



Shell Exploration & Production

Shell Frontier Oil & Gas Inc.
P. O. Box 478
Meeker, CO 81641

UPS Tracking #: 1Z 6Y5 826 03 9888 3456

October 16, 2012

Division of Reclamation, Mining & Safety
Department of Natural Resources
1313 Sherman Street – Room 215
Denver, CO 80203-2243

Attn: Gentlemen

SUBJECT: ANNUAL PROSPECTING NOI REPORT – P-2009-013
MAHOGANY RESEARCH PROJECT
HORSE DRAW MINE RE-ENTRY AND SAMPLING
RIO BLANCO COUNTY, COLORADO

RECEIVED

OCT 24 2012
GRAND JUNCTION FIELD OFFICE
DIVISION OF
RECLAMATION MINING & SAFETY

Shell Frontier Oil & Gas Inc (SFOGI) hereby submits the 2012 Annual Report for the Horse Draw Mine Re-Entry Project, NOI #P-2009-013. (Note: The fees for this prospecting report will be sent in a separate correspondence).

The information required by Rule 5.6 is contained in the attached report. Included in this correspondence is a cover letter, DRMS Annual Report Form Request, an Annual Report worksheet containing all of the information required by Rule 5.6 and the DRMS Annual Report Form Questionnaire, location and site maps, and an updated financial warranty summary. Supporting calculations for the financial warranty summary can be provided upon request. SFOGI's statewide Prospecting Bond applicable to this NOI remains in place and is more than adequate to cover these updated warranty estimates.

A duplicate copy of this submittal has been included to accommodate the Division's electronic filing process.

If you have any questions or need additional information regarding this report, please contact Patti Merriam at 970-675-6307.

Sincerely,

Greg L. Larsen
Operations Manager, WY/CO

Enclosures

CC: Division of Reclamation, Mining & Safety (1Z 6Y5 826 03 9905 4242)
Department of Natural Resources
Attn: Travis Marshall (2 Copies)
Grand Junction Field Office
101 South 3rd Street, Suite 301
Grand Junction, CO 81501-2416

bcc: (electronic distribution via email w/o enclosures)
Dave Montague
Luis Hernandez

bcc: (hard copy with enclosures)
Jeff Stevenson (Houston files)
Tom Gillis (Denver files)

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



September 26, 2012

Gregory S. Monson
Shell Frontier Oil and Gas
3333 Highway 6 South, MI074A
Houston, TX 77082-3101

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

Horse Draw Mine, Permit P-2009-013, Annual Fee Invoice and Report Request

PLEASE READ CAREFULLY – ACTION REQUIRED

Please attach your COMPLETED written Annual Report and Annual Report Map to this form

Under the terms of your NOI and Colorado Statutes, you must submit Annual Fees and Annual Reports (including a map). You must pay the Annual Fee and submit an Annual Report each year until reclamation responsibility release is granted. The Annual Fee is not a renewal fee. The Fee and Report are for LAST YEAR'S exploration and reclamation season, and MUST be paid even if your operation was inactive.

The Annual Report and Fee requirement will be considered submitted when we have received the following components:

1. ANNUAL FEE (\$86)
2. COMPLETED ANNUAL REPORT
3. ASSOCIATED MAP as required by rule

If you have requested reclamation responsibility release from the Division of Reclamation, Mining and Safety ("Division") but your permit is not released by the anniversary date listed below, the Annual Fee MUST be paid. If the permit is released before the anniversary date, then by Statute, it is not necessary to pay an Annual Fee or submit an Annual Report for that year. Division records indicate the \$86.00 fee is due for the following NOI(s) on or before the Anniversary Date:

Permit: P-2009-013
Operation Name: Horse Draw Mine
Anniversary Date: October 21, 2012

Return the enclosed Annual Report FORM, a MAP, and a CHECK or MONEY ORDER made payable to: Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. If your records indicate these documents and fees have already been submitted, please notify the Division.

If you have additional comments and/or information that should be provided to the Division, please attach it to this form along with your written report and map. Annual Report instructions are enclosed. If you have any questions, please feel free to contact Jim Dupler (303)866-3567 x8119 or Christine Brookshire (303)866-3567 x8132. Thank you for your cooperation in this matter.

IF THE COMPLETE ANNUAL FEE SUBMITTALS ARE NOT RECEIVED ON OR BEFORE YOUR ANNIVERSARY DATE, THE ENFORCEMENT PROCESS WILL AUTOMATICALLY BE INITIATED. ENFORCEMENT ACTIONS WILL RESULT IN CIVIL PENALTIES AND POSSIBLE REVOCATION OF YOUR PERMIT. PER RULE 5.6(2) FAILURE TO SUBMIT AN ANNUAL REPORT FOR TWO CONSECUTIVE YEARS SHALL CONSTITUTE EVIDENCE OF ABANDONMENT OF PROSPECTING.

MP Annual Report

Permittee Name:	Shell Frontier Oil and Gas	Permit Number:	P-2009-013
Operation Name:	Horse Draw Mine	County:	Rio Blanco
Annual Fee Due:	\$86.00	Anniversary Date:	October 21, 2012
Permit Acreage:	7.61	Current Bond Amt:	\$56,684.00

According to Colorado Statute, each year, on the anniversary date of the permit, an operator shall submit the Annual Fee, an Annual Report and Map showing the extent of current disturbances to affected land, required monitoring information, reclamation accomplished to date and during the preceding year, any new disturbance that is anticipated to occur during the upcoming year, any reclamation that will be performed during the upcoming year, the dates for the beginning of active operations, and the date active operations ceased for the year.

Information contained in this report is required and will be reviewed by the Division upon receipt and prior to the next compliance inspection of the site. If, while completing this report, you learn that your site is not in compliance with the rules and the act, it is advisable that the issues be rectified promptly to avoid possible enforcement action.

** FOR Response to Questions 1-20 Please Refer to Annual Report*

1. Is the affected area boundary clearly marked if you have an excavation or portal? YES NO

NOI Worksheet.

2. Is the site in final reclamation? YES NO
If "YES," please note time limits related to completion of reclamation, Rule 3.1.3.

3. What was the date of last exploration activity? _____

4. What date did prospecting activity end, or what date is it expected to end? Rule 5.6.1(e). _____

5. Number of acres currently affected (exploration+ incomplete reclamation). _____

6. Number of acres that were newly affected during the current report year. _____

7. Number of acres that were reclaimed during the current report year. _____

8. Estimated new acreage to be affected in the next report year. _____

9. Estimated acres to be reclaimed in the next report year. _____

10. Total acres in various stages of reclamation, since permitted exploration activities began:

Total acres backfilled:		Total acres seeded w/ approved mix:		Total acres w/topsoil replaced:		Total acres mulched w/ approved mulch:	
Total acres graded:		Total acres fertilized w/ apvd fertilizer:		Topsoil replacement depth (in.):		Mulch application rate (tons/ac):	
Seed application method:		Fertilizer application method:		Mulch application method:			

11. Is weed control being conducted in accordance with an approved Weed Control Plan? YES NO N/A
If "YES", indicate the weed species, control area, control type, application rate and treatment date on the report map.

12. Is adequate topsoil reserved for reclamation, based on your approved NOI? YES NO N/A
If "NO", please explain:

13. Is the reserved topsoil vegetated/stabilized in accordance with Rule 3.1.9(1)? YES NO N/A
If "NO" please explain:
14. If exploration has exposed groundwater, is the site in compliance with the approved mining plan and Office of the State Engineer (Well Permit, S.W.S.P., and/or Permanent Augmentation Plan)? YES NO N/A
15. Are all hazardous materials stored within approved spill containment structures? YES NO N/A
16. Does your NOI reclamation plan or Environmental Protection Plan require you to submit monitoring information annually? YES NO N/A

If "Yes", please attach the required monitoring results to this Annual Report as required by Rule 1.15(1)(c).

17. As required by Rule 5.6(1)(g) submit with this report documentation to show that the Financial Warranty is still in place and is adequate to fully reclaim the approved prospecting site disturbance(s).

FINANCIAL WARRANTY DOCUMENTATION ATTACHED: _____

18. Please use the space below to describe as required by Rule 5.6(1)(c) any new prospecting activity that occurred during the preceding year, including the locations and number of new surface drill holes, mud pits, excavations, rock dumps, adits, shafts, trenches, pits, roads and structures. If applicable, you must also describe the measures taken to safeguard shafts, adits and other mine openings from unauthorized entry both during and after prospecting. Additional pages should be attached if needed.

19. As required by rule 5.6.1(f), attach a map to this report that accurately depicts the NOI boundary, current affected area, location of all previously listed featured, and all acreages listed in items 6 through 12 and item 20. These activities must be identified on a site map of adequate scale to field locate these areas, and may include coordinates in latitude and longitude to at least 5 decimal places, or UTM coordinates with the datum and zone specified.

UPDATED MAP ATTACHED: _____

20. Rule 5.7 requires submittal of final abandonment reports within 60 days for any drill hole(s) with artesian flows and no later than 12 months for all other completed drill holes.

ABANDONMENT REPORTS ATTACHED: _____ or.. N/A

Division records indicate the following permittee/landowner contact information. If this information is not current, please type or print current contact information: Rule 5.6.1(a, b).

Permittee Contact:	Gregory S. Monsen Jeff Sterenson	
Permittee Company:	Shell Frontier Oil and Gas	
Address:	3737 Bellaire Blvd. (BTC 4024) Houston, TX 77025	Shell Technology Center-Houston-M1074 A 3333 Highway 6 South Houston, TX 77082-3101
Phone Number:	(713) 245-7732	281-544-7990
Fax Number:	(713) 245-8299	281-544-9303
Email Address:	CF.PR.email	Jeff.Stevenson@Shell.com

Landowner Contact:	BLM white River Field office	
Landowner Address:	220 East Market St. Meeker, CO 81641	
Landowner Phone Number:	970-878-3800	
Landowner Email		

I, the undersigned, hereby state that the information provided in this report is true and accurate, and that site operations are being conducted in accordance with the Division approved NOI and reclamation plans. Rule 5.6.1(h).


Signature of Permittee, Corporate Officer, Owner, or Documented Designee

Greg Larsen, Operations Manager CO/WY

Oct. 16, 2012
Date



Shell Frontier Oil & Gas Inc.
Annual Report - CDRMS Prospecting Notice of Intent (NOI)

Report Year: 2013
NOI Number: P-2009-013

NOI Anniversary Date: October 21, 2009
Prospecting Project Name: Horse Draw Mine Re-entry and Sampling

PROSPECTOR INFORMATION

Prospector: Shell Frontier Oil & Gas Inc. (SFOGI)
Address: Shell Technology Center - Houston, M1074A
3333 Highway 6 South
Houston, TX 77062-3101
Telephone: 281-544-7990
Fax: 713-454-3197
Contact Person: Jeffrey Stevenson
email: jeff.stevenson@shell.com

SURFACE LANDOWNER INFORMATION

Landowner: Bureau of Land Management
Address: White River Field Office
220 East Market Street
Meeker, CO 81641
Telephone: 970-878-3800

DESCRIPTION OF ACTIVITIES

Pad 107-9-298

All UTM Coordinates are NAD 1927, Z12

SITE NAME / NO.	TYPE	UTM NORTHING (m)	UTM EASTING (m)	DATE OF LAST PROSPECTING ACTIVITY	RECLAMATION & WEED MANAGEMENT ACTIVITIES
Horse Draw Mine	Vertical mine shaft	4423464.000	729671.000	Mine re-entry & sampling activities not yet underway	Project activities not underway. Noxious weed monitoring and control on portions of existing mine site and access road.
Is site in final reclamation?				na	
Is weed control being conducted in accordance with an approved weed management plan?				na	
Describe any new prospecting activity that occurred during the preceding year (from anniversary date):				None	

AFFECTED AREA BOUNDARY

Are the area boundaries clearly marked? Edge of existing Horse Draw Mine disturbed area is visible and follows affected area boundaries.

DATE PROSPECTING ACTIVITY HAS ENDED OR WILL END

Date: December 31, 2022

ACREAGES

Number of acres currently affected:	0.00	
Number of acres newly affected during current report year:	0.00	
Number of acres reclaimed during current report year:	0.00	
Estimated no. new acres to be affected in next report year:	0.00	
Estimated no. new acres to be reclaimed in next report year:	0.00	
Total acres in various stages of reclamation, since permitted prospecting activities began:		
Total acres backfilled:	0.00	Total acres regraded: 0.00
Total acres with topsoil replaced:	0.00	Topsoil replacement depth: na
Total acres seeded with approved mix:	0.00	Seed application method: na
Total acres fertilized with approved fertilizer:	0.00	Fertilizer application method: na
Total acres mulched with approved mulch:	0.00	Mulch application method: Curlex
		Mulch application rate: NA (Curlex blanket)

TOPSOIL MANAGEMENT

Is adequate topsoil reserved for reclamation, based on the approved NOI? NA (site within existing disturbed area - no soil removal required)
Is the reserved topsoil vegetated/stabilized in accordance with Rule 3.1.9(1)? NA (site within existing disturbed area - no soil stockpiling required)

OFFICE OF STATE ENGINEER (OSE)

If prospecting has exposed ground water, is the site in compliance with the approved NOI and the requirements of the Office of the State Engineer (OSE)? NA (no groundwater exposed during prospecting)

HAZARDOUS MATERIALS

Are all hazardous materials stored within approved spill containment structures? na

MONITORING INFORMATION

Does the NOI reclamation plan or Environmental Protection Plan (EPP) require that monitoring information be submitted annually? No

FINANCIAL WARRANTY

Bond instrument: Travelers Casualty & Surety Company of America Statewide Prospecting Bond No. 104806644
Current bond amount: See attached Financial Warranty Cost Summary for current estimated reclamation cost.

UPDATED MAPS

Location map: See attached map entitled "Location Map - Horse Draw Mine - DRMS NOI #P-2009-013" for the location of the mine site.
Site maps: See attached mine site map entitled "Horse Draw Mine - Proposed Equipment Layout" for location of project-related facilities and disturbances..

ABANDONMENT REPORTS

Have Abandonment Reports been submitted in accordance with Rule 5.7? na - no boreholes

SIGNATURE / DATE

Prospector: 
Greg Larsen, Operations Manager COWY

Date: Oct. 16, 2012

HORSE DRAW MINE LOCATION MAP

Report year: 2012

Approved seed mix:

BLM native mix #2 (1997 RMP) with Needle and thread substituted for Green needlegrass and Fourwing saltbush added.

Status of site for DRMS and BLM Annual Reports:

Project activities not underway.

2012 Weed Control Work:

Kochia, Halogeton.

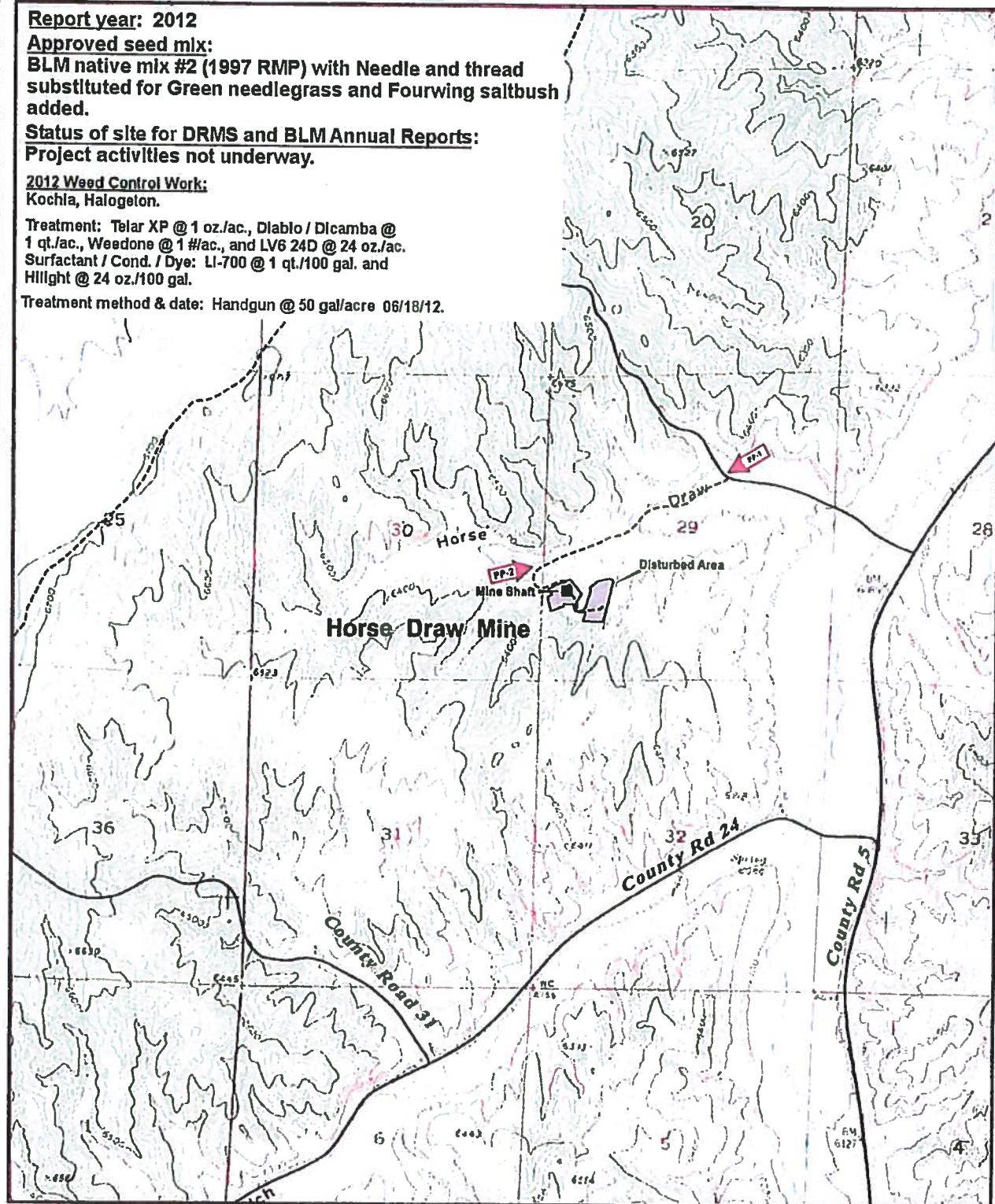
Treatment: Telar XP @ 1 oz./ac., Diablo / Dicamba @

1 qt./ac., Weedone @ 1 #/ac., and LV6 24D @ 24 oz./ac.

Surfactant / Cond. / Dye: LI-700 @ 1 qt./100 gal. and

Hillight @ 24 oz./100 gal.

Treatment method & date: Handgun @ 50 gal/acre 06/18/12.



Permanent Photo Point



LOCATION MAP
Horse Draw Mine - DRMS NO# P-2009-013
Section 29, Township 1S, Range 97W
Rio Blanco County, Colorado

Davis & Associates, Inc.

Date: February 9, 2010

MRP-Wide Reclamation Plan - Map 184
P-2009-013 Annual Report - Map 01
COC73826 Annual Report - Map 01

Horse Draw Mine Site Map

Report year: 2012

Approved seed mix:

BLM native mix #2 (1997 RMP) with Needle and thread substituted for Green needlegrass and Fourwing saltbush added.

Status of site for DRMS and BLM Annual Reports:

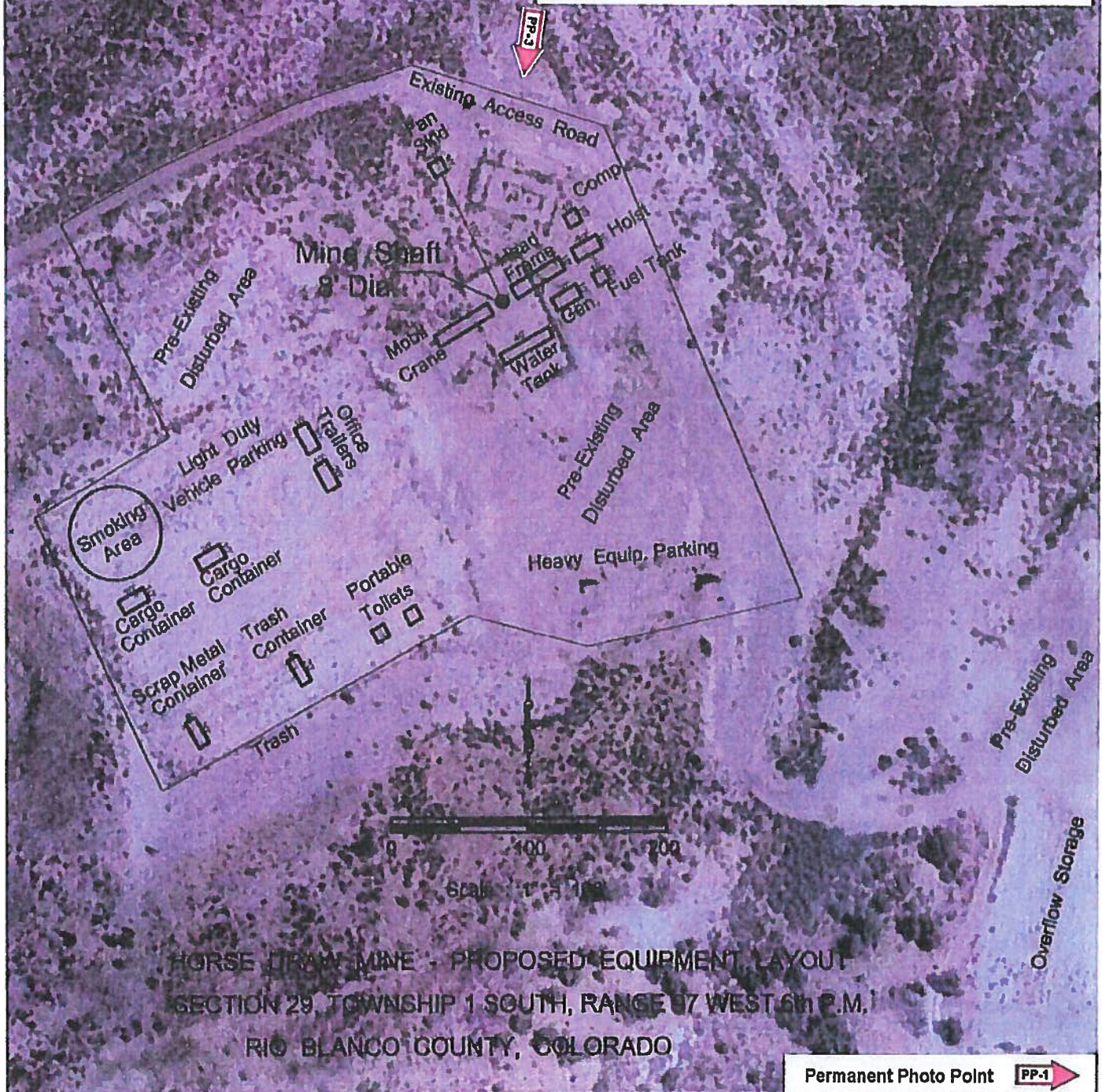
Project activities not underway.

2012 Weed Control Work:

Kochia, Halogeton.

Treatment: Telar XP @ 1 oz./ac., Diablo / Dicamba @ 1 qt./ac., Weedone @ 1 #/ac., and LV6 24D @ 24 oz./ac.
Surfactant / Cond. / Dye: LI-700 @ 1 qt./100 gal. and Highlight @ 24 oz./100 gal.

Treatment method & date: Handgun @ 50 gal/acre 06/18/12.



Permanent Photo Point

PP-1

COST SUMMARY

NOI # **P-2009-013**

\$61,117