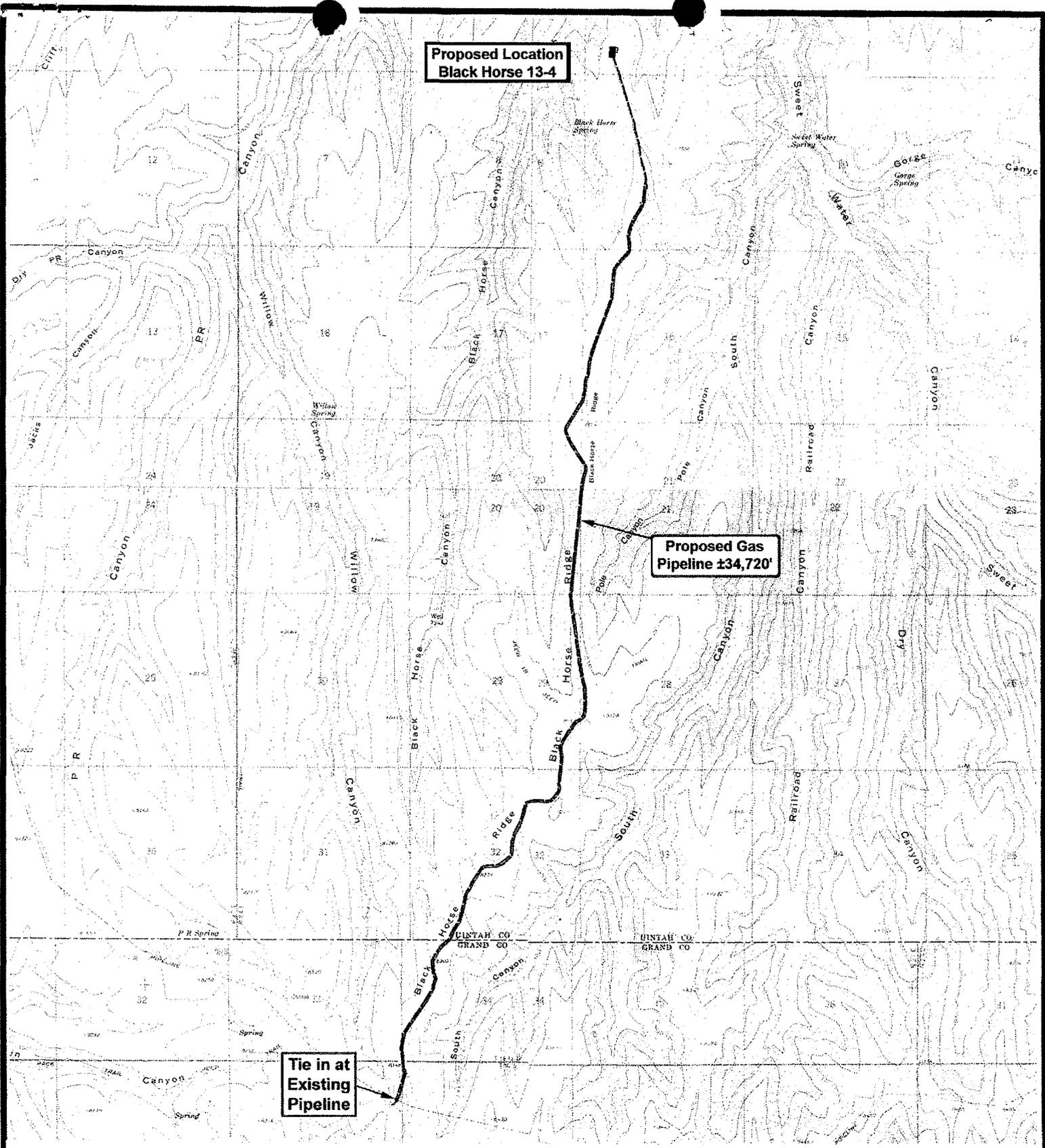
Tri-State
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

DRAWN BY: [Signature]
DATE: 05/24/2005

Legend

- Location
- One-Mile Radius

"C"



**Proposed Location
Black Horse 13-4**

**Proposed Gas
Pipeline ±34,720'**

**Tie in at
Existing
Pipeline**

RETAMCO
OPERATING INC.

**Black Horse 13-4-15-24
SEC. 4, T15S, R24E, S.L.B.&M.**



*Tri-State
Land Surveying Inc.*
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: N.T.S.
DRAWN BY: mw
DATE: 05-08-2007

Legend

— Roads
— Proposed Gas Line

TOPOGRAPHIC MAP



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/06/2007

API NO. ASSIGNED: 43-047-39340

WELL NAME: BLACK HORSE 13-4-15-24
 OPERATOR: RETAMCO OPERATING INC (N6020)
 CONTACT: GINGER STRINGHAM

PHONE NUMBER: 406-446-1583

PROPOSED LOCATION:

SWSW 04 150S 240E
 SURFACE: 0639 FSL 0800 FWL
 BOTTOM: 0639 FSL 0800 FWL
 COUNTY: UINTAH
 LATITUDE: 39.53648 LONGITUDE: -109.2414
 UTM SURF EASTINGS: 651130 NORTHINGS: 4377581
 FIELD NAME: WILDCAT (1)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UT-84199
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MRSN
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UT-1088)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- 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- Federal Approval
2 Spacing Strip

T14S R24E

T15S R24E

BLACK HORSE 9-4-15-24

GORGE SPRING UNIT

BLACK HORSE 9-15-24 1

BLACK HORSE 9B-15-24 (STRAT)
BLACK HORSE 9A-15-24 (STRAT)

OPERATOR: RETAMCO OPER INC (N6020)

SEC: 4 T.15S R. 24E

FIELD: WILDCAT (001)

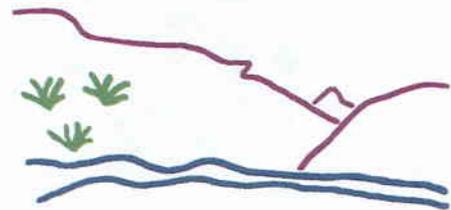
COUNTY: UINTAH

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 MASON
DATE: 7-JUNE-2007

PARADIGM CONSULTING, INC
PO BOX 790203
VERNAL, UT 84079
435-789-4162

May 14, 2007

BLM, Vernal Field Office
170 S 500 E
Vernal, UT 84078

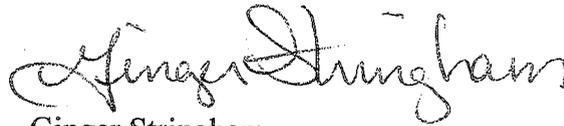
RE: Retamco Operating, INC
UTU-84199
Black Horse 13-4-15-24

Dear Sir or Madam:

Retamco Operating, INC respectfully requests a lease suspension due to a large backlog at the BLM, Vernal Field Office and the availability of an approved permit. The lease for the subject well is due to expire June 1, 2007.

If you have any further questions or concerns, please feel free to contact me at 435-789-4162.

Best regards,


Ginger Stringham

RECEIVED

JUN 06 2007

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

June 12, 2007

Retamco Operating, Inc.
PO Box 790
Red Lodge, MT 59068

Re: Black Horse 13-4-15-24 Well, 639' FSL, 800' FWL, SW SW, Sec. 4, T. 15 South, R. 24 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 43-047-39340.

Sincerely,

Gil Hunt
Associate Director

er
Enclosures

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



Operator: Retamco Operating, Inc.
Well Name & Number Black Horse 13-4-15-24
API Number: 43-047-39340
Lease: UT-84199

Location: SW SW Sec. 4 T. 15 South R. 24 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 with 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 Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

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.

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-84199
2. NAME OF OPERATOR: Retamco Operating, INC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO BOX 790 CITY Red Lodge STATE MT ZIP 59068		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 639' FSL & 800' FSL		8. WELL NAME and NUMBER: Black Horse 13-4-15-24
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 4 15S 24E		9. API NUMBER: 4304739340
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Undesignated
STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The operator respectfully requests to extend approval for the subject location for one year.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 06-19-08
By: [Signature]

COPY SENT TO OPERATOR

Date: 6.19.2008
Initials: KS

NAME (PLEASE PRINT) <u>Ginger Bowden</u>	TITLE <u>Agent</u>
SIGNATURE <u>[Signature]</u>	DATE <u>6/12/2008</u>

(This space for State use only)

RECEIVED
JUN 17 2008
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304739340
Well Name: Black Horse 13-4-15-24
Location: Sec. 4, T 15S, R24E SWSW
Company Permit Issued to: Retamco Operating, INC
Date Original Permit Issued: 6/12/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

Spinger Bowden
Signature

6/12/2008

Date

Title: Agent

Representing: Retamco Operating, INC

RECEIVED

JUN 17 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 5, 2009

Retamco Operating, Inc.
P.O. Box 790
Red Lodge, MT 59068

Re: APD Rescinded – Black Horse 13-4-15-24, Sec. 4, T. 15S, R. 24E
Uintah County, Utah API No. 43-047-39340

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 12, 2007. On June 18, 2008, the Division granted a one-year APD extension.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective August 5, 2009. 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
Green River District-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
UTG011

September 14, 2009

43-047-39340

Joe Glennon
Retamco Operating, Inc.
PO Box 790
Red Lodge, MT 59068

Re: Request to Return APD
Well No. Black Horse 13-4-15-24
SWSW, Sec. 4, T15S, R24E
Uintah County, Utah
Lease No. UTU-84199

Dear Mr. Glennon:

The Application for Permit to Drill (APD) for the above referenced well received in this office on May 16, 2007 is being returned unapproved per your request in an email message received on September 14, 2009 to Administrative Assistant Marta Call. Your message stated that Retamco Operating, Inc., did not intend to complete permitting or any other efforts to drill in this area at this time. If you intend to drill at this location at a future date, a new APD must be submitted.

Retamco Operating, Inc., has the right to a State Director review of this decision as per the procedures outlined in 43 CFR 3165.3. If you have any questions regarding this matter or APD processing, please contact me at (435) 781-4469.

Sincerely,

Stephanie J. Howard
Acting Assistant Field Manager
Lands & Minerals Resources

cc: UDOGM
Ginger Bowden, Paradigm Consulting, Inc.

RECEIVED
OCT 08 2009
DIV. OF OIL, GAS & MINING