

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

FORM 3

AMENDED REPORT

<b>APPLICATION FOR PERMIT TO DRILL</b>						<b>1. WELL NAME and NUMBER</b> HSB FED 42-04				
<b>2. TYPE OF WORK</b> DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						<b>3. FIELD OR WILDCAT</b> HORSESHOE BEND				
<b>4. TYPE OF WELL</b> Oil Well Coalbed Methane Well: NO						<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b>				
<b>6. NAME OF OPERATOR</b> ROSEWOOD RESOURCES INC						<b>7. OPERATOR PHONE</b> 435 789-0414				
<b>8. ADDRESS OF OPERATOR</b> PO Box 1668, Vernal, UT, 84078						<b>9. OPERATOR E-MAIL</b> jhenrie@rosewd.com				
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> UTU-42469			<b>11. MINERAL OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			<b>12. SURFACE OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>				
<b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b>						<b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b>				
<b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b>						<b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>				
<b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b>			<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			<b>19. SLANT</b> VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
<b>20. LOCATION OF WELL</b>		<b>FOOTAGES</b>		<b>QTR-QTR</b>	<b>SECTION</b>	<b>TOWNSHIP</b>	<b>RANGE</b>	<b>MERIDIAN</b>		
LOCATION AT SURFACE		2047 FNL 665 FEL		SENE	4	7.0 S	21.0 E	S		
Top of Uppermost Producing Zone		2047 FNL 665 FEL		SENE	4	7.0 S	21.0 E	S		
At Total Depth		2047 FNL 665 FEL		SENE	4	7.0 S	21.0 E	S		
<b>21. COUNTY</b> UINTAH			<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 665			<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 236				
<b>27. ELEVATION - GROUND LEVEL</b> 4965			<b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 1500			<b>26. PROPOSED DEPTH</b> MD: 8400 TVD: 8500				
			<b>28. BOND NUMBER</b> MT-0627			<b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> 49-2343				
<b>Hole, Casing, and Cement Information</b>										
<b>String</b>	<b>Hole Size</b>	<b>Casing Size</b>	<b>Length</b>	<b>Weight</b>	<b>Grade &amp; Thread</b>	<b>Max Mud Wt.</b>	<b>Cement</b>	<b>Sacks</b>	<b>Yield</b>	<b>Weight</b>
SURF	12.25	9.625	0 - 2000	32.3	H-40 ST&C	16.0	Class G	850	1.18	15.6
PROD	7.875	5.5	0 - 8500	17.0	M-80 LT&C	17.0	Class G	215	3.8	11.0
							Class G	1025	1.49	13.4
<b>ATTACHMENTS</b>										
<b>VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES</b>										
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER					<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
<b>NAME</b> Jill Henrie			<b>TITLE</b> Administravtive Assistant			<b>PHONE</b> 435 789-0414				
<b>SIGNATURE</b>			<b>DATE</b> 08/01/2011			<b>EMAIL</b> jhenrie@rosewd.com				
<b>API NUMBER ASSIGNED</b> 43047517920000			<b>APPROVAL</b>			 Permit Manager				

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 1**

**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>
Duchesne River	Surface	+4965
Uintah	3,200'	+1,765
Green River	4,000'	+ 965
Wasatch	7,900'	-2935
T.D.	8,400'	-3,435

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Uinta "B"	3300'-4000'
Oil	Lower Green River	6700'-7900'
Gas/Oil	Wasatch	7900'-8400'
Water	Base of useable water	1965'

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.

ONSHORE ORDER NO. 1  
Rosewood Resources, Inc.  
HSB FED #42-04  
2047' FNL 665' FEL  
SE¼ NE¼ SEC 4 T7S R21E  
Uintah County, Utah

CONFIDENTIAL- TIGHT HOLE

Lease No. UTU-42469

DRILLING PROGRAM

Page 2

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.

ONSHORE ORDER NO. 1  
 Rosewood Resources, Inc.  
HSB FED #42-04  
 2047' FNL 665' FEL  
 SE¼ NE¼ SEC 4 T7S R21E  
 Uintah County, Utah

CONFIDENTIAL- TIGHT HOLE

Lease No. UTU-42469

DRILLING PROGRAM

Page 3

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:

\*\* Please see the attached plan for airdrilling of the surface casing. Rosewood requests a variance from 0.0.2 Section III from any required stipulations not adhered to in the surface casing drilling plan.

- 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

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 4**

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; 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.

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 5**

- j. Top plugs shall be used to reduce the contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a preflush fluid, inner string cement method, etc. shall be utilized to help prevent cement contamination.
- 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	0-2000'	12 ¼"	9 5/8"	32.3#	H-40	ST&C	New
Production Or equivalent	0-8400'	7 7/8"	5 ½"	17#	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>
0-2000'	+/- 850 SXS Premium + 2% CaCl + ¼# /SX Flocele + 2% Gel. Slurry Weight 15.6 PPG. Yield 1.18 ft sk.

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 6**

**Production**

**Type and Amount**

**0-8400'**

**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:**

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 7**

- 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
5,660-8,400'	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
5,660-8,400'	32-42	9.0 - 9.5	8.6 – 8.9 ppg

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 8**

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

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

Mud monitoring equipment to be used is as follows:

- b. 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:

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL– TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 9**

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 Green River and Wasatch Formations by perforating and fracture stimulation.

ONSHORE ORDER NO. 1  
Rosewood Resources, Inc.  
HSB FED #42-04  
2047' FNL 665' FEL  
SE¼ NE¼ SEC 4 T7S R21E  
Uintah County, Utah

CONFIDENTIAL- TIGHT HOLE

Lease No. UTU-42469

DRILLING PROGRAM

Page 10

- 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

ONSHORE ORDER NO. 1  
Rosewood Resources, Inc.  
HSB FED #42-04  
2047' FNL 665' FEL  
SE¼ NE¼ SEC 4 T7S R21E  
Uintah County, Utah

CONFIDENTIAL- TIGHT HOLE

Lease No. UTU-42469

DRILLING PROGRAM

Page 11

report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, Utah 84078

- 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 via a Sundry Notice, 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

RECEIVED: August 01, 2011

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 12**

hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.)

- a. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- b. 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.
- c. 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.

9. **Air Quality Mitigation**

- a. All internal combustion equipment would be kept in good working order
- b. No open burning of garbage or refuse at well sites or other facilities would be allowed.
- c. Drill rigs used would be equipped with Tier II or better diesel engines
- d. Vent emissions to be reduced by use of ANARDO valves, where applicable, on all future projects.
- e. To the extent feasible, Operator would install low or no bleed pneumatic valves on wells, separator dump valves, compressors and other controllers on all future projects.

**ONSHORE ORDER NO. 1**  
**Rosewood Resources, Inc.**  
**HSB FED #42-04**  
**2047' FNL 665' FEL**  
**SE¼ NE¼ SEC 4 T7S R21E**  
**Uintah County, Utah**

**CONFIDENTIAL- TIGHT HOLE**

**Lease No. UTU-42469**

**DRILLING PROGRAM**

**Page 13**

- f. Limit flaring on completion operations as required or recommended by applicable rules.**
- g. Well site telemetry would be utilized to eliminate unnecessary pumper travel to wells.**
- h. Operator will utilize zero emission dehydrators at future compressor stations if available and economically feasible.**
- i. To the extent it is practical and economically feasible; the operator will centralize the use of fracing operations, water storage, production facilities and gathering systems.**
- j. Solar powered chemical pumps will be used in place of pneumatic pumps on all future projects, if available and economically feasible.**

**CONFIDENTIAL**

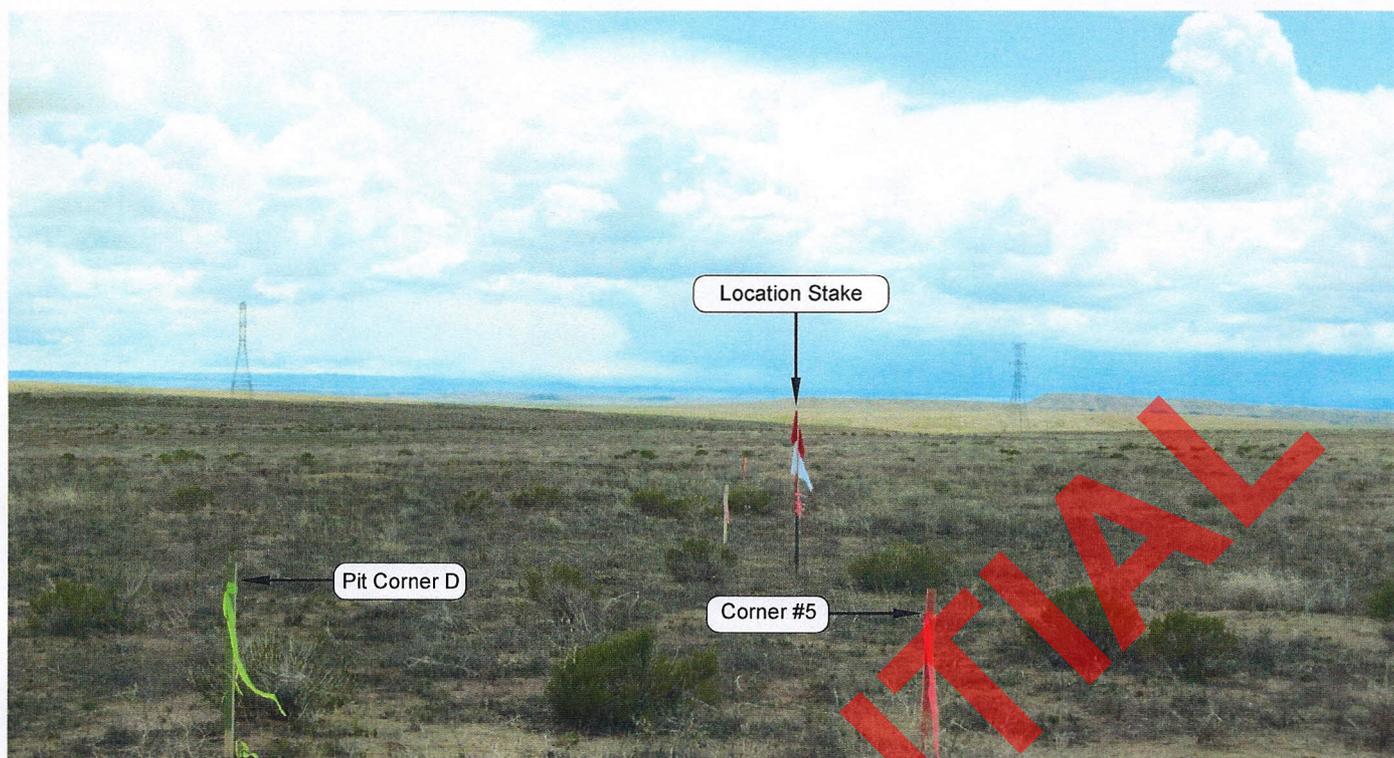


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE CAMERA ANGLE: SOUTHWESTERLY



PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD CAMERA ANGLE: SOUTHWESTERLY

### ROSEWOOD RESOURCES

#### LOCATION PHOTOS

**HSB FED 42-04**  
**2047' FNL, 665' FEL**  
**SE 1/4 NE 1/4 OF SECTION 4, T7S, R21E,**  
**S.L.B.&M., UINTAH COUNTY, UTAH.**

### TIMBERLINE

(435) 789-1365

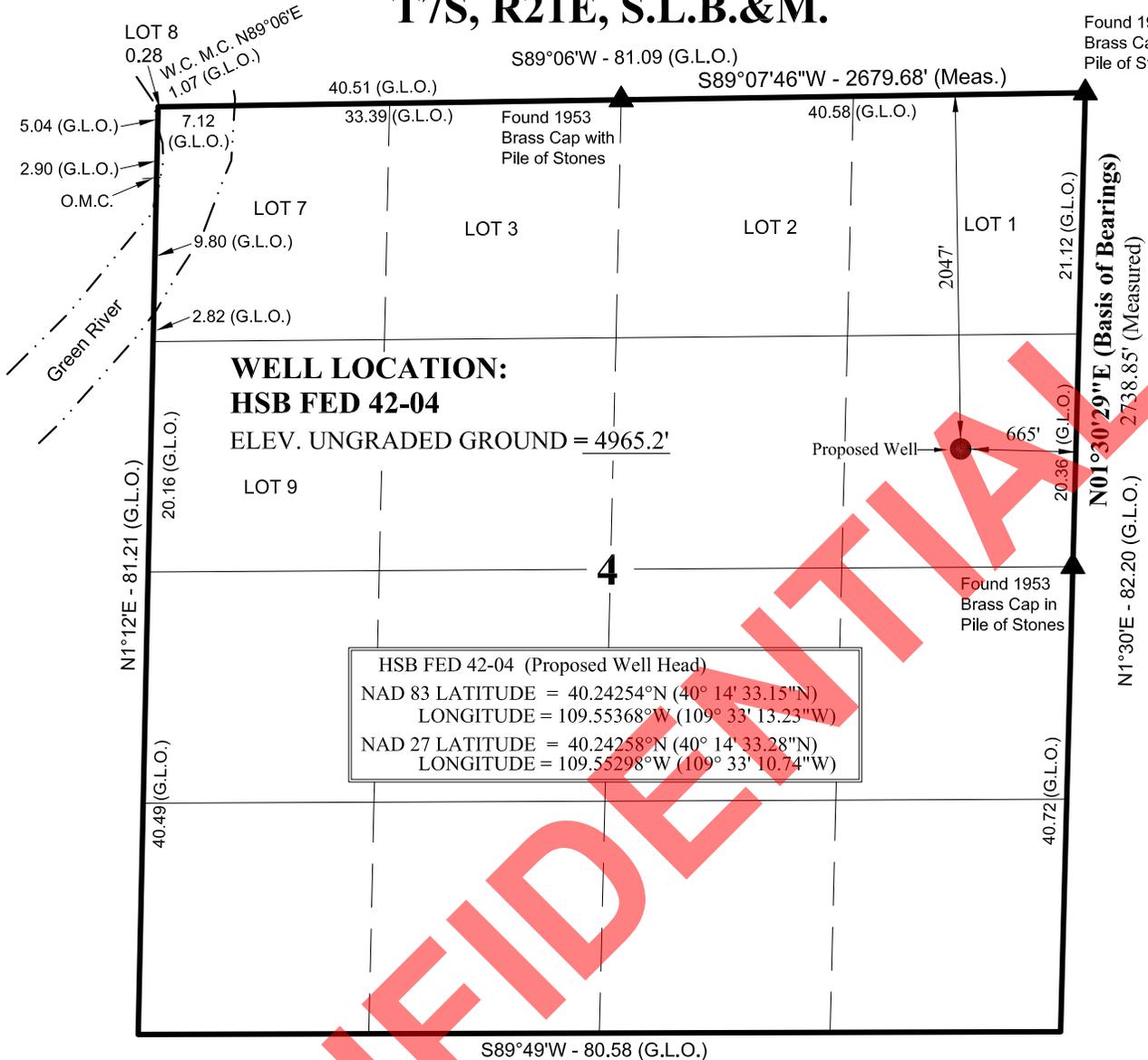
ENGINEERING & LAND SURVEYING, INC.

209 NORTH 300 WEST - VERNAL, UTAH 84078

DATE PHOTOS TAKEN: 05-19-11	PHOTOS TAKEN BY: M.S.B	SHEET <b>1</b> OF 10
DATE DRAWN: 05-31-11	DRAWN BY: C.T.C.	
Date Last Revised:		

# T7S, R21E, S.L.B.&M.

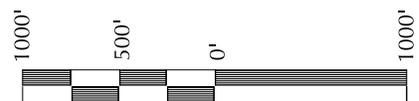
Found 1953  
Brass Cap with  
Pile of Stones



**NOTES:**

▲ = Section Corners Located

1. Well footages are measured at right angles to the Section Lines.
2. Government Land Office (G.L.O.) distances are shown in feet or chains. 1 chain = 66 feet.
3. Bearings are based on Global Positioning Satellite observations.
4. BASIS OF ELEVATION IS TRIANGULATION STATION JEK 19 ET 1966 WHICH IS LOCATED NEAR THE SOUTH 1/4 CORNER OF SECTION 8, T11S, R23E, S.L.B.&M. THE ELEVATION OF THIS TRIANGULATION STATION IS MARKED ON THE ARCHY BENCH SE 7.5 MIN. QUADRANGLE AS BEING 6054'.



SCALE

**SURVEYOR'S 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 R. SLAUGHTER  
 PROFESSIONAL LAND SURVEYOR  
 REGISTRATION No. 6028691  
 STATE OF UTAH

**ROSEWOOD RESOURCES**

**LEGAL PLAT**

**HSB FED 42-04**  
**2047' FNL, 665' FEL,**  
**SE 1/4 NE 1/4 OF SECTION 4, T7S, R21E,**  
**S.L.B.&M., UTAH COUNTY, UTAH.**



**TIMBERLINE**

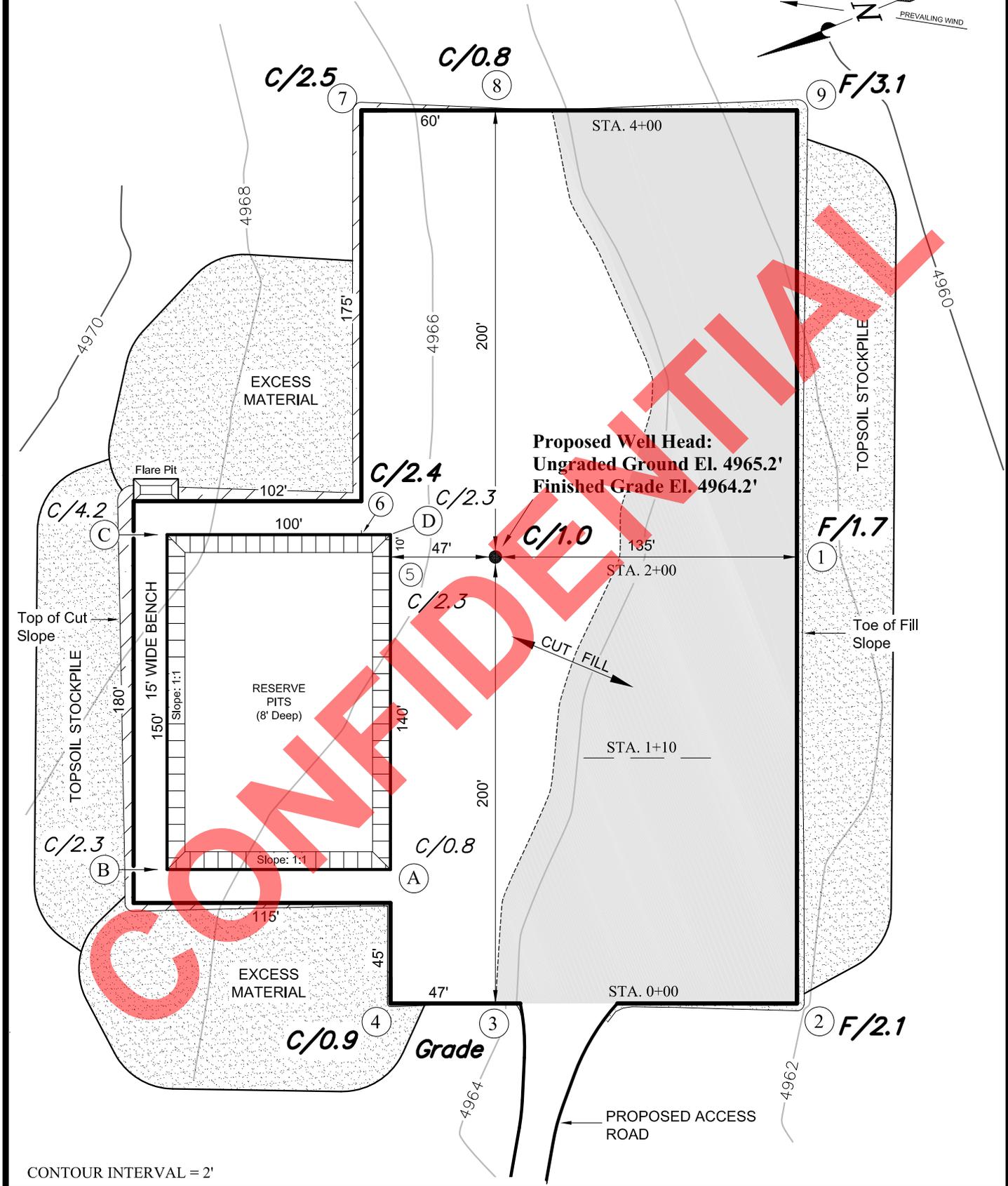
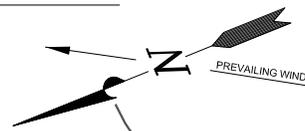
(435) 789-1365

**ENGINEERING & LAND SURVEYING, INC.**  
209 NORTH 300 WEST - VERNAL, UTAH 84078

DATE SURVEYED: 05-19-11	SURVEYED BY: M.S.B.	SHEET <b>2</b> OF 10
DATE DRAWN: 05-31-11	DRAWN BY: C.T.C.	
SCALE: 1" = 1000'	Date Last Revised:	

# ROSEWOOD RESOURCES

## CUT SHEET - HSB FED 42-04

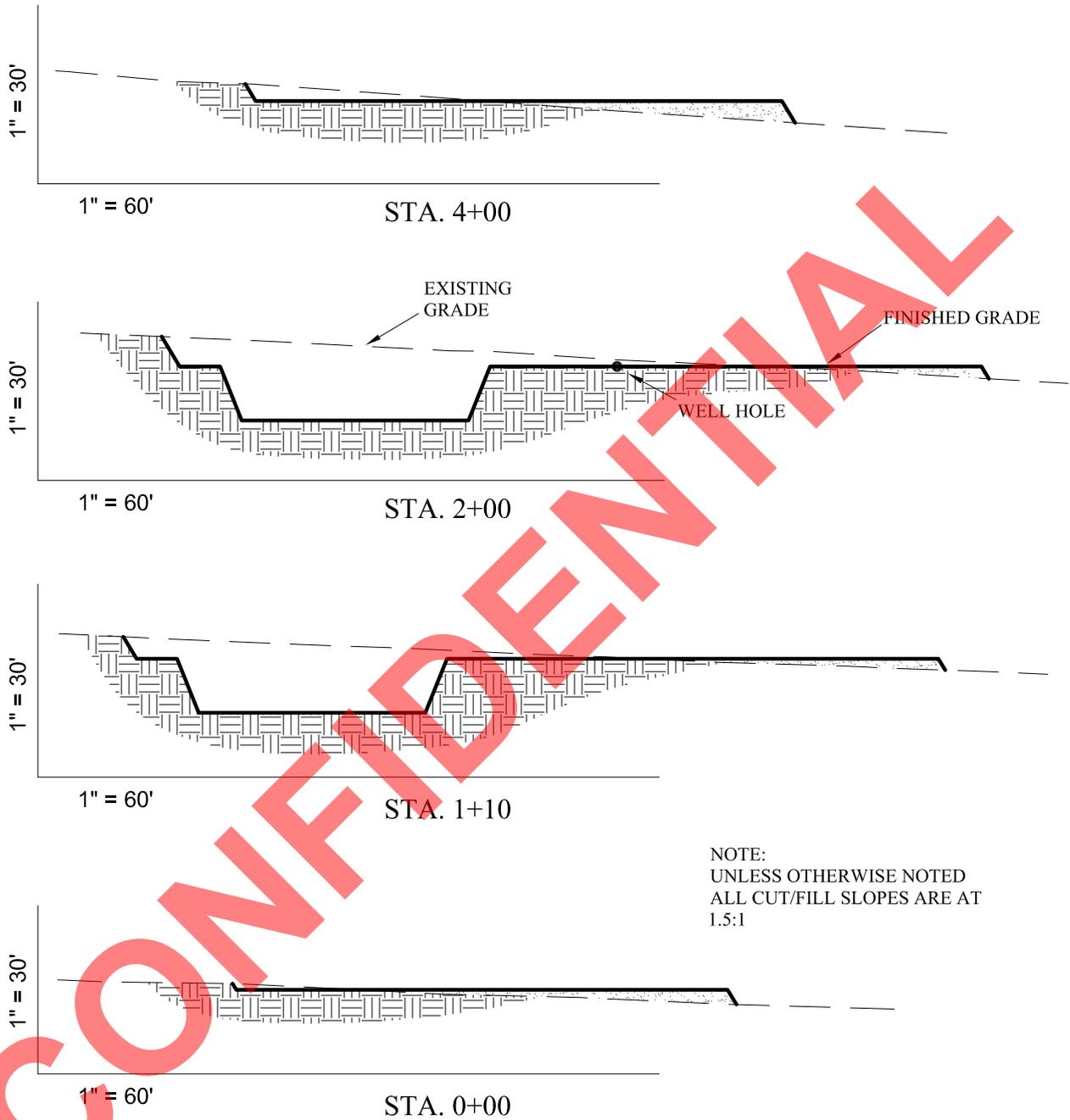


Section 4, T7S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NE		Footage Location: 2047' FNL & 665' FEL	
Date Surveyed: 05-19-11	Date Drawn: 06-02-11	Date Last Revision:	<b>TIMBERLINE</b> ENGINEERING & LAND SURVEYING, INC. 209 NORTH 300 WEST - VERNAL, UTAH 84078	(435) 789-1365	SHEET <b>3</b> OF 10
Surveyed By: M.S.B.	Drawn By: M.W.W.	Scale: 1" = 60'			

**RECEIVED: August 01, 2011**

# ROSEWOOD RESOURCES

## CROSS SECTION - HSB FED 42-04



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

### REFERENCE POINTS

250' NORTHEASTERLY = 4964.5'  
300' NORTHEASTERLY = 4963.2'  
185' SOUTHEASTERLY = 4961.3'  
235' SOUTHEASTERLY = 4960.1'

### ESTIMATED EARTHWORK QUANTITIES

(No shrink or swell adjustments have been used)  
(Expressed in Cubic Yards)

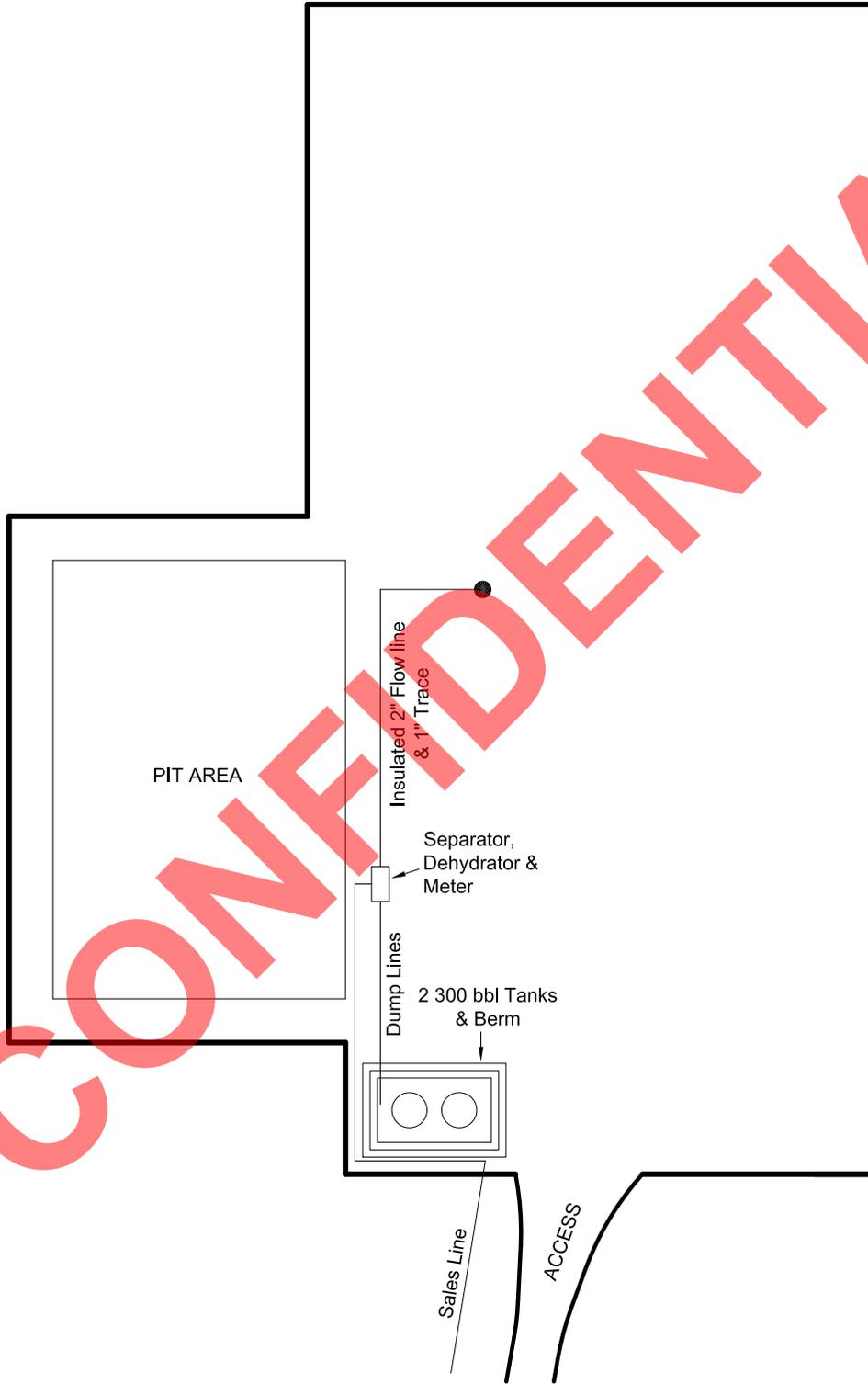
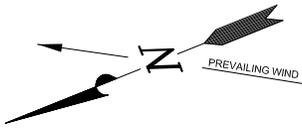
CUT: 6" Topsoil Stripping = 1,860	Excess Material = 5,730
Remaining Location = 6,250	Topsoil & Pit Backfill = 5,730 (Full Pit Volume)
<b>TOTAL CUT = 8,110</b>	Excess Unbalance = 0
<b>FILL = 2,380</b>	(After Rehabilitation)

Section 4, T7S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NE	Footage Location: 2047' FNL & 665' FEL	
Date Surveyed: 05-19-11	Date Drawn: 06-02-11	Date Last Revision:	<b>TIMBERLINE</b> <b>ENGINEERING &amp; LAND SURVEYING, INC.</b> 209 NORTH 300 WEST - VERNAL, UTAH 84078	SHEET <b>4</b> OF 10
Surveyed By: M.S.B.	Drawn By: M.W.W.	Scale: 1" = 60'		



# ROSEWOOD RESOURCES

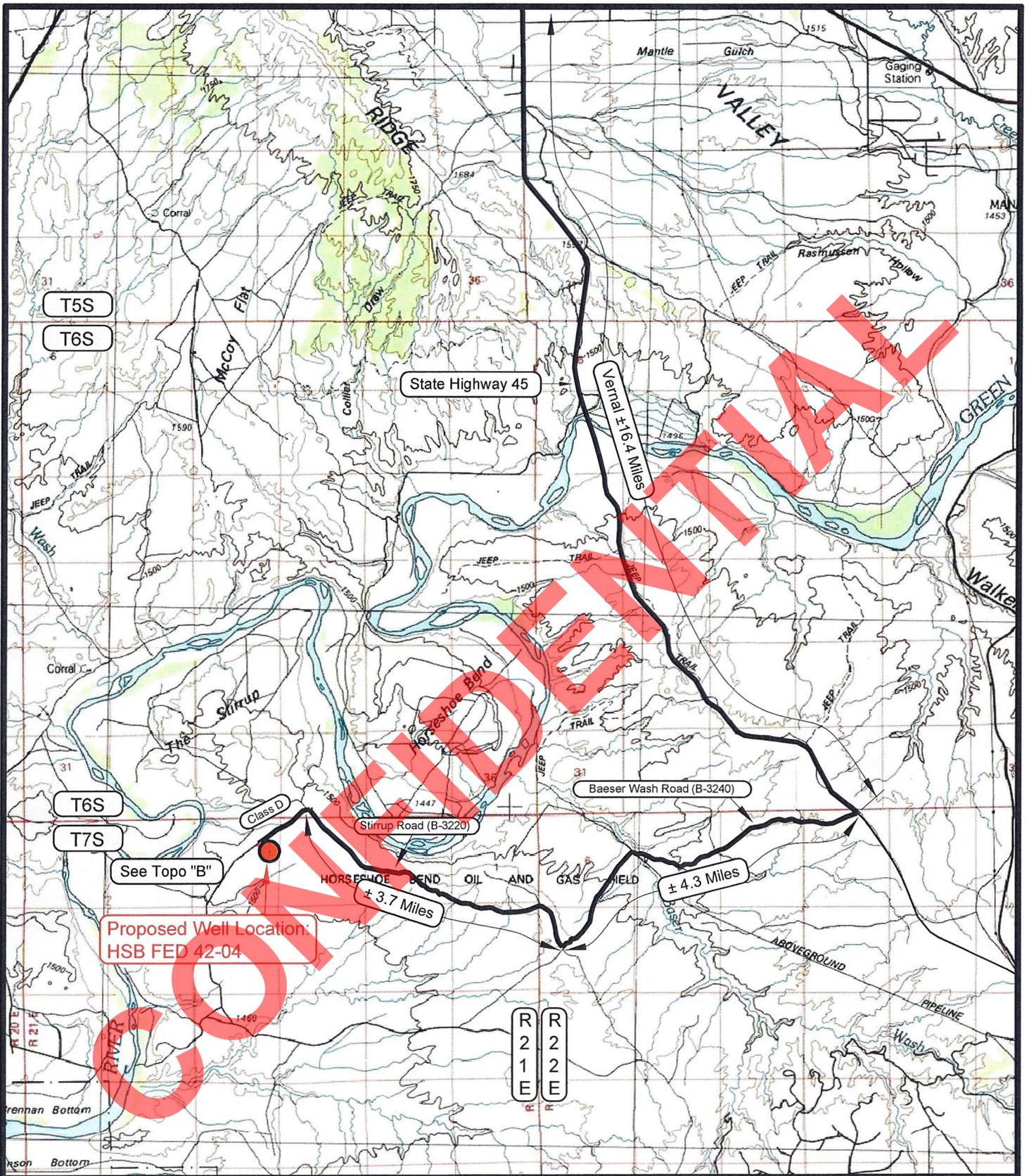
## TYPICAL PRODUCTION LAYOUT - HSB FED 42-04



CONFIDENTIAL

Section 4, T7S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NE		Footage Location: 2047' FNL & 665' FEL	
Date Surveyed: 05-19-11	Date Drawn: 06-02-11	Date Last Revision:	<b>TIMBERLINE</b> ENGINEERING & LAND SURVEYING, INC. 209 NORTH 300 WEST - VERNAL, UTAH 84078	(435) 789-1365	SHEET
Surveyed By: M.S.B.	Drawn By: M.W.W.	Scale: 1" = 60'			6

RECEIVED: August 01, 2011



LEGEND

- PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = OTHER WELLS
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- (B-5460) = COUNTY ROAD CLASS & NUMBER



**ROSEWOOD RESOURCES**

**HSB FED 42-04**  
**SECTION 4, T7S, R21E, S.L.B.&M.**  
**2047' FNL & 665' FEL**

**TOPOGRAPHIC MAP "A"**

DATE SURVEYED: 05-19-11

DATE DRAWN: 05-31-11

SCALE: 1:100,000

DRAWN BY: C.T.C.

REVISED:

**TIMBERLINE**

(435) 789-1365

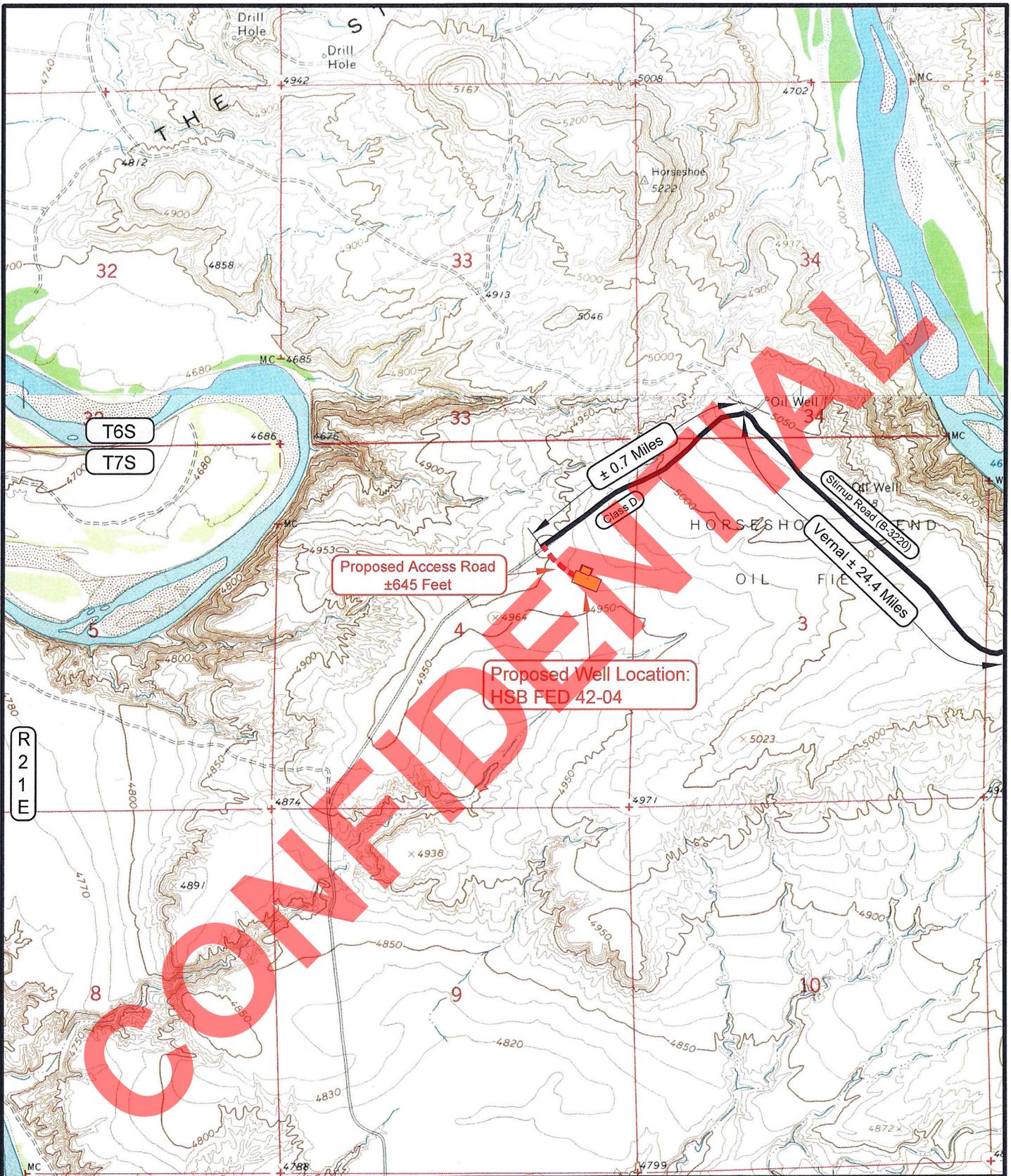
**ENGINEERING & LAND SURVEYING, INC.**

209 NORTH 300 WEST - VERNAL, UTAH 84078

SHEET

**7**

OF 10



**LEGEND**

- PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = OTHER WELLS
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- (B-5460) = COUNTY ROAD CLASS & NUMBER
- = LEASE LINE AND / OR PROPERTY LINE



**ROSEWOOD RESOURCES**

**HSB FED 42-04**  
**SECTION 4, T7S, R21E, S.L.B.&M.**  
**2047' FNL & 665' FEL**

**TOPOGRAPHIC MAP "B"**

DATE SURVEYED: 5-19-11

DATE DRAWN: 05-31-11

SCALE: 1" = 2000'

DRAWN BY: C.T.C.

REVISED:

**TIMBERLINE**

**ENGINEERING & LAND SURVEYING, INC.**

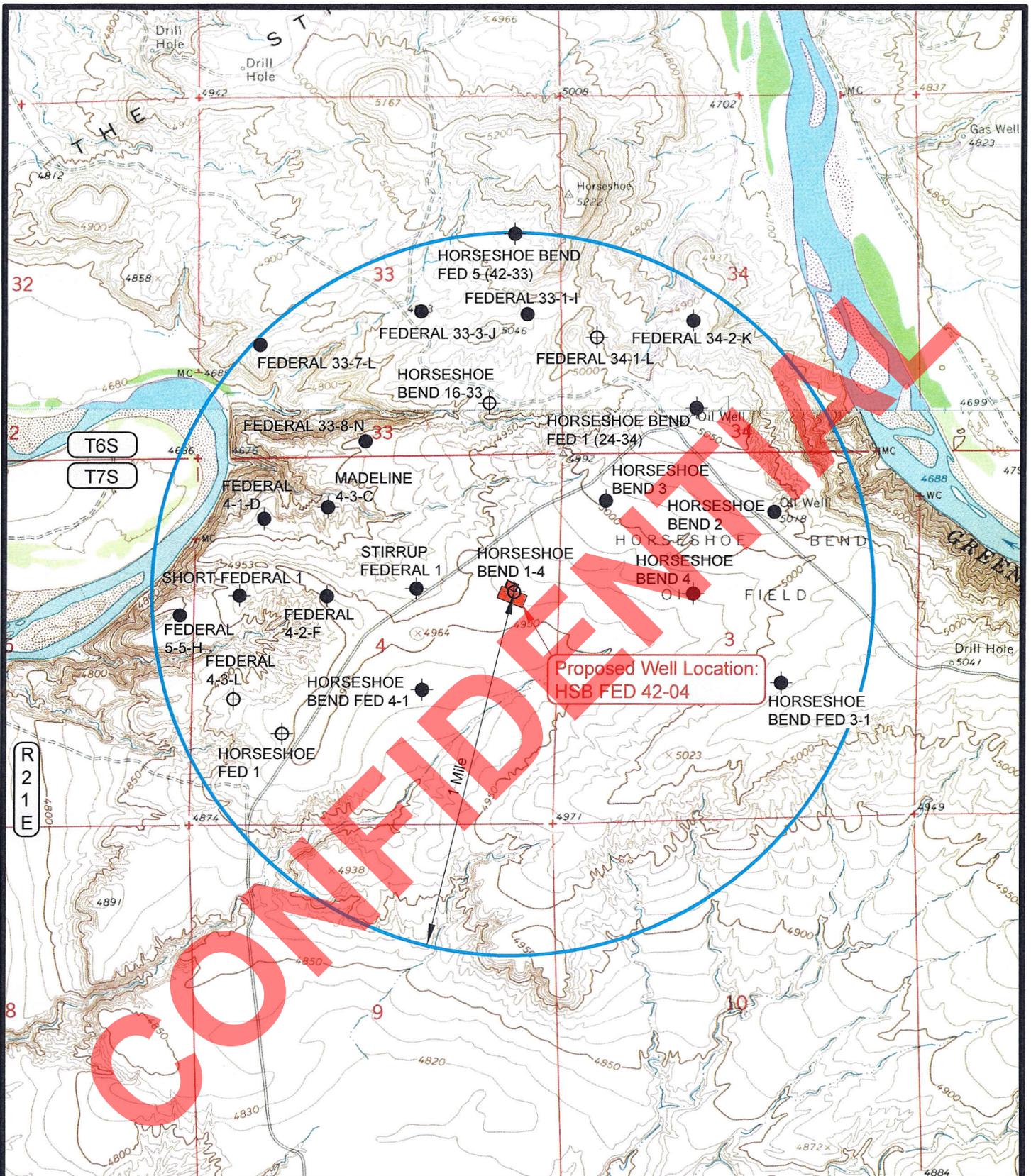
209 NORTH 300 WEST - VERNAL, UTAH 84078

(435) 789-1365

SHEET

**8**

OF 10



**LEGEND**

- ⊗ = DISPOSAL WELL
- = PRODUCING WELL
- = SHUT IN WELL
- = PROPOSED WELL
- ⊗ = WATER WELL
- = ABANDONED WELL
- = TEMPORARILY ABANDONED WELL
- ⊕ = ABANDONED LOCATION



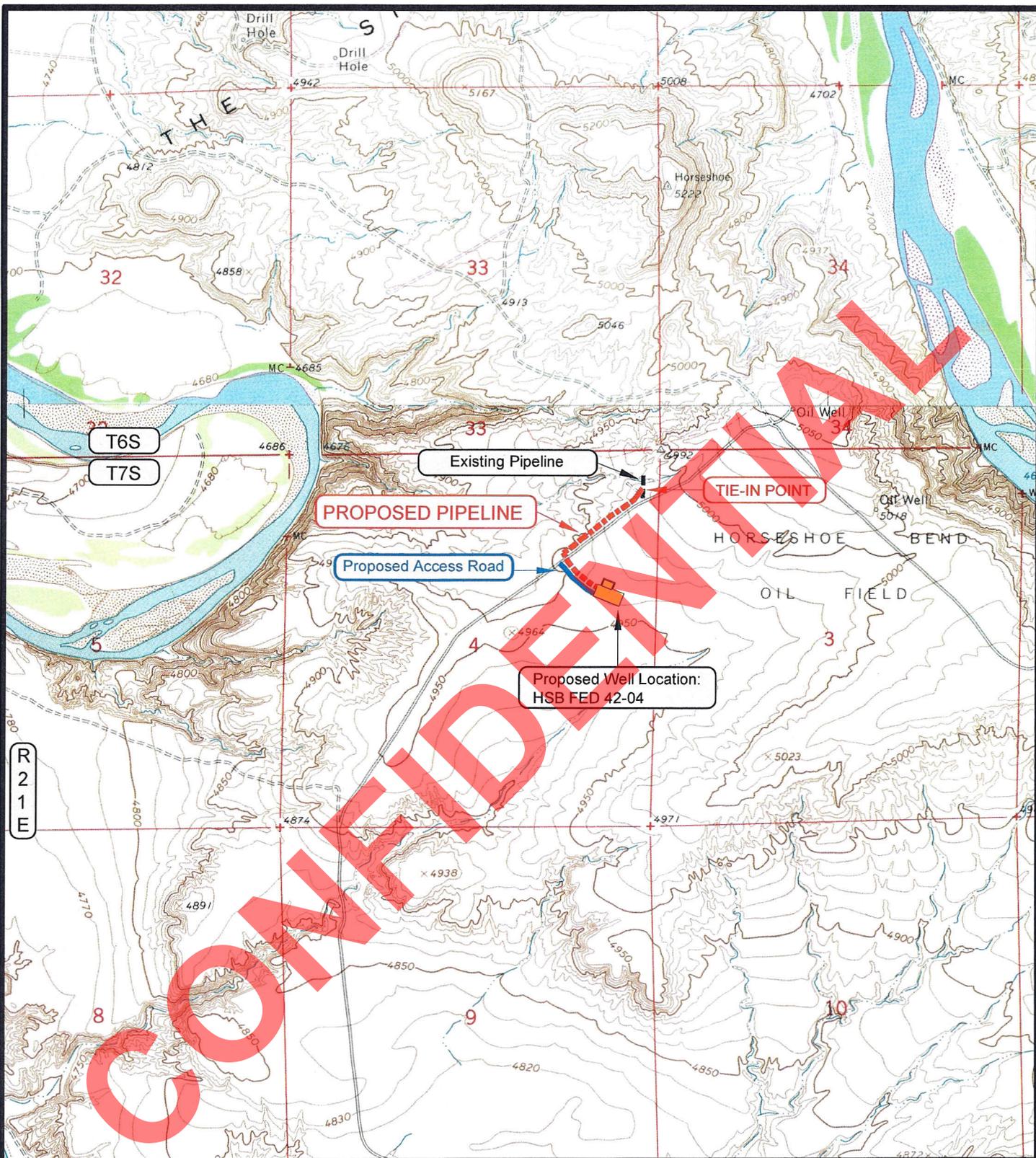
**ROSEWOOD RESOURCES**

**HSB FED 42-04**  
**SECTION 4, T7S, R21E, S.L.B.&M.**  
**2047' FNL & 665' FEL**

<b>TOPOGRAPHIC MAP "C"</b>		DATE SURVEYED: 05-19-11
		DATE DRAWN: 05-31-11
SCALE: 1" = 2000'	DRAWN BY: C.T.C.	REVISED:

**TIMBERLINE** (435) 789-1365  
**ENGINEERING & LAND SURVEYING, INC.**  
 209 NORTH 300 WEST - VERNAL, UTAH 84078

SHEET  
**9**  
 OF 10



**APPROXIMATE PIPELINE LENGTH = ±2,165 FEET**

**LEGEND**

- = PROPOSED PIPELINE
- = OTHER PIPELINE
- = PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = OTHER WELLS
- = LEASE LINE AND / OR PROPERTY LINE

**ROSEWOOD RESOURCES**

**HSB FED 42-04**  
**SECTION 4, T7S, R21E, S.L.B.&M.**  
**2047' FNL & 665' FEL**



**TOPOGRAPHIC MAP "D"**

DATE SURVEYED: 05-19-11

DATE DRAWN: 05-31-11

SCALE: 1" = 2000'

DRAWN BY: C.T.C

REVISED:

**TIMBERLINE**

(435) 789-1365

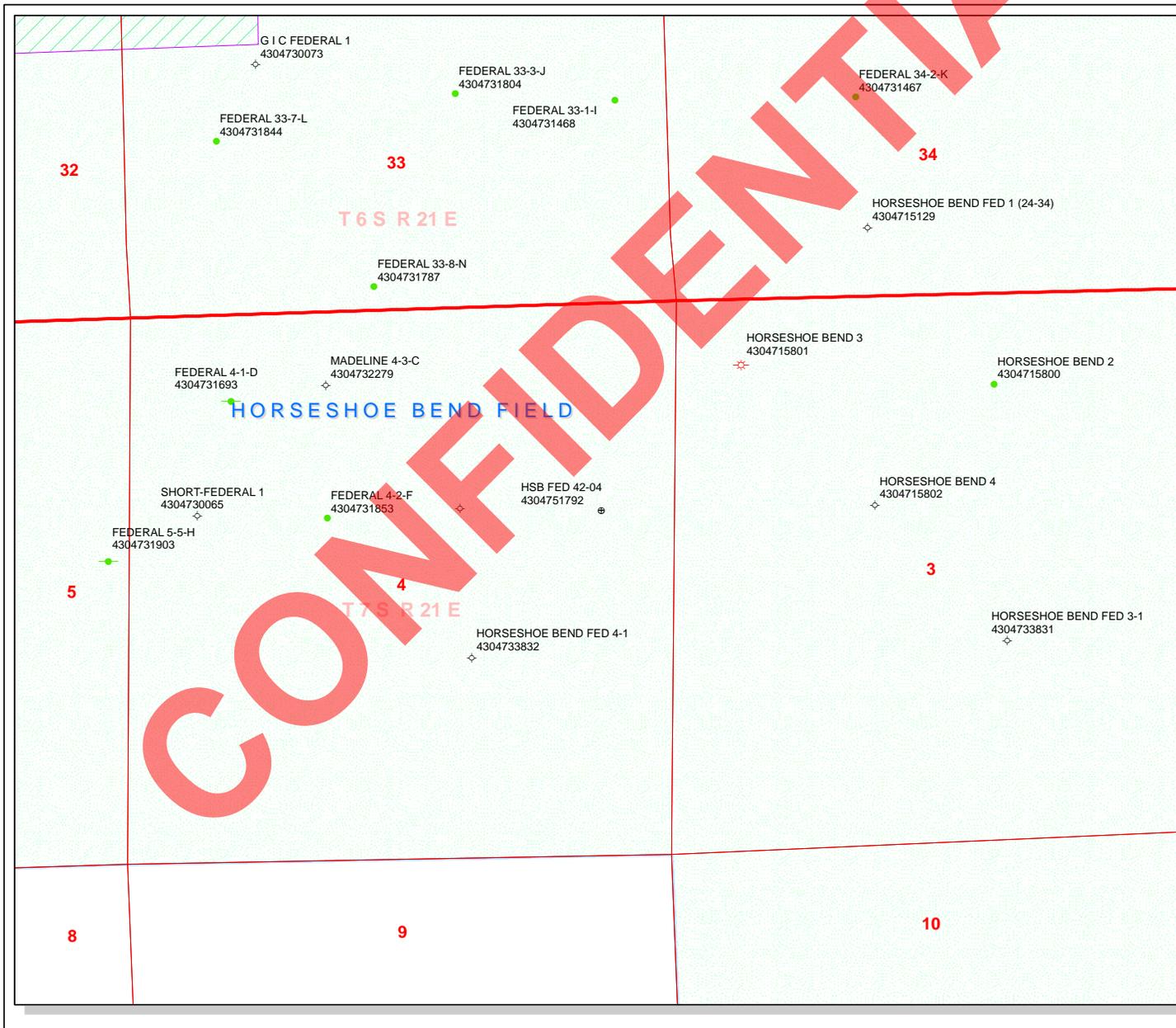
**ENGINEERING & LAND SURVEYING, INC.**

209 NORTH 300 WEST - VERNAL, UTAH 84078

SHEET

**10**

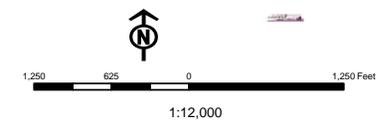
OF 10



**API Number: 4304751792**  
**Well Name: HSB FED 42-04**  
**Township T0.7 . Range R2.1 . Section 04**  
**Meridian: SLBM**  
 Operator: ROSEWOOD RESOURCES INC

Map Prepared:  
 Map Produced by Diana Mason

- |               |                                    |
|---------------|------------------------------------|
| <b>Units</b>  | <b>Wells Query</b>                 |
| <b>STATUS</b> | <b>Status</b>                      |
| ACTIVE        | APD - Approved Permit              |
| EXPLORATORY   | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE   | GIW - Gas Injection                |
| NF PP OIL     | GS - Gas Storage                   |
| NF SECONDARY  | LA - Location Abandoned            |
| PI OIL        | LOC - New Location                 |
| PP GAS        | OPS - Operation Suspended          |
| PP GEOTHERMAL | PA - Plugged Abandoned             |
| PP OIL        | PGW - Producing Gas Well           |
| SECONDARY     | POW - Producing Oil Well           |
| TERMINATED    | RET - Returned APD                 |
| <b>Fields</b> | <b>Status</b>                      |
| Unknown       | SGW - Shut-in Gas Well             |
| ABANDONED     | SOW - Shut-in Oil Well             |
| ACTIVE        | TA - Temp. Abandoned               |
| COMBINED      | TW - Test Well                     |
| INACTIVE      | WDW - Water Disposal               |
| STORAGE       | WIW - Water Injection Well         |
| TERMINATED    | WSW - Water Supply Well            |
| Sections      |                                    |
| Township      |                                    |



## WORKSHEET APPLICATION FOR PERMIT TO DRILL

**APD RECEIVED:** 8/1/2011

**API NO. ASSIGNED:** 43047517920000

**WELL NAME:** HSB FED 42-04

**OPERATOR:** ROSEWOOD RESOURCES INC (N7510)

**PHONE NUMBER:** 435 789-0414

**CONTACT:** Jill Henrie

**PROPOSED LOCATION:** SENE 04 070S 210E

**Permit Tech Review:**

**SURFACE:** 2047 FNL 0665 FEL

**Engineering Review:**

**BOTTOM:** 2047 FNL 0665 FEL

**Geology Review:**

**COUNTY:** UINTAH

**LATITUDE:** 40.24264

**LONGITUDE:** -109.55297

**UTM SURF EASTINGS:** 623085.00

**NORTHINGS:** 4455482.00

**FIELD NAME:** HORSESHOE BEND

**LEASE TYPE:** 1 - Federal

**LEASE NUMBER:** UTU-42469

**PROPOSED PRODUCING FORMATION(S):** WASATCH

**SURFACE OWNER:** 1 - Federal

**COALBED METHANE:** NO

**RECEIVED AND/OR REVIEWED:**

- PLAT
- Bond: FEDERAL - MT-0627
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: 49-2343
- RDCC Review:
- Fee Surface Agreement
- Intent to Commingle

**Commingling Approved**

**LOCATION AND SITING:**

- R649-2-3.
- Unit:**
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No:** R649-3-2
- Effective Date:**
- Siting:**
- R649-3-11. Directional Drill

**Comments:** Presite Completed

**Stipulations:** 4 - Federal Approval - dmason  
23 - Spacing - dmason



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*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*

### Permit To Drill

\*\*\*\*\*

**Well Name:** HSB FED 42-04  
**API Well Number:** 43047517920000  
**Lease Number:** UTU-42469  
**Surface Owner:** FEDERAL  
**Approval Date:** 8/8/2011

**Issued to:**

ROSEWOOD RESOURCES INC, PO Box 1668, Vernal , UT 84078

**Authority:**

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. The expected producing formation or pool is the WASATCH Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

**Duration:**

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

**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.

**Conditions of Approval:**

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

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.

**Notification Requirements:**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please leave a voicemail message if not available)

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <http://oilgas.ogm.utah.gov>

**Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

**Approved By:**

A handwritten signature in black ink, appearing to read "John Rogers", written over a faint, illegible stamp or background.

For John Rogers  
Associate Director, Oil & Gas

# RECEIVED

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

JUL 28 2011

APPLICATION FOR PERMIT TO DRILL OR REENTER **BLM, Vernal Utah**

5a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. <b>HSB</b>
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. HSB FED #42-04
2. Name of Operator Rosewood Resources, Inc.		9. API Well No. <b>43-047-51792</b>
3a. Address P.O. Box 1668 Vernal, UT 84078	3b. Phone No. (include area code) 435-789-0414	10. Field and Pool, or Exploratory Horseshoe Bend
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 2047' FNL 665' FEL SENE SEC 4 T7S R21E SLB&M At proposed prod. zone same		11. Sec., T. R. M. or Blk. and Survey or Area SENE SEC 4 T7S R21E SLB&M
14. Distance in miles and direction from nearest town or post office* 25.2 south of Vernal, Utah		12. County or Parish Uintah
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 665'		13. State UT
16. No. of acres in lease 236.53	17. Spacing Unit dedicated to this well 2nd Well/320 acre	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1500'	19. Proposed Depth 8400'	20. BLM/BIA Bond No. on file Nationwide Bond MT-0627
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4965' Ungraded Ground	22. Approximate date work will start* 01/01/2012	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 07/19/2011
Title Administrative Assistant / RL		
Approved by (Signature) 	Name (Printed/Typed) Jerry Kenczka	Date DEC 15 2011
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.

**CONDITIONS OF APPROVAL 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.

(Continued on page 2)

**RECEIVED** Instructions on page 2)

DEC 21 2011

**UDOGM**

DIV. OF OIL, GAS & MINING

**NOTICE OF APPROVAL**



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: HSB FED 42-04  
API No: 43-047-51792

Location: SENE, Sec. 4, T7S, R21E  
Lease No: UTU-42469  
Agreement:

**OFFICE NUMBER: (435) 781-4400**

**OFFICE FAX NUMBER: (435) 781-3420**

**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 two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, 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 to: <a href="mailto:blm_ut_vn_opreport@blm.gov">blm ut vn opreport@blm.gov</a>
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)**

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO<sub>x</sub> per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO<sub>x</sub> per horsepower-hour.
- 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.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

**Wildlife**

- Construction and drilling is not allowed from March 1<sup>st</sup> – August 31<sup>st</sup> to minimize impacts during burrowing owl nesting.
- Construction and drilling is not allowed from March 1<sup>st</sup> – August 31<sup>st</sup> to minimize impacts during ferruginous hawk nesting.
- Construction and drilling is not allowed from November 1<sup>st</sup> – March 31<sup>st</sup> to minimize impacts during bald eagle nesting.
- If it is anticipated that construction or drilling will occur during the given timing restriction, a BLM or qualified biologist shall be notified so surveys can be conducted. Depending upon the results of the surveys, permission to proceed may or may not be recommended or granted by the BLM Authorized Officer.
- Hospital mufflers will be installed on new and existing pump jacks at the host well locations.
- Screening will be placed on stacks and on other openings of heater-treaters or fired vessels to prevent entry by migratory birds.

**Air Quality**

- All internal combustion equipment will be kept in good working order.
- Water or other approved dust suppressants will be used at construction sites and along roads, as determined appropriate by the Authorized Officer.
- Open burning of garbage or refuse will not occur at well sites or other facilities.
- Low bleed pneumatics will be installed on separator dump valves and other controllers.
- During completion, flaring will be limited as much as possible. Production equipment and gathering lines will be installed as soon as possible.
- Well site telemetry will be utilized as feasible for production operations.

**Reclamation**

- Reclamation will be completed in accordance with the Green River District Guidelines of the Vernal Field Office of the BLM.
- Appropriate erosion control and revegetation measures will be employed. In areas with unstable soils where seeding alone may not adequately control erosion, grading will be used to minimize slopes and water bars will be installed on disturbed slopes. Erosion control efforts will be monitored by Rosewood and, if necessary, modifications will be made to control erosion.

**Seed Mix (Interim and Final Reclamation)**

Common name	Latin name	lbs/acre	Recommended seed planting depth
Squirreltail grass	<i>Elymus elymoides</i>	3.0	1/4 - 1/2"
Bluebunch wheatgrass	<i>Pseudoroegneria spicata</i>	3.0	1/2"
Shadscale saltbush	<i>Atriplex confertifolia</i>	3.0	1/2"
Four-wing saltbush	<i>Atriplex canescens</i>	3.0	1/2"
Gardner's saltbush	<i>Atriplex gardneri</i>	2.0	1/2"
Scarlet globemallow	<i>Sphaeralcea coccinea</i>	1.0	1/8 - 1/4"

- All pounds are pure live seed.
- All seed and mulch will be certified weed free.
- Rates are set for drill seeding; double rate if broadcasting.

**Monitoring and Reporting**

- The operator shall submit a Sundry Notice (Form 3160-5) to the BLM Authorized Officer (AO) that designates the proposed site-specific monitoring and reference sites chosen for the location. A description of the proposed sites shall be included, as well as a map showing the locations of the proposed sites.
- The operator shall submit a Sundry Notice (Form 3160-5) to the BLM Authorized Officer (AO) 3 growing seasons after reclamation efforts have occurred evaluating the status of the reclaimed areas in order to determine whether the BLM standards set forth in the Green River District Reclamation Guidelines have been met (30% or greater basal cover).

**DOWNHOLE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

**SITE SPECIFIC DOWNHOLE COAs:**

- Gamma-Ray log will be run from TD to Surface.
- CBL will be run from PBTD to TOC for the production casing.

**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.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- 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.
- While actively drilling, 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 BLM\_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.
- For information regarding production reporting, contact the Office of Natural Resources Revenue (ONRR) at [www.ONRR.gov](http://www.ONRR.gov).
- 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.

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9  <b>5.LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-42469
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7.UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> HSB FED 42-04
<b>2. NAME OF OPERATOR:</b> ROSEWOOD RESOURCES INC	<b>9. API NUMBER:</b> 43047517920000
<b>3. ADDRESS OF OPERATOR:</b> PO Box 1668 , Vernal , UT, 84078	<b>PHONE NUMBER:</b> 435 789-0414 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2047 FNL 0665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SENE Section: 04 Township: 07.0S Range: 21.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> HORSESHOE BEND  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 8/19/2012	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width:100px;" type="text"/>

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

Rosewood Resources, Inc. Drilled 12 1/4 hole and set 8 5/8" surface casing. We then pressure tested and casing failed to test. Pumped 2 squeeze jobs and was still unable to get a good test. Per the BLM we rigged up Superior Well Service. Pumped 62 SXS cement at 970'. Flushed with 9 BBLs. POOH laying down to 120'. Pumped 35 SXS cement at 120'. LD last 120' of pipe. RDMO location. Cut off casing and welded on marker plate and backfilled. Operations were witnessed by BLM representative Brendan Huber. Rosewood will submit a rig skid on this well as we moved 10' and commenced drilling operations per BLM approval. New well is HSB FED 42-04X.

**Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY**

August 31, 2012

<b>NAME (PLEASE PRINT)</b> Jill Henrie	<b>PHONE NUMBER</b> 435 789-0414	<b>TITLE</b> Administravtive Assistant
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/31/2012	

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9  <b>5.LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-42469
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7.UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> HSB FED 42-04
<b>2. NAME OF OPERATOR:</b> ROSEWOOD RESOURCES INC	<b>9. API NUMBER:</b> 43047517920000
<b>3. ADDRESS OF OPERATOR:</b> PO Box 1668 , Vernal , UT, 84078	<b>PHONE NUMBER:</b> 435 789-0414 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2047 FNL 0665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SENE Section: 04 Township: 07.0S Range: 21.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> HORSESHOE BEND  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 8/19/2012	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

10' Rig skid on this well. Renamed HSB FED 42-04X

**Accepted by the**  
**Utah Division of**  
**Oil, Gas and Mining**  
**FOR RECORD ONLY**  
 August 31, 2012

<b>NAME (PLEASE PRINT)</b> Jill Henrie	<b>PHONE NUMBER</b> 435 789-0414	<b>TITLE</b> Administravtive Assistant
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/31/2012	



















ROSEWOOD RESOURCES, INC  
DAILY DRILLING REPORT

Days from Spud <b>9</b>	Lease and Well No. <b>HSB FED 42-04</b>			Prospect/Field <b>HORSESHOE BEND</b>		Date <b>7 Aug 2012</b>	
MD <b>996' KB</b>	TVD <b>996' KB</b>	Progress	Planned TD <b>8,600'</b>	Daily Cost <b>\$43,898</b>	Cumulative Cost <b>\$279,112</b>	GROSS AFE <b>\$1,863,200</b>	REM AFE <b>\$1,584,088</b>
County/Parish <b>UINTAH</b>		State <b>UTAH</b>	Rig <b>Ensign Rig 146</b>	Drilling Supervisor <b>Tom Roelfs</b>		AFE Days (Dry Hole) <b>10 Days Drlg</b>	
Present Operation <b>Waiting on Ensign Rig #146</b>							AFE No.
Time Log							
From	To	Hrs					
0700	1900	12	MIRU Ensign Rig 146				
1900	0330	8.5	Test BOP; Repair leaks on crossover & Kill Line; CASING DID NOT TEST				
0330	0600	2.5	Rig Repair				
BOP TEST; lower kelly valve 250low 3000high; upper kelly 250low 3000high; safety valve 250low 3000high; dart valve 250low 3000high; pipe rams inside valves 250low 3000high; pipe rams HCR outside kill line valve 250low 3000high; pipe rams choke valve upright gauge valve & inside manifold valve 250low 3000high; annular 250low 1500high; blind rams choke line manifold valves 250low 3000high; SURFACE CASING DID NOT TEST							

MUD REPORT

MW	VIS	PV	YP	GELS		FLUID LOSS		SOLIDS %	WATER %	OIL %	O/W %	SAND %
				INITIAL	10 MIN	API	HPHT					
MBT	CAKE	PH	PM	PF	MF	CL	ES	ECD	Daily Mud Cost		Cumulative	

BIT REPORT

BIT #	SIZE	MGF	TYPE	SERIAL NUMBER	JETS	DEPTH IN	OUT	FOOTAGE	HOURS	WOB	RPM	ROP
1	12.25"					0'	600'	600'	11.5			52 FPH
2	12.25"					600'	1,000'	400'	16.5			24 FPH

BIT CONDITION	T	B	G	COMMENTS
---------------	---	---	---	----------

PUMP REPORT

PUMP #	MODEL	LINER SIZE	ANNULAR VELOCITY			DC OD	DP OD	HOLE
			SPM	GPM	PRESSURE			

BOTTOMHOLE ASSEMBLY

TOTAL LENGTH	BHA DESCRIPTION
--------------	-----------------

MUD MOTOR HOURS	HOURS ON JARS	BOP MAKE & TYPE	BOP TEST DATE & PRESSURE
-----------------	---------------	-----------------	--------------------------

CASING RECORD					DEVIATION RECORD			KILL RATE			
SIZE	PROPOSED	ACTUAL	GAS	UNITS	DEPTH	Ft.	DEPTH	INCL	AZ	PUMP 1	PUMP 2
			BGG		TORQUE	FT/LBS				SPM	PSI
14"	10'	12' GL	CG		PICK UP	50#					
8 5/8"	1,000'	983' GL	STG		ROT WT	24#					
			TG		SLACK OFF	M#					
			MAX								
										RIG PHONE NO. 307 277-6645	











<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9  <b>5.LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-42469
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7.UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> HSB FED 42-04
<b>2. NAME OF OPERATOR:</b> ROSEWOOD RESOURCES INC	<b>9. API NUMBER:</b> 43047517920000
<b>3. ADDRESS OF OPERATOR:</b> PO Box 1668 , Vernal , UT, 84078	<b>PHONE NUMBER:</b> 435 789-0414 Ext
<b>9. FIELD and POOL or WILDCAT:</b> HORSESHOE BEND	<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2047 FNL 0665 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SENE Section: 04 Township: 07.0S Range: 21.0E Meridian: S
	<b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 7/25/2012	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Rosewood Resources, Inc. spud the above mentioned well at 12:00 on 7/25/2012 with Leon Ross Drilling.

**Accepted by the  
Utah Division of  
Oil, Gas and Mining**

**FOR RECORD ONLY**

August 31, 2012

<b>NAME (PLEASE PRINT)</b> Jill Henrie	<b>PHONE NUMBER</b> 435 789-0414	<b>TITLE</b> Administravtive Assistant
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/31/2012	

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9  5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-42469
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: HSB FED 42-04
2. NAME OF OPERATOR: ROSEWOOD RESOURCES INC	9. API NUMBER: 43047517920000
3. ADDRESS OF OPERATOR: PO Box 1668 , Vernal , UT, 84078	PHONE NUMBER: 435 789-0414 Ext
9. FIELD and POOL or WILDCAT: HORSESHOE BEND	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2047 FNL 0665 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 04 Township: 07.0S Range: 21.0E Meridian: S	COUNTY: UINTAH  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 Approximate date work will start: 8/19/2012  <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:  <input type="checkbox"/> SPUD REPORT Date of Spud:  <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input checked="" type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input type="checkbox"/> APD EXTENSION  OTHER: <input style="width: 100px;" type="text"/>

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

After setting surface casing. Casing would not test. Hole in casing at approximately 53'. Per BLM representative Robin Hansen's request set 200' cement plug at bottom of 8 5/8" casing. 100' cement plug at the top of 8 5/8" casing. Rig skid move well 10' and rename HSB FED 42-04X.

**Accepted by the  
Utah Division of  
Oil, Gas and Mining**

Date: September 05, 2012

By: *Derek Quist*

NAME (PLEASE PRINT) Jill Henrie	PHONE NUMBER 435 789-0414	TITLE Administravtive Assistant
SIGNATURE N/A	DATE 9/5/2012	

**Sundry Number: 29695 API Well Number: 43047517920000**



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices**

**Sundry Conditions of Approval Well Number 43047517920000**

**Work already completed. Separate APD will need to be approved for skidded well.**

**RECEIVED: Sep. 05, 2012**

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  OTHER \_\_\_\_\_

b. TYPE OF WORK: NEW WELL  HORIZ. LATS.  DEEP-EN  RE-ENTRY  DIFF. RESVR.  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Rosewood Resources, Inc.

3. ADDRESS OF OPERATOR: P.O. Box 1668 CITY Vernal STATE UT ZIP 84078  
PHONE NUMBER: (435) 789-0414

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: 2047' FNL 665' FEL  
AT TOP PRODUCING INTERVAL REPORTED BELOW:  
AT TOTAL DEPTH:

5. LEASE DESIGNATION AND SERIAL NUMBER:  
UTU-46469

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:  
HSB FED 42-04

9. API NUMBER:  
4304751792

10. FIELD AND POOL, OR WILDCAT  
Horseshoe Bend

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
SENE 4 7S 21E S

12. COUNTY  
Uintah

13. STATE  
UTAH

14. DATE SPUNDED: ~~8/25/2012~~ 7/25/2012  
15. DATE T.D. REACHED: 8/19/2012  
16. DATE COMPLETED: 8/19/2012  
ABANDONED  READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):  
5965 Ungraded GL

18. TOTAL DEPTH: MD 1,000  
TVD

19. PLUG BACK T.D.: MD  
TVD

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE MD  
PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)  
Mud Log, CBL and Casing inspection log.

23. WAS WELL CORED? NO  YES  (Submit analysis)  
WAS DST RUN? NO  YES  (Submit report)  
DIRECTIONAL SURVEY? NO  YES  (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12.25	8.625 J-55	24#	0	1,000	1	G 469	40	Surface	0

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

27. PERFORATION RECORD

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

- ELECTRICAL/MECHANICAL LOGS
- SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION
- GEOLOGIC REPORT
- CORE ANALYSIS
- DST REPORT
- OTHER: \_\_\_\_\_
- DIRECTIONAL SURVEY

30. WELL STATUS:

**RECEIVED**

SEP 05 2012

DIV. OF OIL, GAS & MINING

11. INITIAL PRODUCTION

INTERVAL A (All shown in Item 22)

DATE FIRST PRODUCED		TEST DATE		HOURS TESTED		TEST PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	PROD METHOD
CHOKER SIZE	TUG PRESS	CEG PRESS	WELL IDENTITY	BTU - GAS	GAS/HL RATIO	CHOKER PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	INTERVAL STATUS

INTERVAL B (All shown in Item 22)

DATE FIRST PRODUCED		TEST DATE		HOURS TESTED		TEST PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	PROD METHOD
CHOKER SIZE	TUG PRESS	CEG PRESS	WELL IDENTITY	BTU - GAS	GAS/HL RATIO	CHOKER PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	INTERVAL STATUS

INTERVAL C (All shown in Item 22)

DATE FIRST PRODUCED		TEST DATE		HOURS TESTED		TEST PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	PROD METHOD
CHOKER SIZE	TUG PRESS	CEG PRESS	WELL IDENTITY	BTU - GAS	GAS/HL RATIO	CHOKER PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	INTERVAL STATUS

INTERVAL D (All shown in Item 22)

DATE FIRST PRODUCED		TEST DATE		HOURS TESTED		TEST PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	PROD METHOD
CHOKER SIZE	TUG PRESS	CEG PRESS	WELL IDENTITY	BTU - GAS	GAS/HL RATIO	CHOKER PRODUCTION RATES →	Oil - GGL	GAS - MCF	WATER - BBL	INTERVAL STATUS

12. DISPOSITION OF GAS (Flow, Used for Fuel, Vented, etc.)

13. SUMMARY OF POROUS ZONES (Include Equivalents)

Show or indicate zones of porosity and describe relative depths (intervals) of all formations including down hole level, perforation level, and well case string and shoe pressure and recovery.

14. FORMATION LOG NUMBER:

Formation	Top (ME)	Bottom (ME)	Description, Contents, etc.	Notes	Top Interval (feet)

15. ADDITIONAL COMMENTS (Include plugging operations)

Please see attached log reports

16. I hereby certify that the foregoing and attached information is complete and correct as indicated based on all available records.

NAME PLEASE PRINT: Jim Henrie

TITLE: Administrative Assistant

SIGNATURE: *Jim Henrie*

DATE: 8/5/2012

This report must be submitted within 30 days of

- completing or plugging a new well
- casing horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as cone samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations

\* ITEM 24: Cement Top - Show how reported tops of cement were determined (p-logged (PL), calculated (CAL), cement bond log (CBL), temperature survey (TS))

Send to: Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1213  
Box 345801  
Salt Lake City, Utah 84114-5801

Phone: 801 538 8343  
Fax: 801 358 3543



















**ROSEWOOD RESOURCES, INC**  
**DAILY DRILLING REPORT**

Days from Spud <b>9</b>	Lease and Well No. <b>HSB FED 42-04</b>	Prospect/Field <b>HORSESHOE BEND</b>	Date <b>7 Aug 2012</b>
MD <b>996' KB</b>	TVD <b>996' KB</b>	Progress <b>8,600'</b>	Planned TD <b>8,600'</b>
Daily Cost <b>\$43,898</b>		Cumulative Cost <b>\$279,112</b>	
GROSS AFE <b>\$1,863,200</b>		REM AFE <b>\$1,584,088</b>	
County/Parish <b>UINTAH</b>	State <b>UTAH</b>	Rig <b>Ensign Rig 146</b>	Drilling Supervisor <b>Tom Roelfs</b>
Present Operation <b>Waiting on Ensign Rig #146</b>			AFE Days (Dry Hole) <b>10 Days Drlg</b>
			AFE No.

Time Log			
From	To	Hrs	
0700	1900	12	MIRU Ensign Rig 146
1900	0330	8.5	Test BOP; Repair leaks on crossover & Kill Line; CASING DID NOT TEST
0330	0600	2.5	Rig Repair
			BOP TEST; lower kelly valve 250low 3000high; upper kelly 250low 3000high; safety valve 250low 3000high; dart valve 250low 3000high; pipe rams inside valves 250low 3000high; pipe rams HCR outside kill line valve 250low 3000high; pipe rams choke valve upright gauge valve & inside manifold valve 250low 3000high; annular 250low 1500high; blind rams choke line manifold valves 250low 3000high; SURFACE CASING DID NOT TEST

MUD REPORT												
GELS				FLUID LOSS				SOLIDS	WATER	OIL	OW	SAND
MW	VIS	PV	YP	INITIAL	10 MIN	API	HPHT	%	%	%	%	%
MBT	CAKE	PH	PM	PF	MF	CL	ES	ECD	Daily Mud Cost		Cumulative	

BIT REPORT												
BIT #	SIZE	MGF	TYPE	SERIAL NUMBER	JETS	DEPTH IN	OUT	FOOTAGE	HOURS	WOB	RPM	ROP
1	12.25"					0'	600'	600'	11.5			52 FPH
2	12.25"					600'	1,000'	400'	16.5			24 FPH

BIT CONDITION	T	B	G	COMMENTS
---------------	---	---	---	----------

PUMP REPORT										
PUMP #	MODEL	LINER SIZE	PRESSURE			ANNULAR VELOCITY		DC OD	DP OD	HOLE
			SPM	GPM	PSI	DC	DP			

BOTTOMHOLE ASSEMBLY	
TOTAL LENGTH	BHA DESCRIPTION

MUD MOTOR HOURS	HOURS ON JARS	BOP MAKE & TYPE	BOP TEST DATE & PRESSURE
-----------------	---------------	-----------------	--------------------------

CASING RECORD					DEVIATION RECORD			KILL RATE			
SIZE	PROPOSED	ACTUAL	GAS	UNITS	DEPTH	Ft.	DEPTH	INCL	AZ	PUMP 1	PUMP 2
14"	10'	12' GL	BGG		TORQUE	FT/LBS				SPM	PSI
8 5/8"	1,000'	983' GL	CG		PICK UP	50#					
			STG		ROT WT	24#					
			TG		SLACK OFF	M#					
			MAX								

**RIG PHONE NO.**  
**307 277-6645**









