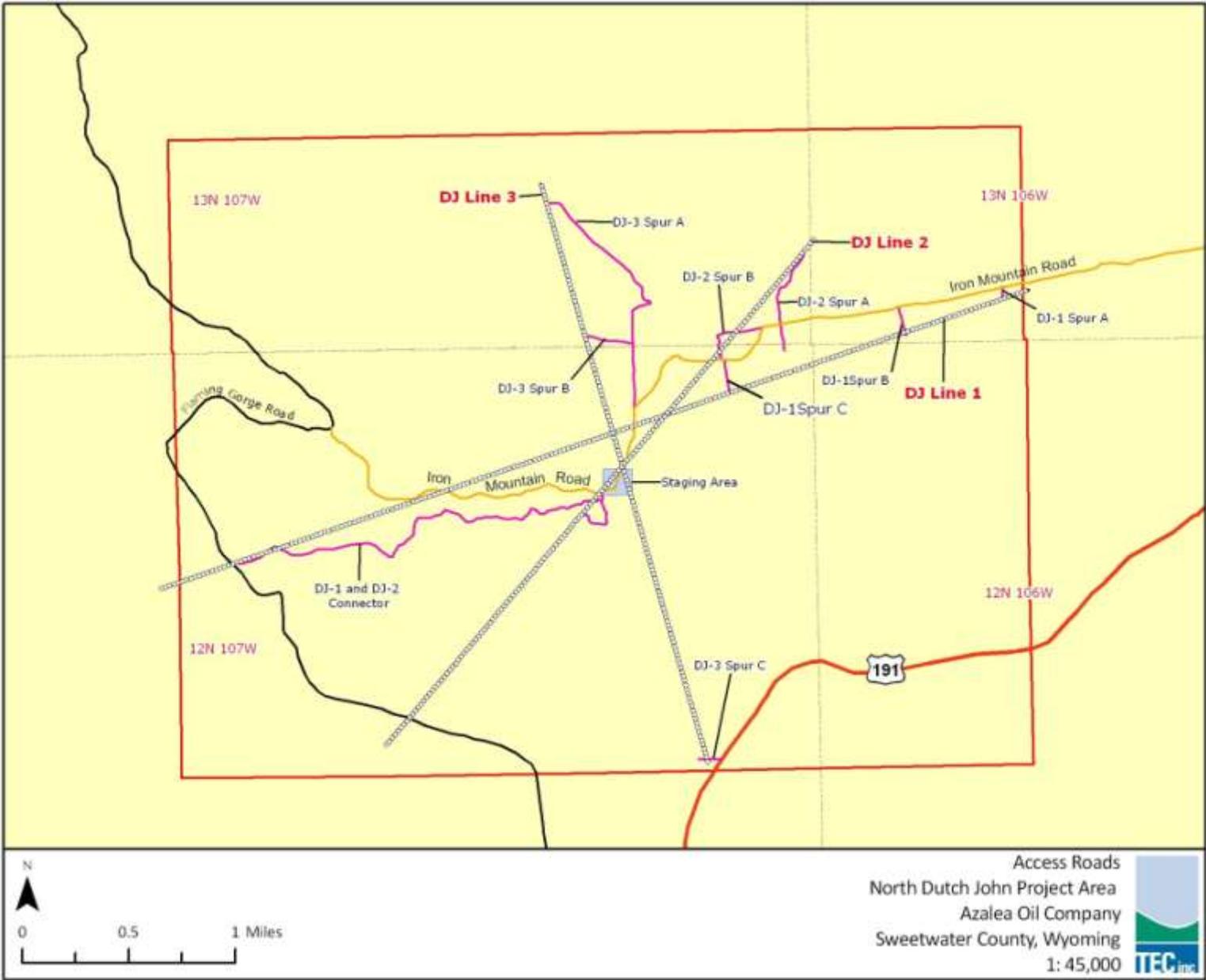


TRANSPORTATION AND OPERATIONS PLAN FOR THE NORTH DUTCH JOHN 2D SEISMIC PROJECT, T12N, R106-107 W, SWEETWATER COUNTY, WYOMING

Azalea Oil Company (Azalea) proposes to conduct geophysical operations consisting of a 2D seismic survey for oil and gas resources on lands within the Bureau of Land Management (BLM) Rock Springs Field Office (RSFO) during July and August 2010. The project is anticipated to take place over 27 working days, and has been scheduled in order to avoid a conflict with deer and elk hunting season which begins September 1. The survey would consist of three seismic traverses (lines) totaling 10.5 linear miles. Each traverse is independent of the others and data recording would occur on one traverse at a time. The survey would be conducted in Sweetwater County, Wyoming in sections 1, 2, 3, 10, 11, 12, T12N-R107W; section 6, T12N-R106W; sections 35 and 36, T13N-107W; and section 31, T13N-R106W.

A 2D seismic survey is a method in which receivers and shot points occupy some of the same positions on a linear traverse. This survey would consist of receiver stations (geophones) every 110 feet and source locations (shot points) every 440 feet; as such, there would be four times as many receiver stations as shot points. A 2D seismic survey requires that the traverses be as straight as possible in order to deliver an accurate image of the subsurface. A 2D seismic survey requires less time and less equipment than 3D seismic surveys but yields less subsurface data.

No permanent facilities are proposed for this project. This project would involve three distinct phases: surveying of shot and receiver locations; drilling and loading of shot holes; and laying out of receivers and recording data. The total length of time that seismic activities would occur at the site is expected to be less than 4 weeks, although this timeframe may not be continuous (i.e., there may be days of inactivity between project phases). Locations of the seismic lines have been sited in a manner that maximizes the use of existing roads and two-tracks for access as much as possible (see Figures 1 and 2). The first phase, surveying locations of shot and receiver locations, and the third phase, laying out equipment and recording, would not involve any cross country vehicle travel (any activities outside of existing roads and trails would be done on foot). The second phase, drilling and loading shot holes, would involve the use of the buggy drill. The buggy drill is the only vehicle that would travel off existing roads, and any off road travel would be minimized to the extent feasible. The buggy drill would avoid travel on slopes over 10 degrees, and setback distances from sensitive resources would be employed to avoid driving the buggy drill in those areas (Table 1 and Figure 2). In addition, surveys for biological (i.e., sensitive plants and wildlife) and cultural resources will be completed prior to seismic operations, and identified resources would be avoided per BLM standards.



Sensitive Resource	Setback Distance
Springs	1,320 feet (1/4 mile)
Riparian Areas	500 feet
Streams	100 feet
Archeological Sites	100 feet
Slopes greater than 25%	Drilling not allowed
State and County Road ROW	100 feet

Table 1: Shot hole setbacks

Land surveyors would flag the locations for the shot points and receivers. The surveyors would drive to the field in two light trucks, and these trucks would only be driven on existing roads and two tracks. The survey would be performed entirely on foot in order to minimize impacts to vegetation, soils, and other sensitive resources (e.g., riparian areas). The surveyors would use GPS coordinates to mark each shot and receiver location with a pin flag. Approximately 500 points located along 10.5 miles of traverse would be surveyed. The surveyors would also flag any sensitive resource setbacks (e.g., cultural sites, seeps, etc.) and associated route modifications. Land surveying would take approximately 3 days.

The seismic survey would consist of 125 total shot holes located on three linear traverses. These holes would be drilled by a buggy-mounted drill in order to minimize the impact on soils and vegetation in the area. The buggy drill (Figure 3) would be transported to the area on a trailer and offloaded. The drill has a gross vehicle weight (GVW) of 10,000 pounds and a ground load of 4.2 pounds per square inch (PSI). This is similar in size and weight to a Skidsteer or Bobcat loader but with wider tires to distribute the weight over a larger surface. The buggy drill would utilize “smooth tread” tires, which would be approved by BLM prior to use, in order to minimize potential disturbance to vegetation and soils. The drill is articulated for maneuverability. The buggy drill would be driven along existing roads to points where the seismic lines intersect those roads in order to minimize cross country travel. The buggy drill would then follow the seismic line traverses to designated shot point locations. No holes would be drilled (and the buggy drill would not travel) on slopes over 10 degrees or within the prescribed distances from sensitive resources per the standard offset requirements. In addition, areas of heavy vegetation (e.g., juniper), where it is not practical to drill would also be avoided. No juniper trees would be cut and mountain mahogany also would be avoided.



Figure 3- Buggy drill

Each shot hole would be drilled to a maximum depth of 50 feet using compressed air and the bottom 7 feet of the hole would be loaded with 10 pounds of Seisgel explosive (Figure 4). Seisgel is a very stable plastic explosive specially formulated and packaged for the seismic industry. The explosives would be transported to the site by a licensed contractor and stored in a secure magazine, with daily accounting to ensure that no explosives are removed from the project area. Regulations of the Bureau of Alcohol, Tobacco, and Firearms regarding explosives would be followed. All shot holes would then be backfilled and plugged in accordance with State of Wyoming rules. Each shot hole would be backfilled with drill cuttings and the top 3 feet plugged with bentonite and capped by a plastic identification plug. Excess drill cuttings would be scattered on site. The buggy drill would course along the seismic traverse consecutively from one shot hole location to the next, continuing until it either drills all designated locations or encounters steep topography or other sensitive areas described previously. At this point, the drill would backtrack to the nearest existing road and drive to the next consecutive point where an existing road crosses a seismic traverse. A maximum of two trips would be made by the drill along each seismic traverse. No location on a seismic traverse is more than 0.5 miles from an existing road, which would minimize the amount of cross country travel. Once drilling is completed, the buggy drill would then be loaded back onto the trailer and would leave the area. The explosives magazine would also be removed at this time. Drilling and loading of the holes is projected to take 14 days. Operations would occur 7 days per week during daylight hours.

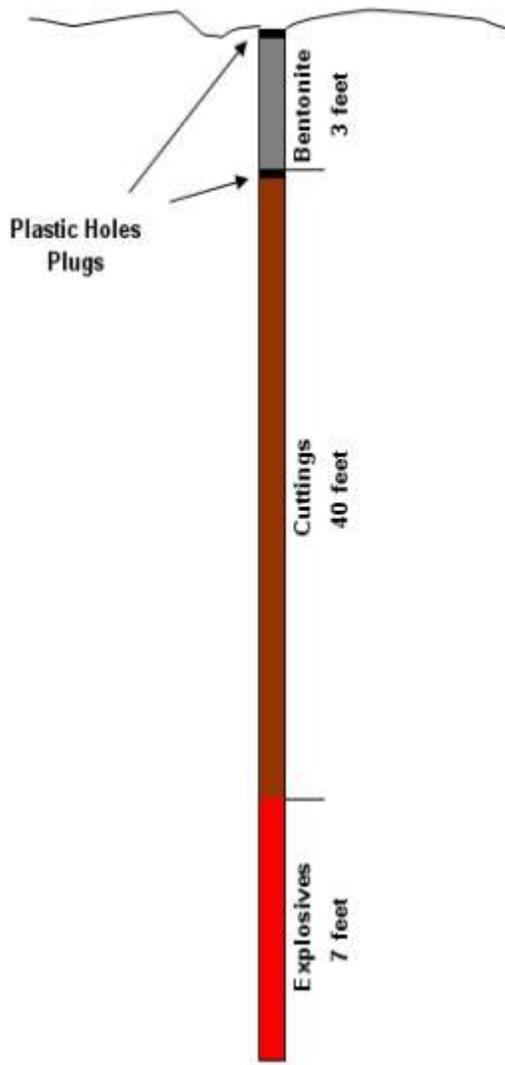


Figure 4 – Shot hole schematic

The seismic recording crew would use five light trucks and trailers to move equipment to the staging area. In addition, another light truck would transport the recording instruments to the staging area and remain there throughout the project. Only existing roads would be used. The proposed staging area may be reached by following U.S. 191 to County Road 33 (CR 33) (also known as Flaming Gorge Road), turning east on Iron Mountain Road which intersects CR 33 in Section 3, T12N, R107W for approximately 1.5 miles to the staging area (see Figure 1). The proposed staging area is centrally located near the intersection of the three proposed seismic lines, has direct road access, and is of sufficient size to accommodate project staging requirements and would not require expansion. The staging area comprises approximately 4 acres at the site of a former test well that was graded and leveled in 1965. The seismic recording truck would be positioned in the staging area and would record the entire program from this site.

The recording crew would consist of 20 people who would be lodged in Rock Springs and transported approximately 50 miles to the job site each day following a morning safety meeting. The crew would use light trucks to place geophones, recording cable, and recording boxes at points where the seismic traverses intersect existing roads. The geophones (Figure 5) and recording

boxes would then be moved to the surveyed receiver positions along the seismic traverse on foot. Six geophones would be placed on the ground 3 feet apart, centered at each receiver location. Recording boxes containing electronics and a battery (approximately the size of a lunchbox) would be placed at every sixth receiver location. The receivers are connected to each other and to the recording truck by a wire about the size of a heavy duty extension cord.



Figure 5 - Geophone, spike is driven into ground to hold in place

Before detonation, safety measures and procedures would be implemented to ensure the safety of all field personnel. Under direction from the seismic observer stationed in the recording truck, the shots would be discharged one at a time and the seismic echoes recorded. The impulse from the shot force would not be heard or felt more than 300 feet from the shot point and no effects of the shot would be evident on the surface. The recording would start when sufficient geophones are placed along any traverse. The layout and recording would proceed simultaneously, but in different portions of the project area. After recording is complete in a given area, the layout crew would make another trip along the traverse to recover the geophones, recording boxes, and survey pin flags. This would occur simultaneously with recording of shots in other areas. Recording operations are projected to take 10 days. Operations would occur 7 days per week during daylight hours.

Reclamation activities would occur simultaneously with the completion of recording operations. All pin flags, flagging, and trash would be collected as the project progresses. Reclamation measures would be undertaken as soon as possible to restore areas to as close to their original condition as possible. Reclamation of the staging area would include planting of certified weed-free, native plant seeds as directed by the authorized BLM official. If rutting of roads or two-tracks occurs, repairs would be made prior to the crew leaving the area. Damage to roads and trails would be documented and reported to BLM. A final inspection would be conducted

following project completion. Failure of crew personnel to follow these and other plan or action commitments would be grounds for immediate dismissal.

Safety

Keeping project personnel and the public safe is a primary concern to Azalea. All contractors must adhere to Azalea's Emergency Response Plan (ERP) and health and safety policies. Daily safety meetings would be held with all project personnel prior to the start of work each day. All workers would be made aware of evacuation routes, hazards, and emergency contacts. Any accidents, incidents (including fuel or oil spills), or near misses are required to be reported to the project supervisor immediately. In the event of an emergency, the ERP would be initiated.

As described above, explosives would be transported to the site by a licensed contractor and stored in a secure magazine, with documented daily accounting to ensure that no explosives would be removed from the project area.

The drillers and seismic recording crew would be trained in firefighting techniques. Smoking would only be allowed inside crew vehicles, and cigarettes would be extinguished and disposed of inside of the vehicles (i.e., cigarettes are prohibited from being discarded on the ground). No fires would be allowed. All vehicles would be equipped with fire extinguishers, shovels, and first aid kits. No firearms of any kind would be permitted on the jobsite.

Restrictions

All operations would cease if the ground is wet enough to cause rutting 3 inches deep or severe compaction.

Buggy drills would avoid driving on the same route twice along the traverses to minimize rutting and compaction.

The shot hole drilling and seismic recording are scheduled to avoid big game hunting seasons. Drilling and recording is proposed during July and/or August 2010.

All fencing and gates that are crossed would be returned to their original condition.

Appropriate setbacks would be observed for any sensitive resources (i.e., cultural sites, sensitive plants, habitat, etc.) identified in the cultural and biological surveys. Setbacks would also be observed around streams, springs, riparian areas, and other water sources. No juniper trees would be cut and mountain mahogany would be avoided.

Smoking would only be allowed inside crew vehicles. No other fires would be allowed.

No firearms of any kind would be permitted on the jobsite.

HOLDERS of grazing leases would be consulted in order to coordinate the movement of cattle during drilling and recording.

Land Ownership

Of the 10.5 miles of seismic line proposed, 10 miles would be on U.S. owned surface and 0.5 mile would be on State of Wyoming surface. No private land would be crossed.

Sweetwater County Road 33 would be crossed by two seismic lines. Applicable permits would be acquired from Sweetwater County. No other maintained roads would be crossed.

All lands to be crossed are currently leased for grazing.

Azalea Oil Company owns 100% interest in oil and gas leases under sections 1, 2, 3, 10, & 11 T12N-R107W. Approximately 7.5 miles of the 10.5 mile seismic program (71%) would be acquired on these leases.

Attachments

Fire Response Plan

Emergency Response Plan