

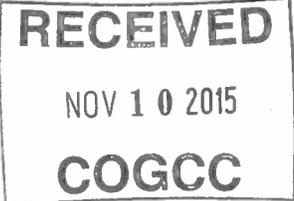


United States Department of the Interior

BUREAU OF LAND MANAGEMENT
White River Field Office
220 East Market Street
Meeker, CO 81641



OCT 22 2015



In Reply Refer To:
3160 (LLCON05000)
Lease: COC1727
Well: Federal #4-24 (API #05-081-06741)

Certified Mail - Return Receipt Requested
9171 9690 0935 0105 7023 56

Mustang Resources LLC
1660 Lincoln Street, Suite 1450
Denver, CO 80264

NOTICE OF ORDERS OF THE BLM AUTHORIZED OFFICER

Mr. Chuck Dobie,

The White River Field Office recently conducted a review of idle wells within the field office area. According to the Energy Policy Act of 2005, the Federal #4-24 (API #05-081-06741) is considered idle.

Corrective Action: Mustang Resources Inc. must complete one of the following options:

- (a) Produce the well and notify the BLM by sundry (Form 3160-5).
- (b) Prove the well is capable of producing in paying quantities by submitting an up-to-date MIT and well test in accordance with the requirements of this office. We must be notified 48 hours in advance of well testing to afford us an opportunity to observe. The production test must be run for a minimum of 48 consecutive hours after the well has been cleaned up and a stabilized flow rate achieved. Results should be recorded with a chart for analysis. Using the stable rate sustained during testing and a reasonable gas price for the area, revenues should be calculated and lease minimum royalties and day-to-day operating expenses subtracted from revenues. Assume operating expenses, but provide a breakdown of your economic analysis for our review. All information should be submitted with a Subsequent Sundry Notice so we can evaluate the justification. If the well is not capable of production in paying quantities, you may be ordered to plug the well.
- (c) Submit a Notice of Intent sundry with procedure to permanently plug the well.

In accordance with 43 CFR 3163.1(a), you must comply with the corrective action stated above no later than February 1, 2016. If you fail to comply within the time frame specified, you will be subject to further enforcement action as may be deemed necessary.

WARNING

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains or submits false, inaccurate or misleading reports, notices, affidavits, records, data or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3156.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

If you have questions regarding this notice, please contact Sean Simpson at 970-878-3846.

Sincerely,

A handwritten signature in black ink, appearing to read "Ester McCullough". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Ester McCullough
Associate Field Manager

cc: Well, lease file