

# *Republic Resources* INC.

October 3, 2001

VIA FEDERAL EXPRESS TRACKING NO. 828110191360

Lisha Cordova  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

Re: Application for Permit to Drill  
State #1-32 Well  
NE/4SE/4 Section 32-T21S-R19E  
Grand County, Utah

Dear Lisha:

Enclosed are two (2) copies of the subject Application for Permit to Drill for approval by the Utah Division of Oil, Gas & Mining. The surface is owned by two parties, the Irvin M. Shlenker Estate (25% owner) and the F. W. Bert Wheeler Trust (75%). We are enclosing a copy of the Surface Use Agreement with the Irvin M. Shlenker Estate. We are expecting to reach an agreement with the Wheeler Trust within the next week and will send you a copy of the executed agreement when received. Should we not be successful in reaching an agreement, we will submit an affidavit to that effect.

Included with the APD is one original and one copy of a Designation of Operator on a form provided me by Ed Bonner for State Trust Administration leases. I hope the Division will accept this form in lieu of Form 5.

We will be submitting a Certificate of Deposit to Ed Bonner to cover the bonding requirement in the near future. We would appreciate your advising us when the Permit is ready to be approved pending bonding requirements so we may expedite our handling of that matter.

If you have any questions concerning the application, please let me know at (970) 245-5917, Ext. 18.

Thank you for your assistance with regard to this APD.

Sincerely,

Susan Treece, C.P.L.  
Land Consultant

Encls.

**RECEIVED**

OCT 3 4 2001

DIVISION OF  
OIL, GAS AND MINING

## SURFACE USE AGREEMENT

THIS AGREEMENT is entered into this 27<sup>th</sup> day of September, 2001, by and between Gay Shlenker Block, Executrix of the Estate of Irvin M. Shlenker ("Surface Owner"), 1530 Bishop's Lodge Road, Santa Fe, NM 87501, and REPUBLIC RESOURCES, INC. ("Republic"), 743 Horizon Court, Suite 333, Grand Junction, CO 81506-8715.

Republic plans to drill and complete or plug and abandon a well in the NE/4SE/4 of Section 32, Township 21 South, Range 19 East SLM, Grand County, Utah and the Surface Owner owns Twenty-Five Percent (25%) of the surface of all of Section 32 ("Property"). Republic and Surface Owner have agreed to the settlement of surface damages in the amount of One Thousand Five Hundred Gross Dollars (\$1,500.00), being Three Hundred Seventy-Five Net Dollars (\$375.00) and in consideration of such payment and in consideration of the obligations set forth herein, Republic and Surface Owner agree as follows:

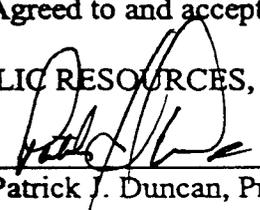
1. Said payment constitutes the full and entire consideration to be paid Surface Owner by Republic for the use of its partial ownership of the surface and all damages (except as provided in paragraph 2 hereof) to the land associated with the drilling, testing, completion, recompletion, reworking, re-entry, pumping, operations and maintenance of the drillsite located on the Property. The payment is for all damages to the Property, including, but not limited to, damages to growing crops, if any, removal, transportation and care of livestock, if any, construction of access roads, preparation and use of the drillsite area, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient to the production, transportation and sale of oil, gas and other materials produced by or used for production of oil and/or gas from the Property. With respect to the construction, access roads, preparation and use of the drillsite area, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient to the production, transportation and sale of oil, gas and other materials produced by or used for production of the well, Republic may exercise the rights granted in this Agreement at any time and from time to time without further additional consideration being payable to Surface Owner.
2. If, by reason of Republic's operations, there is damage to personal property located on the Property, or if there is damage to the Property caused by the negligence of Republic or an unreasonable use of the Property by Republic that is not associated with reasonable and normal drilling, testing, completion, recompletion, reworking, re-entry, pumping, production and maintenance operations, such as damage to structures, fences, culverts and cement ditches, such damage shall be repaired or replaced by Republic or Republic shall promptly pay Surface Owner for such damage.
3. As between Surface Owner and Republic, Surface Owner shall have no liability for

the release or discharge by Republic, its contractors or agents, of oil, gas or any other substance on or under the property, except as any such release or discharge is caused in whole or in part by Surface Owner, Surface Owner's tenant, licensees, invitees, or agents, and Republic will indemnify and hold Surface Owner harmless from and against all costs and expenses (including reasonable attorney's fees) for any such release or discharge by Republic.

4. Republic agrees to restore the surface of the land in accordance with the minimum well site restoration requirements established by the Utah Division of Oil, Gas & Mining.
5. This Agreement constitutes written consent of Surface Owner for Republic to proceed with the drilling, testing, completion, recompletion, reworking, re-entry, pumping, operation and maintenance of the above-described drillsite on the Property.
6. Except as provided in paragraph 2 hereof, Surface Owner, for itself, and its successors and assigns, does hereby release, relinquish and discharge Republic, its successors and assigns, from all claims, demands, damages and causes of action, past, present and future, that Surface Owner may have by reason of the occupancy of the Property and for the drilling of the well and all other damage or injury to the Property caused by the drilling, completion, recompletion, reworking, re-entry, pumping, operation and maintenance of the well and Surface Owner accepts the above payment as full compensation for its interest therefor.
7. Surface Owner agrees to provide a copy of this Agreement to any potential successor or assign of Surface Owner prior to the closing of any sale of all or any portion of the Property.
8. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

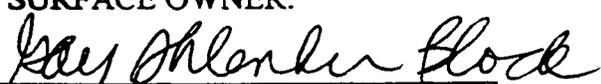
Agreed to and accepted the day and year first above written.

REPUBLIC RESOURCES, INC.

By: 

Patrick J. Duncan, President

25% SURFACE OWNER:

By: 

Gay Shlenker Block, Executrix of  
the Estate of Irvin M. Shlenker

SS# or Tax I.D. No. 74-1902992

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

FORM 3

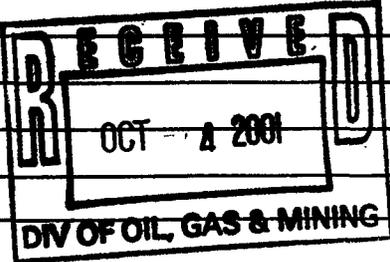
AMENDED REPORT   
(highlight changes)

**APPLICATION FOR PERMIT TO DRILL**

|                                                                                                                                                                                                 |  |                                                                                                            |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------|--|
| <b>1. TYPE OF WORK:</b> DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>                                                              |  | <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>ML 47441 State: 5                                        |  |
| <b>2. TYPE OF WELL:</b> OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> |  | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>                                                               |  |
| <b>3. NAME OF OPERATOR:</b><br>Republic Resources, Inc.                                                                                                                                         |  | <b>7. UNIT or CA AGREEMENT NAME:</b>                                                                       |  |
| <b>3. ADDRESS OF OPERATOR:</b><br>743 Horizon Ct., Ste. 333, Grand Jct., CO 81506                                                                                                               |  | <b>8. WELL NAME and NUMBER:</b><br>State 1-32                                                              |  |
| <b>4. LOCATION OF WELL (FOOTAGES):</b><br>AT SURFACE: 2073' FSL & 649' FEL<br>AT PROPOSED PRODUCING ZONE: SAME                                                                                  |  | <b>9. FIELD AND POOL, OR WILDCAT:</b><br>Wildcat                                                           |  |
| <b>13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:</b><br>1.7 miles West of Crescent Junction, UT                                                                         |  | <b>10. QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>NE/SE S32 T21S R19E<br>Salt Lake Base and Meridi |  |
| <b>14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET):</b><br>649'                                                                                                                           |  | <b>11. COUNTY:</b><br>Grand                                                                                |  |
| <b>15. NUMBER OF ACRES IN LEASE:</b><br>480                                                                                                                                                     |  | <b>12. STATE:</b><br>UTAH                                                                                  |  |
| <b>17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET):</b>                                                                                                 |  | <b>16. NUMBER OF ACRES ASSIGNED TO THIS WELL:</b><br>40                                                    |  |
| <b>20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):</b><br>4,896' Gr. GL                                                                                                                         |  | <b>18. PROPOSED DEPTH:</b><br>4800'                                                                        |  |
| <b>21. APPROXIMATE DATE WORK WILL START:</b><br>Nov. 5, 2001                                                                                                                                    |  | <b>19. BOND DESCRIPTION:</b><br>Surety Bond Applied For Individual Lease                                   |  |
| <b>22. ESTIMATED DURATION:</b><br>30 days                                                                                                                                                       |  |                                                                                                            |  |

**23. PROPOSED CASING AND CEMENTING PROGRAM**

| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT   |
|--------------|-----------------------------------------|---------------|---------------------------------------------------|
| 12 1/4"      | 8 5/8", 32 ppf, J-55                    | 400' +/-      | 140 Sx 50/50 Poz, Cl-G, 14.2 ppg, 1.25 cu. ft./sx |
| 7 7/8"       | 5 1/2", 15.5 ppf, K-55                  | 4,800' +/-    | 875 sx 50/50 Boz, Cl-G, 14.2 ppg, 1.25 cu. ft./sx |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |



**24. ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

|                                                                                                                                                                                                                       |                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER<br><input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER to be subsequently provided | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN<br><input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**NAME (PLEASE PRINT)** Patrick J. Duncan **TITLE** President and CFO

**SIGNATURE** *Patrick J. Duncan* **DATE** 10-3-01

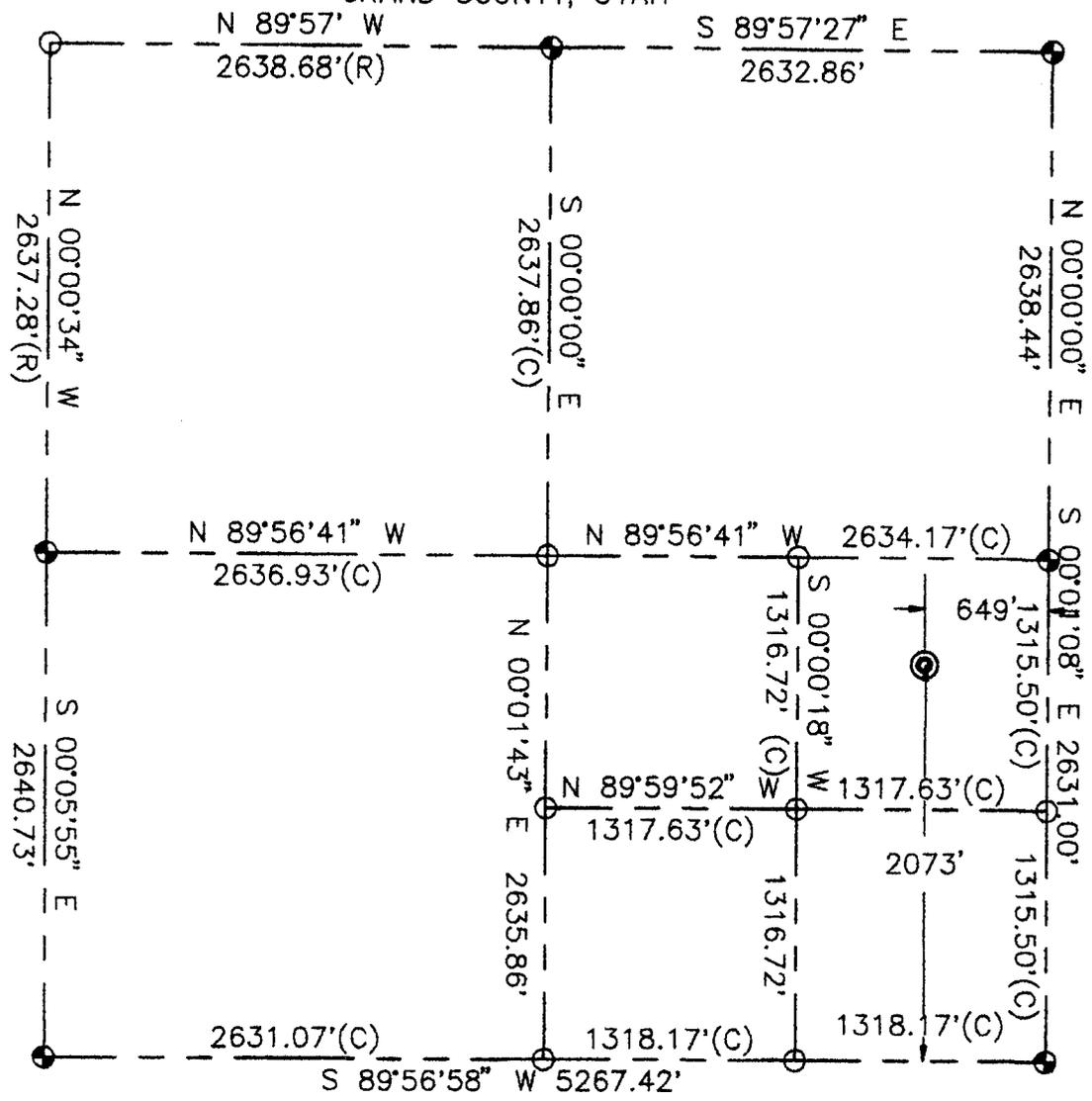
**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Date:** 10-31-01  
**By:** *[Signature]*

**PI NUMBER ASSIGNED:** 43-019-3/389

**APPROVAL:**

SECTION 32, T 21 S, R 19 E, SALT LAKE BASE AND MERIDIAN,  
GRAND COUNTY, UTAH



**LEGEND**

- 1919 GLO BRASS CAP
  - (C) CALCULATED MEASUREMENT
  - CALCULATED POSITION
- 1" = 1000'

**NOTES**

Bearings and distances between corners shown as calculated positions are taken from 1920 GLO Survey of T.21 S., R.19 E., Salt Lake Base and Meridian. Distances shown between found corners are field measured.

**SURVEYOR'S STATEMENT**

I, Merritt P. Dismant, a Professional Land Surveyor in the State of Utah do hereby certify that this Survey was made under my supervision and checking, and that this Plat represents said Survey.

**WELL LOCATION**

2073' FSL, 649' FEL  
NE1/4 SE 1/4, SECTION 32, T.21 S., R.19 E.,  
SALT LAKE BASE & MERIDIAN, GRAND CO., UTAH  
D.H.= 38°56'27.912" N. LATITUDE  
109°50'10.840" W. LONGITUDE

Merritt P. Dismant  
Utah PLS 6769  
CERTIFIED THIS 10th DAY OF Sept 2001.

OPERATOR: REPUBLIC RESOURCES, INC.  
WELL NAME.: STATE #1-32 WELL (CRESENT JUNCTION PROSPECT)  
DRILL HOLE ELEVATION: 4895.8'  
ELEVATIONS BASED ON NAVD '88

**REPUBLIC RESOURCES, INC.**  
**STATE #1-32 WELL**  
**PLAT OF DRILLING LOCATION**

|                                                                       |                     |
|-----------------------------------------------------------------------|---------------------|
| <b>HIGH DESERT SURVEYING, LLC</b>                                     |                     |
| 2591 B3/4 Rd., Grand Jct., CO 81503                                   |                     |
| Tel: 970-254-8649, Fax: 970-241-0771, e-mail: highdesert@webomlet.com |                     |
| SUR. DATE: 9/10/01                                                    | DRAWN DATE: 9/12/01 |
| SUR. BY: JF                                                           | DRAWN BY: JF        |
| DWG NO. REP-ST-1-32                                                   | SCALE 1" = 1000'    |

**DESIGNATION OF OPERATOR**

The undersigned is, on the records of the School and Institutional Trust Lands Administration, holder of lease, ML 47441:

and hereby designates

NAME: REPUBLIC RESOURCES, INC.  
743 Horizon Court, Suite 333  
ADDRESS: Grand Junction, CO 81506-8715

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Director of the Administration or his representative may serve written or oral instructions in securing compliance with the Rules and Regulations Governing the Issuance of Mineral Leases with respect to (describe acreage to which this designation is applicable):

Township 21 South, Range 19 East  
Section 32: SE/4  
Grand County, Utah

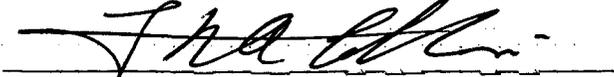
Operator agrees to comply with all lease provisions, statutes, rules, and regulations, whether federal, state, or local, in its operations on the subject lease.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Rules and Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Director, Trust Lands Administration or his representative.

The lessee agrees promptly to notify the Trust Lands Administration of any change in the designated operator.

ROCKSOURCE ENERGY CORPORATION

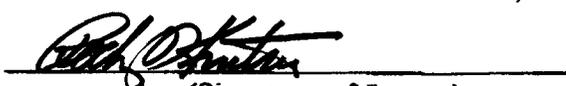


Thomas A. Collins, President  
Box 691847, Houston, TX 77269-1847

Sept. 5, 2001  
(Date)

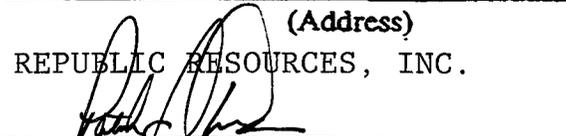
10-3-01  
(Date)

TIDEWATER OIL & GAS COMPANY, LLC



(Signature of Lessee)  
Rodney Knutson, Manager  
1625 Court Place, Suite 225  
Denver, CO 80202

(Address)  
REPUBLIC RESOURCES, INC.



(Signature of Operator)  
Patrick J. Duncan, President

REPUBLIC RESOURCES, INC.  
GRAND JCT., CO

STATE 1-32  
NE/SE S32 T21S R19E  
GRAND COUNTY, UT

Crescent Junction Prospect

4750' Navajo ss Test

DRILLING PLAN/PROGRAM

Prepared by: Turell Enterprises, Inc. Parachute, CO

9/23/2001

REPUBLIC RESOURCES, INC.

STATE 1-32  
NE/SE S32 T21S R19E  
GRAND COUNTY, UT.

4750' NAVAJO ss Test

ESTIMATED GEOLOGICAL TOPS

|             |        |                  |
|-------------|--------|------------------|
| Dakota      | 2,300' | Possible oil/gas |
| Lakota      | 2,400' | Possible oil/gas |
| Morrison    | 2,850' | Possible gas     |
| Moab Tongue | 3,600' | Possible oil     |
| Entrada     | 3,700' | Possible oil     |
| Navajo      | 4,200' | Possible oil     |
| Wingate     | 4,750' | Possible oil     |

If casing is run in this well the noted zones will be protected with cement calculated to fillup from TD to the surface.

BOP EQUIPMENT

11" X 3,000 PSI BOP, SPHERICAL, AND 1,000 PSI ROTATING HEAD.

BOP EQUIPMENT and 8 5/8" casing will be pressure tested to 2,000 psi prior to drilling out of 8 5/8" surface casing. BOP rams will be function tested on trips and the stack will be pressure tested every 30 days if necessary.

CASING PROGRAM

- SURFACE CASING:

- 8 5/8", 32#/ft., J-55, ST&C, 8 Rd., R-3, New casing
  - w/guide shoe, float collar, and 4 centralizers

- This casing will be cemented to the surface with 50/50 Poz cement.

- PRODUCTION CASING:

- 5 1/2", 15.5#/ft., K-55, LT&C, 8 Rd., R-3, New casing
  - w/guide shoe, float collar, and 15 centralizers.

- The production Casing will be cemented TD - surface with sufficient tail slurry @ 14.8 ppg to bring cement to 3,000' and lead slurry @ 12.6 ppg calculated to bring cement to the surface.

### DRILLING FLUID PROGRAM

0' - 400': Air, Air mist

400' - 3,000': Air, Air mist

3,000' - TD: Aereated fresh water containing Sol-Tex, with high viscosity sweeps for hole cleaning.

at TD: Add fresh water gel for 8.8 - 8.9 ppg, 38 - 40 sec./qt. mud for logging.

### TESTING, CORING, LOGGING

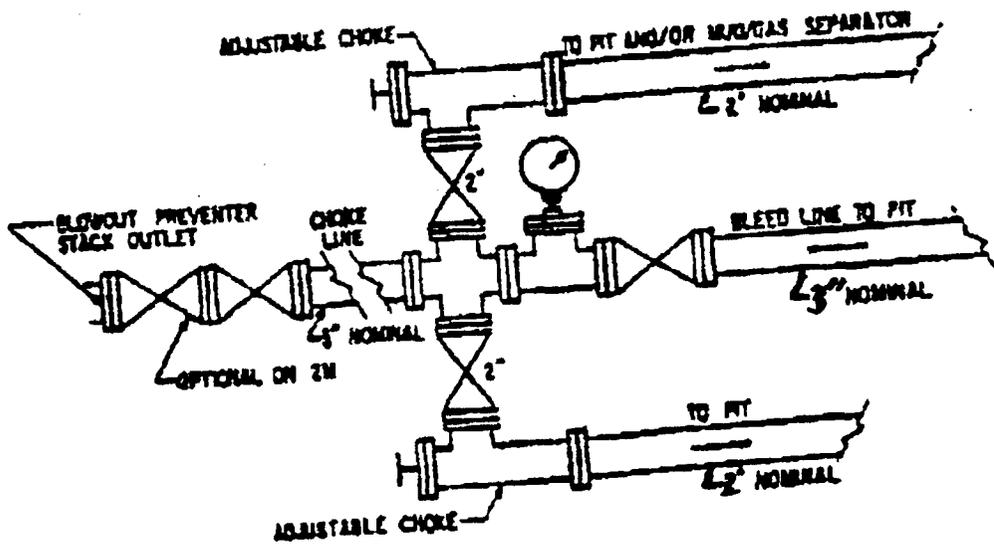
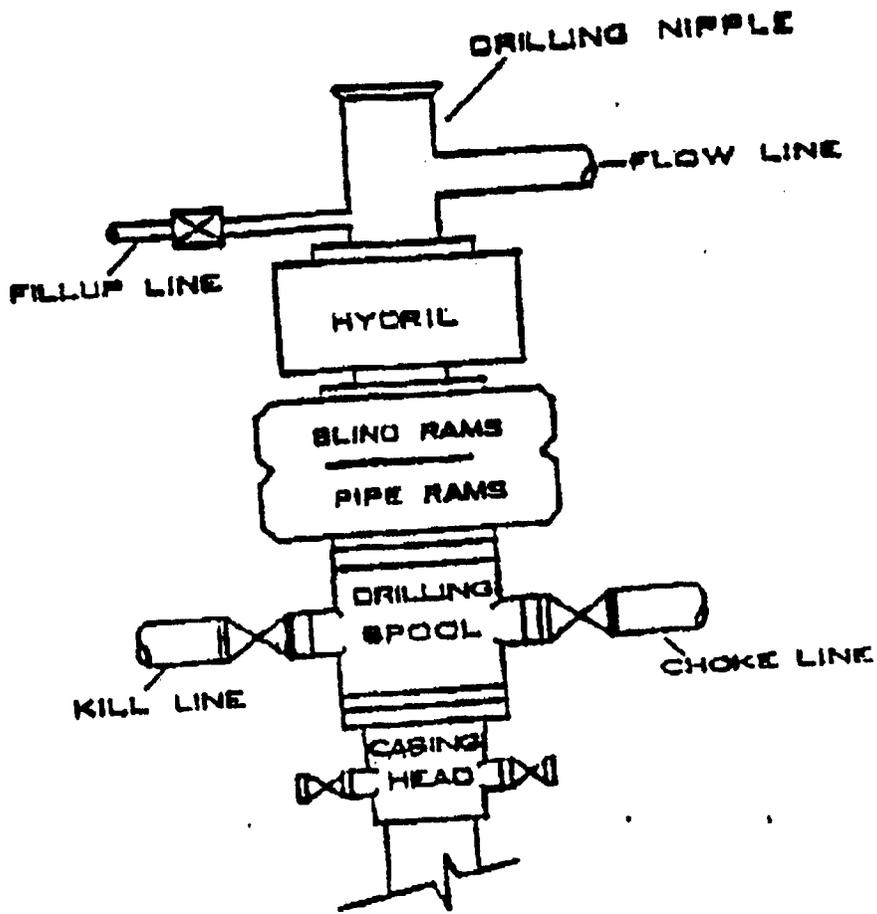
- DST Navajo ss if sufficient/significant "show".
- No cores anticipated.
- Mud Logger will be installed 2,000' - TD.
- Open hole logs:
  - Porisity, GR, Caliper TD - base of surface casing
  - Resistivity log TD - base of surface casing.

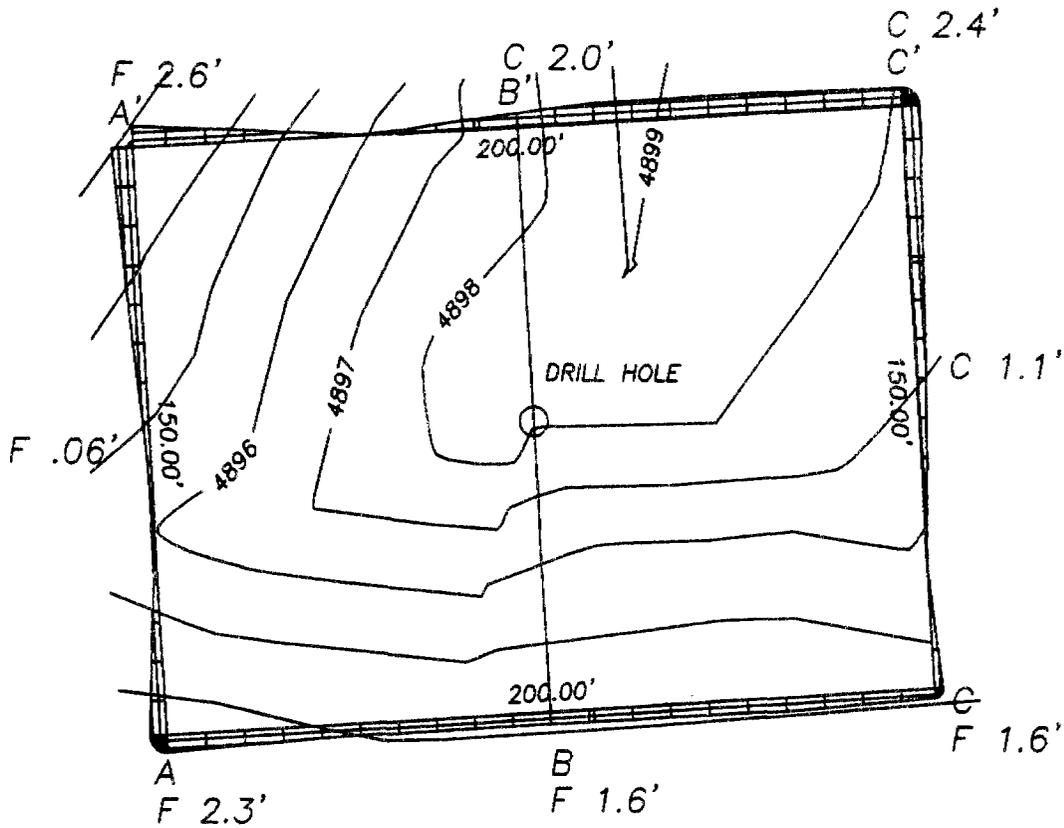
### ANTICIPATED PRESSURES

- Encountered pressures are expected to be "normal" - .433 psi/ft.
  - No abnormal pressures are expected
  - There is no known H<sub>2</sub>S in the area.

3,000 PSI

# BOP STACK





Pad Report

Top of pad elevation: 4895.8'  
 Pad EarthWork Volumes  
 Total fill: 1,300.0 C.F., 48.15 C.Y.  
 Total cut : 1,303.4 C.F., 48.27 C.Y.

N  
 1" = 50'

WELL LOCATION

2073' FSL -649' FEL  
 NE1/4 SE 1/4, SECTION 32, T.21 S., R.19 E.,  
 SALT LAKE BASE & MERIDIAN, GRAND CO., UTAH  
 D.H.= 38°56'27.912" N. LATITUDE  
 109°50'10.840"W. LONGITUDE

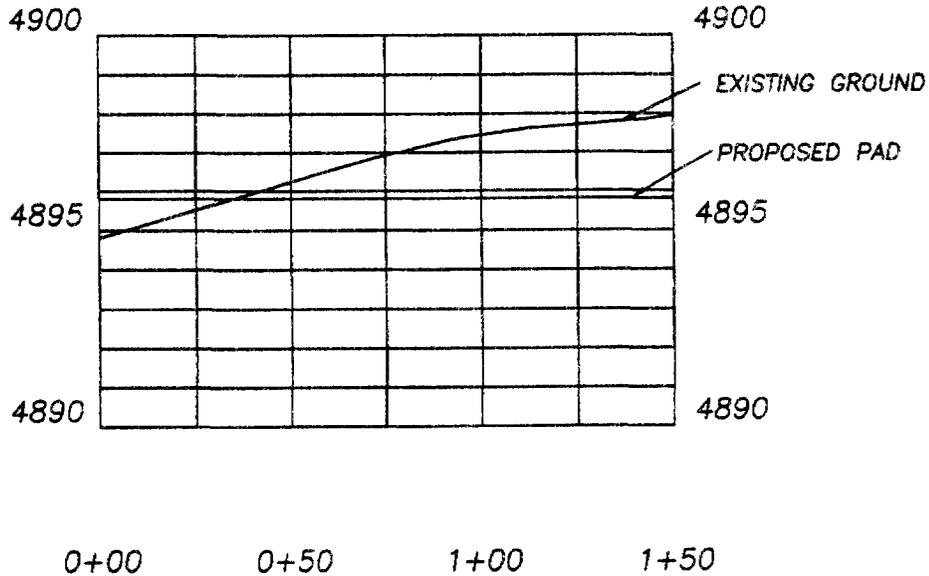
OPERATOR: REPUBLIC RESOURCES, INC.  
 WELL NAME.: STATE #1-32 WELL (CRESENT JUNCTION PROSPECT)  
 DRILL HOLE ELEVATION: 4895.8'  
 ELEVATIONS BASED ON NAVD '88

REPUBLIC RESOURCES, INC.  
 STATE #1-32 WELL  
 PROPOSED PAD

**HIGH DESERT SURVEYING, LLC**

2591 B3/4 Rd., Grand Jct., CO 81503  
 Tel: 970-254-8649, Fax: 970-241-0771, e-mail: highdesert@webornlet.com

|                    |                     |
|--------------------|---------------------|
| SUR. DATE: 9/10/01 | DRAWN DATE: 9/18/01 |
| SUR. BY: JF        | DRAWN BY: JF        |
| DWG NO. ST-1-32-S3 | SCALE 1" = 50'      |



SECTION C - C'

Top of pad elevation: 4895.8'  
 Pad EarthWork Volumes  
 Total fill: 1,300.0 C.F., 48.15 C.Y.  
 Total cut : 1,303.4 C.F., 48.27 C.Y.

WELL LOCATION

2073' FSL -649' FEL  
 NE1/4 SE 1/4, SECTION 32, T.21 S., R.19 E.,  
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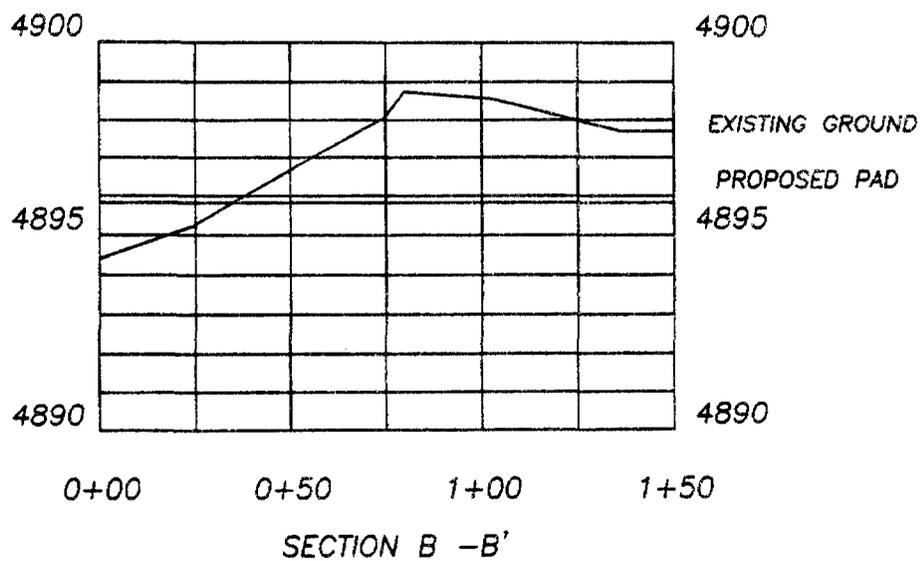
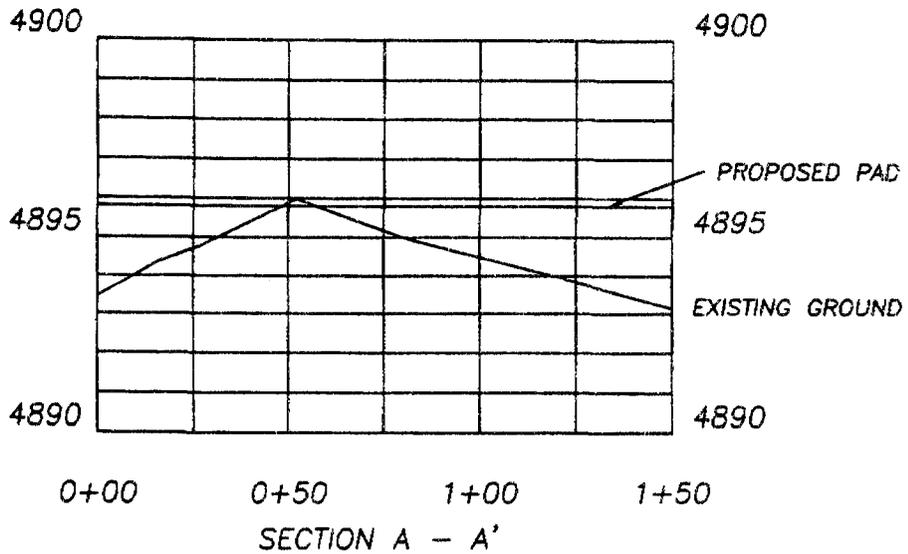
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 WELL NAME.: STATE #1-32 WELL (CRESENT JUNCTION PROSPECT)  
 DRILL HOLE ELEVATION: 4895.8'  
 ELEVATIONS BASED ON NAVD '88

REPUBLIC RESOURCES, INC.  
 STATE #1-32 WELL  
 PLAT OF DRILLING LOCATION

**HIGH DESERT SURVEYING, LLC**

2591 B3/4 Rd., Grand Jct., CO 81503  
 Tel: 970-254-8649, Fax: 970-241-0771, e-mail: highdesert@webornet.com

|                    |                     |
|--------------------|---------------------|
| SUR. DATE: 9/10/01 | DRAWN DATE: 9/18/01 |
| SUR. BY: JF        | DRAWN BY: JF        |
| DWG NO. ST-1-32-S2 | SCALE 1" = 50'      |



**WELL LOCATION**

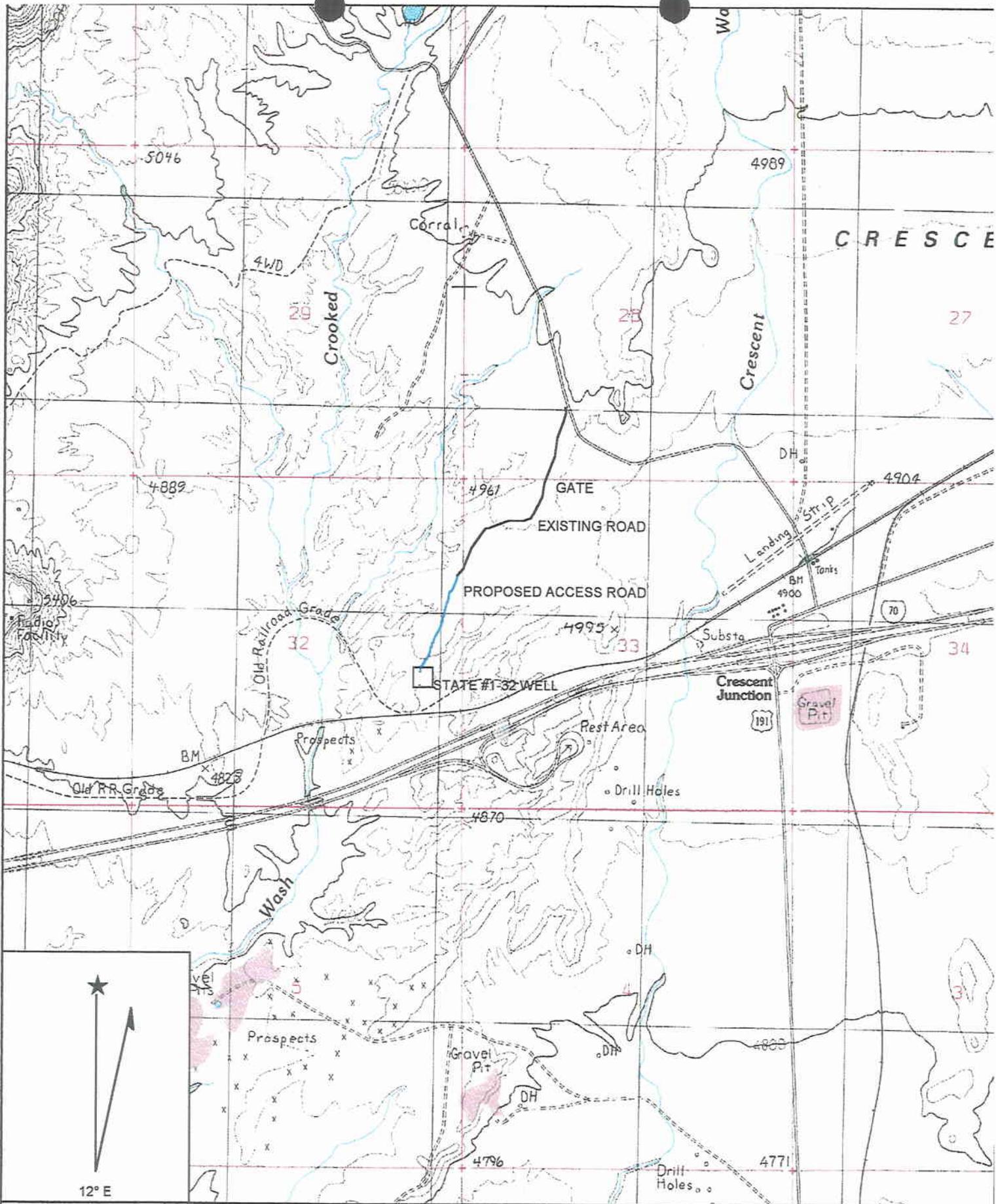
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 SALT LAKE BASE & MERIDIAN, GRAND CO., UTAH  
 D.H. = 38°56'27.912" N. LATITUDE  
 109°50'10.840" W. LONGITUDE

OPERATOR: REPUBLIC RESOURCES, INC.  
 WELL NAME.: STATE #1-32 WELL (CRESENT JUNCTION PROSPECT)  
 DRILL HOLE ELEVATION: 4895.8'  
 ELEVATIONS BASED ON NAVD '88

REPUBLIC RESOURCES, INC.  
 STATE #1-32 WELL  
 CROSS SECTIONS

**HIGH DESERT SURVEYING, LLC**  
 2591 B3/4 Rd., Grand Jct., CO 81503  
 Tel: 970-254-8649, Fax: 970-241-0771, e-mail: highdesert@webornet.com

|                    |                     |
|--------------------|---------------------|
| SUR. DATE: 9/10/01 | DRAWN DATE: 9/18/01 |
| SUR. BY: JF        | DRAWN BY: JF        |
| DWG NO. ST-1-32-S1 | SCALE 1" = 50'      |



Name: CRESCENT JUNCTION  
 Date: 9/19/2001  
 Scale: 1 inch equals 2000 feet

Location: 038° 56' 39.2" N 109° 49' 52.6" W  
 Caption: REPUBLIC RESOURCES, INC STATE WELL #1-32 SEC. 32,  
 T21S, R19E, SALT LAKE BASE AND MERIDIAN

Republic Resources, Inc.

State 1-32  
NE/SE S32 T21S R19E  
2073' FSL & 649' FEL  
Grand County, UT

Gr. GL: 4896' ASL

4750' Navajo ss Test. 40 Acre Spacing

DRILLING PLAN/PROGRAM

- Stake the drill site as above.
- Settle surface damages, arrange ROW as necessary, arrange for drilling water.
- Build Road, Location, and Reserve Pit
  - Location dimensions: 150' x 200'
  - Reserve pit dimensions: 80' L x 60' W x 8' D, Approx. 6850 bbls. total.
  - Install pit liner if required.
  - Fence three sides of reserve pit.
- Set 6' x 6' steel cellar.
  - Set 40' +/- x 14" Conductor pipe w/Rat Hole digger.
    - cement conductor pipe to surface w/redi-mix concrete
  - Drill rat hole, mouse hole
- MIRU RT.
  - Install 14" riser, bell nipple, and flowline/blooiie line .
    - Install rotating head
- Drill 12 1/4" hole to 400' +/- with air, or air-mist as necessary
- Run 8 5/8", 32 #/ft., J-55, ST&C, 8 Rd., R-3, New casing, Set @ 400' +/-.
  - Cement this casing w/280 sx (100% excess) 50/50 poz CI-G cement mixed @ 13.6 ppg w/2% CaCl<sub>2</sub>, and 1/4 pps flocele.
  - WOC
- Cut off 8 5/8" Csg. Weld on belled nipple.

- Install new 8 5/8" x 5 1/2" x 2000 psi threaded wellhead, w/adaptor flange.
- Install 11" x 3M BOP, Spherical, and rotating head. Install choke manifold.
- Pressure test BOP stack, manifold, and 8 5/8" csg. to 2000 psi., spherical to 1500 psi.
  
- DRILL 7 7/8" hole to TD (4750') w/air, air-mist, aerated water, or water, with high viscosity sweeps as necessary to clean hole.
  - at TD adjust mud properties to 8.8 - 8.9 ppg, 38 - 40 sec./qt. fresh water gel, chemicals.
- Log open hole w/porosity and resistivity tools TD - base of surface casing.
- Run 5 1/2", 15.5 #/ft, K-55, LT&C, 8 Rd, R-3, new casing.
- Cement 5 1/2" csg. with sufficient slurries to bring tail cement to 3000' and lead cement to the surface.
  - Set 5 1/2" Casing slips.
  - Cut off 5 1/2" casing
- NDBOP and remove.
- Clean mud tanks
- RELEASE RIG

OR

- P & A as directed by Utah DNR, Division of Oil, Gas, and Mining

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

FORM 3

AMENDED REPORT   
 (highlight changes)

**APPLICATION FOR PERMIT TO DRILL**

5. LEASE DESIGNATION AND SERIAL NUMBER:  
 ML 47441 State: 5

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

State 1-32

9. FIELD AND POOL, OR WILDCAT:

Wildcat

10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

NE/SE S32 T21S R19E  
 Salt Lake Base and Merid

11. COUNTY:

Grand

12. STATE:

UTAH

1. TYPE OF WORK: DRILL  REENTER  DEEPEN

2. TYPE OF WELL: OIL  GAS  OTHER \_\_\_\_\_ SINGLE ZONE  MULTIPLE ZONE

3. NAME OF OPERATOR:

Republic Resources, Inc.

4. ADDRESS OF OPERATOR:

81506  
 743 Horizon Ct., Ste. 333, Grand Jct., CO

PHONE NUMBER:

970/245-5917

5. LOCATION OF WELL (FOOTAGES)

AT SURFACE: 2073' FSL & 649' FEL

AT PROPOSED PRODUCING ZONE: SAME

4310667 N  
 660922 E

6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:

1.7 miles West of Crescent Junction, UT

7. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)

649'

8. NUMBER OF ACRES IN LEASE:

480

9. NUMBER OF ACRES ASSIGNED TO THIS WELL:

40

10. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)

11. PROPOSED DEPTH:

4800'

12. BOND DESCRIPTION:

Surety Bond Applied For Individual Lease

13. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):

4,896' Gr. GL

14. APPROXIMATE DATE WORK WILL START:

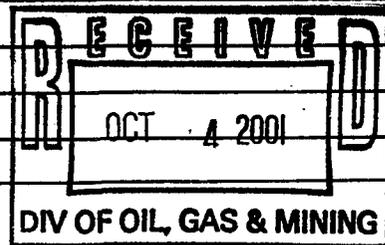
Nov. 5, 2001

15. ESTIMATED DURATION:

30 days

**PROPOSED CASING AND CEMENTING PROGRAM**

| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT   |
|--------------|-----------------------------------------|---------------|---------------------------------------------------|
| 12 1/4"      | 8 5/8", 32 ppf, J-55                    | 400' +/-      | 140 Sx 50/50 Poz, Cl-G, 14.2 ppg, 1.25 cu. ft./sx |
| 7 7/8"       | 5 1/2", 15.5 ppf, K-55                  | 4,800' +/-    | 875 sx 50/50 Boz, Cl-G, 14.2 ppg, 1.25 cu. ft./sx |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |
|              |                                         |               |                                                   |



**ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER

COMPLETE DRILLING PLAN

EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER to be subsequently provided

FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Patrick J. Duncan

TITLE President and CFO

SIGNATURE [Signature]

DATE 10-3-01

(Use space for State use only)

APPROVAL NUMBER ASSIGNED: 43-019-31389

APPROVAL:





**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 10/04/2001

|                                |
|--------------------------------|
| API NO. ASSIGNED: 43-019-31389 |
|--------------------------------|

WELL NAME: STATE 1-32  
 OPERATOR: REPUBLIC RESOURCES INC. ( N1965 )  
 CONTACT: SUSAN TREECE

PHONE NUMBER: 970-245-5917 ext. 18

PROPOSED LOCATION:  
 NESE 32 210S 190E  
 SURFACE: 2073 FSL 0649 FEL  
 BOTTOM: 2073 FSL 0649 FEL  
 GRAND  
 WILDCAT ( 1 )

| INSPECT LOCATN BY: / / |          |          |
|------------------------|----------|----------|
| Tech Review            | Initials | Date     |
| Engineering            | DRO      | 10/31/01 |
| Geology                |          |          |
| Surface                |          |          |

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML-47441  
 SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: NAVA

RECEIVED AND/OR REVIEWED:

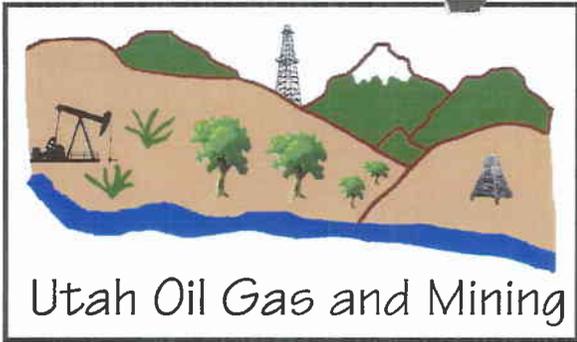
Plat  
 Bond: Fed[] Ind[] Sta[3] Fee[]  
 (No. 109718 s. 1636000027861)  
 Potash (Y/N)  
 Oil Shale 190-5 (B) or 190-3 or 190-13  
 Water Permit  
 (No. Thompson Wtr. District)  
 RDCC Review (Y/N)  
 (Date: Comments due 10-19-01)  
 Fee Surf Agreement (Y/N)

LOCATION AND SITING:

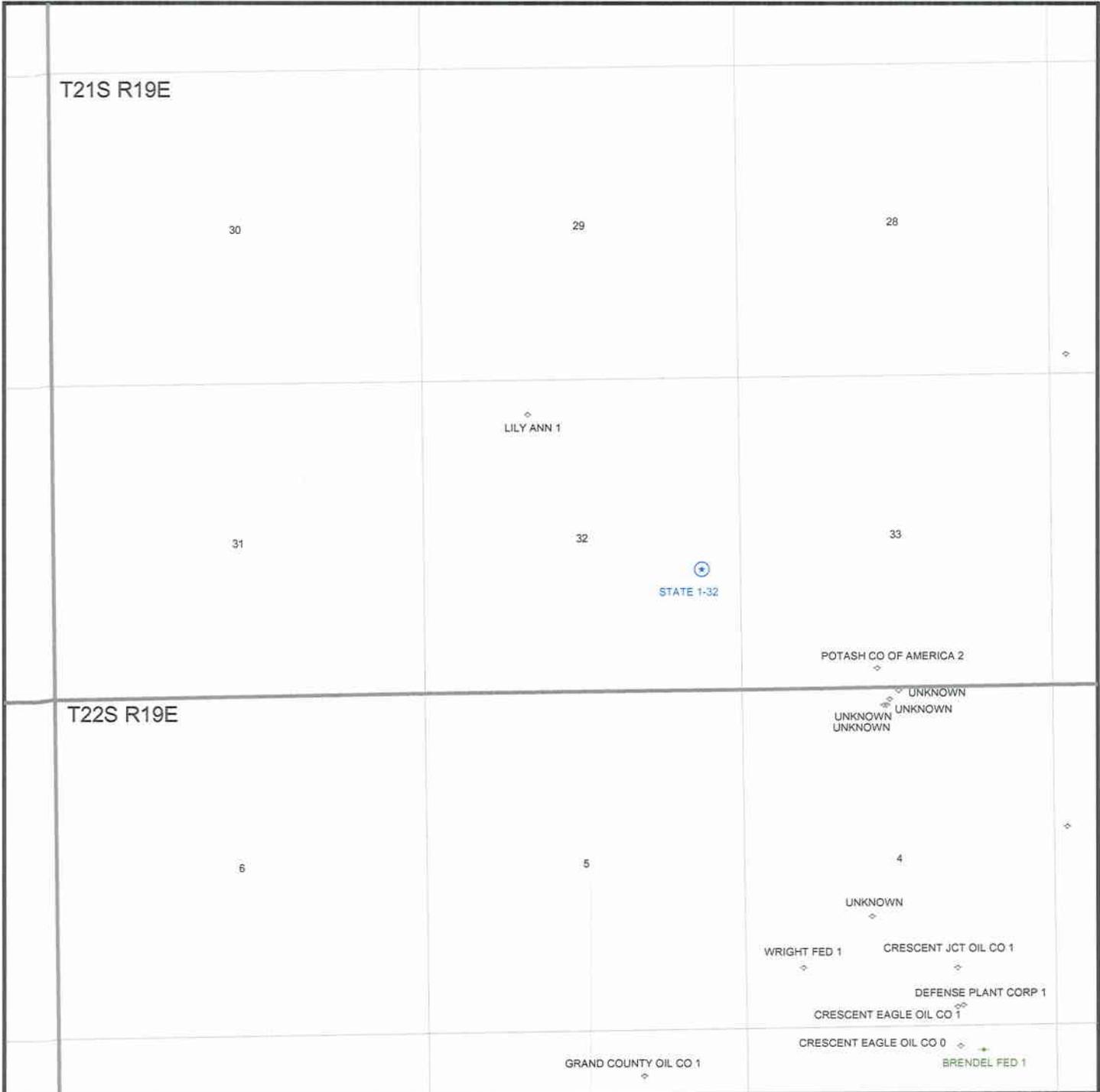
R649-2-3. Unit \_\_\_\_\_  
 R649-3-2. General  
 Siting: 460 From Qtr/Qtr & 920' Between Wells  
 R649-3-3. Exception  
 Drilling Unit  
 Board Cause No: \_\_\_\_\_  
 Eff Date: \_\_\_\_\_  
 Siting: \_\_\_\_\_  
 R649-3-11. Directional Drill

COMMENTS: Need presite. (10-24-01)

STIPULATIONS: 1- Spacing Strip.  
2- Surface Casing Cement Strip  
(3) STATEMENT OF BASIS



OPERATOR: REPUBLIC RES INC (N1965)  
 SEC. 32, T21S, R19E  
 FIELD: WILDCAT (001)  
 COUNTY: GRAND SPACING: R649-3-2/GEN ST



10-01 Republic State 1-3

Casing Schematic

Surface

8-5/8"  
MW 8.3  
Frac 19.

TOC @ 0.  
Surface  
400. MD

w/18 washout Step  
from APD cover

25% washout w/100% excess  
from drill plan

BOP

84P

$(0.052)(8.9)(4800) = 2221 \text{ psi}$

Anticipated =  $(0.433)(4800) = 2079 \text{ psi}$

$\frac{6.5}{6.12}(4800) = 576 \text{ psi}$

MAASP = 1645 psi

3M BOP proposed

Adequate DKD 10/30/01

2300'  
Devkota

2400'  
Lakota

2850'  
Morrison

3600'  
Monb Tag

3700'  
Entrada

4200'  
Navajo

4750'  
Wingate  
5-1/2"  
MW 8.9

w/78 washout  
from APD cover

Production  
4800. MD

|              |                                  |              |
|--------------|----------------------------------|--------------|
| Well name:   | <b>10-01 Republic State 1-32</b> |              |
| Operator:    | <b>Republic Resources Inc.</b>   | Project ID:  |
| String type: | Production                       | 43-019-31389 |
| Location:    | Emery County                     |              |

**Design parameters:**

**Collapse**

Mud weight: 8.900 ppg  
 Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 0 psi  
 Internal gradient: 0.462 psi/ft  
 Calculated BHP: 2,219 psi  
 No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

8 Round STC: 1.80 (J)  
 8 Round LTC: 1.80 (J)  
 Buttress: 1.60 (J)  
 Premium: 1.50 (J)  
 Body yield: 1.50 (B)

Tension is based on air weight.  
 Neutral point: 4,154 ft

**Environment:**

H2S considered? No  
 Surface temperature: 65 °F  
 Bottom hole temperature: 132 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 250 ft

Cement top: Surface

Non-directional string.

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost ( ) |
|---------|---------------------|-----------|-------------------------|-------|------------|----------------------|---------------------|---------------------|---------------|
| 1       | 4800                | 5.5       | 15.50                   | K-55  | LT&C       | 4800                 | 4800                | 4.825               | 26772         |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
|---------|---------------------|-------------------------|------------------------|------------------|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| 1       | 2219                | 4040                    | <u>1.82</u>            | 2219             | 4810                 | <u>2.17</u>         | 74                  | 239                     | <u>3.21 J</u>         |

Prepared by: Dustin Doucet  
 Utah Dept. of Natural Resources

Phone: 801-538-5281  
 FAX: 801-359-3940

Date: October 30, 2001  
 Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.  
 Collapse is based on a vertical depth of 4800 ft, a mud weight of 8.9 ppg The casing is considered to be evacuated for collapse purposes.  
 Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

|              |                                  |              |
|--------------|----------------------------------|--------------|
| Well name:   | <b>10-01 Republic State 1-32</b> |              |
| Operator:    | <b>Republic Resources Inc.</b>   | Project ID:  |
| String type: | Surface                          | 43-019-31389 |
| Location:    | Emery County                     |              |

|                                         |                                 |                                     |
|-----------------------------------------|---------------------------------|-------------------------------------|
| <b>Design parameters:</b>               | <b>Minimum design factors:</b>  | <b>Environment:</b>                 |
| <u><b>Collapse</b></u>                  | <u><b>Collapse:</b></u>         | H2S considered? No                  |
| Mud weight: 8.330 ppg                   | Design factor 1.125             | Surface temperature: 65 °F          |
| Design is based on evacuated pipe.      |                                 | Bottom hole temperature: 71 °F      |
|                                         |                                 | Temperature gradient: 1.40 °F/100ft |
|                                         |                                 | Minimum section length: 250 ft      |
|                                         | <u><b>Burst:</b></u>            | Cement top: <u>Surface</u>          |
|                                         | Design factor 1.00              |                                     |
| <u><b>Burst</b></u>                     |                                 | Non-directional string.             |
| Max anticipated surface pressure: 0 psi | <u><b>Tension:</b></u>          |                                     |
| Internal gradient: 0.436 psi/ft         | 8 Round STC: 1.80 (J)           |                                     |
| Calculated BHP 175 psi                  | 8 Round LTC: 1.80 (J)           |                                     |
| No backup mud specified.                | Buttress: 1.60 (J)              |                                     |
|                                         | Premium: 1.50 (J)               |                                     |
|                                         | Body yield: 1.50 (B)            |                                     |
|                                         | Tension is based on air weight. | <b>Re subsequent strings:</b>       |
|                                         | Neutral point: 351 ft           | Next setting depth: 4,800 ft        |
|                                         |                                 | Next mud weight: 8.400 ppg          |
|                                         |                                 | Next setting BHP: 2,095 psi         |
|                                         |                                 | Fracture mud wt: 19.000 ppg         |
|                                         |                                 | Fracture depth: 400 ft              |
|                                         |                                 | Injection pressure 395 psi          |

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost ( ) |
|---------|---------------------|-----------|-------------------------|-------|------------|----------------------|---------------------|---------------------|---------------|
| 1       | 400                 | 8.625     | 32.00                   | J-55  | ST&C       | 400                  | 400                 | 7.875               | 4062          |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
|---------|---------------------|-------------------------|------------------------|------------------|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| 1       | 173                 | 2530                    | 14.62                  | 175              | 3930                 | 22.52               | 13                  | 372                     | 29.06 J               |

Prepared by: Dustin Doucet  
Utah Dept. of Natural Resources

Phone: 801-538-5281  
FAX: 801-359-3940

Date: October 30, 2001  
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE  
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.  
Collapse is based on a vertical depth of 400 ft, a mud weight of 8.33 ppg The casing is considered to be evacuated for collapse purposes.  
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

**DIVISION OF OIL, GAS AND MINING**  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS

**OPERATOR:** Republic Resources Inc.  
**WELL NAME & NUMBER:** State 1-32  
**API NUMBER:** 43-019-31389  
**LOCATION:** 1/4,1/4 NESE Sec: 32 TWP: 21S RNG: 19E 2073' FSL 649 FEL

**Geology/Ground Water:**

The location is on a bluff formed on the Blue Gate Member of the Mancos Shale, which is capped by Quaternary Pediment Mantle. There are no nearby springs. A water right was filed by SITLA (formerly SL&F) on a water well, within a mile to the east southeast, near Crescent Junction, Utah, in adjoining Section 33. The water right cites the source as a 16" casing with a productive depth of 1,500' to 2,500'. Research in the files of the Division of Water Rights indicates that it is likely that no water well was ever drilled at this location. Water Rights' driller's logs record poor quality water (salty) and petroleum shows in sandstones (and even some shales) surprisingly close to the surface, in some instances, and well within the 1,500' to 2,500' specified in the water right filing. No well completion records exist for any well at the location of the water right. It is improbable that significant amounts of good quality water will be found in the shallow strata at the subject location. It is unlikely that the Ferron Sandstone Member of the Mancos Shale has enough development to provide a significant aquifer this far to the east. Absent the influences of salt flow tectonics, possible aquifers, which might be encountered uphole, would include the Dakota Sandstone, the Buckhorn Conglomerate Member of the Cedar Mountain Formation and the Salt Wash Member of the Morrison Formation. These are also productive zones in the Greater Cisco Field. The proposed casing program should adequately protect any near surface aquifers.

**Reviewer:** Christopher J. Kierst **Date:** 10/25/01

**Surface:**

Precipitation will be diverted around the pad with berms and culverts where necessary. There are no nearby culinary or irrigation supply wells. The site was photographed and characterized on 10/24/2001. The surface owner and SITLA were invited but chose not to attend. Rehabilitation of the site, litter and waste control, preservation and drainage patterns, groundwater and other resources was discussed and agreed on. The location will not fit as it was staked due to topography, therefore the location will be adjusted in on all sides to fit topography. Any well utilities and gathering systems will follow the roadways.

**Reviewer:** Mark L. Jones **Date:** October 25, 2001

**Conditions of Approval/Application for Permit to Drill:**

1. The location and pit shall be bermed.
2. Site shall be amended as discussed at the onsite review.
3. A synthetic liner with a minimum thickness of 12 mils shall be properly maintained in the reserve pit.

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

OPERATOR: Republic Resources Inc.  
WELL NAME & NUMBER: State 1-32  
API NUMBER: 43-019-31389  
LEASE: State FIELD/UNIT: \_\_\_\_\_  
LOCATION: 1/4,1/4 NESE Sec: 32 TWP: 21S RNG: 19E 2073' FSL 649' FEL  
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.  
GPS COORD (UTM): X =600922 E; Y =4310667 N SURFACE OWNER: Irvin M. Shlenker Estate (25%) and F.W. Bert Wheeler Trust (75%).

**PARTICIPANTS**

M. Jones (DOGM), Ron Turrell (Republic), SITLA and Grand County was invited but chose not to attend. Susan Treece (Republic) invited the surface owners who chose not to attend.

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

This location is located ~1 mile West of Crescent Jct, Utah. A rest area off of I-70 is located ~.5 miles SE. Railroad tracks running in an East to West direction ~200 yards South of proposal and I-70 runs in an East to West direction ~.25 miles South of proposal. Rolling hill topography in the direct vicinity of the location with dry washes cutting throughout. The access road terrain is relatively flat and crosses virtually no drainages.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Wildlife habitat and recreation.

PROPOSED SURFACE DISTURBANCE: Proposed surface disturbance will include a 150' X 200' pad. Included within the proposed pad will be a 80' x 60' x 8' reserve pit. Access will consist of ~1 mile of existing bladed road on BLM surface, ~.7 miles of access along an existing two-track across BLM and private surface, and ~.2 mile of new access on private surface. All of the roads will be upgrades to allow for drilling operations, if the well is a producer further upgrades will be made.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 6 PA wells are located within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Production facilities and pipelines will be located on-site if the well is a producer.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally from a private source and hauled to location using existing roads.

ANCILLARY FACILITIES: None anticipated.

**WASTE MANAGEMENT PLAN:**

Portable chemical toilets, which will be emptied into the municipal

waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will eventually be emptied into an approved landfill. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing of the pit liner. Used oil from drilling operations and support will be hauled away to a used oil recycling tank or facility.

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Sagebrush, native grasses, cheat grass, rodents, various small game animals and birds.

SOIL TYPE AND CHARACTERISTICS: sandy gravel.

SURFACE FORMATION & CHARACTERISTICS: Qal on Mancos Shale

EROSION/SEDIMENTATION/STABILITY: Moderately stable.

PALEONTOLOGICAL POTENTIAL: None observed.

**RESERVE PIT**

CHARACTERISTICS: Dugout earthen pit.

LINER REQUIREMENTS (Site Ranking Form attached): Synthetic liner.

**SURFACE RESTORATION/RECLAMATION PLAN**

As per requests of landowner in landowners surface agreement.

SURFACE AGREEMENT: Yes.

CULTURAL RESOURCES/ARCHAEOLOGY: N/A

**OTHER OBSERVATIONS/COMMENTS**

*ok!*  
Location was not staked and marked very well! Comment was made to the operator of the expectations for staking a well site. The pit was not staked at all. The UTM coordinates and my Magellan GPS were off 10 meters in both directions, (600912 E, 4310677 N - on Magellan GPS). The location will not fit were it was staked due to topography, therefore the location will be adjusted in on all sides to fit topography.

**ATTACHMENTS**

Photos of this location were taken and placed on file.

Mark L. Jones  
DOGM REPRESENTATIVE

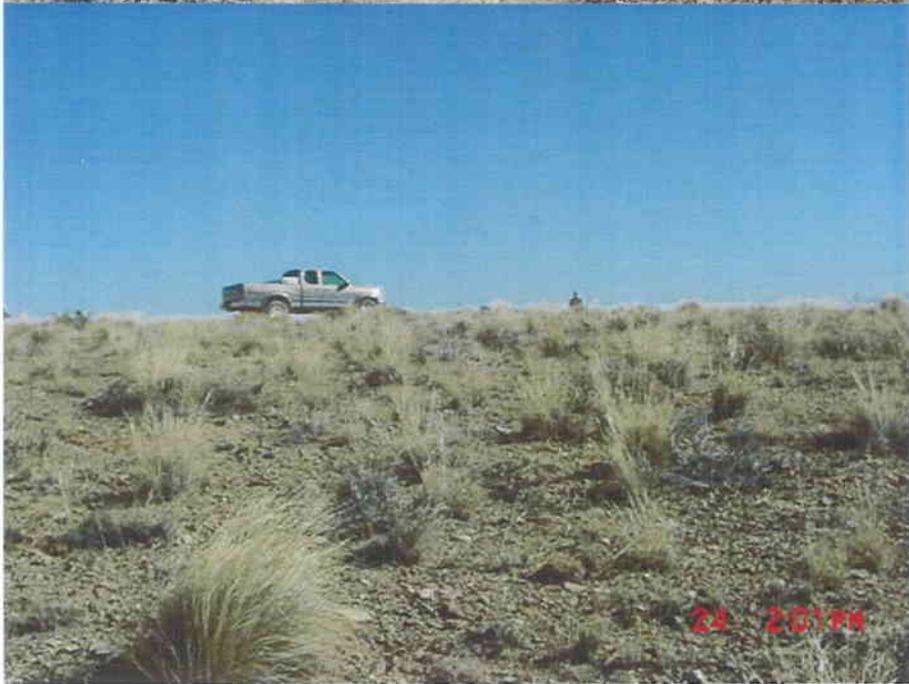
10/24/2001 / 1:45 pm  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

| <u>Site-Specific Factors</u>                            | <u>Ranking</u> | <u>Site Ranking</u> |
|---------------------------------------------------------|----------------|---------------------|
| Distance to Groundwater (feet)                          |                |                     |
| >200                                                    | 0              |                     |
| 100 to 200                                              | 5              |                     |
| 75 to 100                                               | 10             |                     |
| 25 to 75                                                | 15             |                     |
| <25 or recharge area                                    | 20             | <u>0</u>            |
| Distance to Surf. Water (feet)                          |                |                     |
| >1000                                                   | 0              |                     |
| 300 to 1000                                             | 2              |                     |
| 200 to 300                                              | 10             |                     |
| 100 to 200                                              | 15             |                     |
| < 100                                                   | 20             | <u>0</u>            |
| Distance to Nearest Municipal Well (feet)               |                |                     |
| >5280                                                   | 0              |                     |
| 1320 to 5280                                            | 5              |                     |
| 500 to 1320                                             | 10             |                     |
| <500                                                    | 20             | <u>0</u>            |
| Distance to Other Wells (feet)                          |                |                     |
| >1320                                                   | 0              |                     |
| 300 to 1320                                             | 10             |                     |
| <300                                                    | 20             | <u>0</u>            |
| Native Soil Type                                        |                |                     |
| Low permeability                                        | 0              |                     |
| Mod. permeability                                       | 10             |                     |
| High permeability                                       | 20             | <u>20</u>           |
| Fluid Type                                              |                |                     |
| Air/mist                                                | 0              |                     |
| Fresh Water                                             | 5              |                     |
| TDS >5000 and <10000                                    | 10             |                     |
| TDS >10000 or Oil Base Mud Fluid                        | 15             |                     |
| containing significant levels of hazardous constituents | 20             | <u>5</u>            |
| Drill Cuttings                                          |                |                     |
| Normal Rock                                             | 0              |                     |
| Salt or detrimental                                     | 10             | <u>0</u>            |
| Annual Precipitation (inches)                           |                |                     |
| <10                                                     | 0              |                     |
| 10 to 20                                                | 5              |                     |
| >20                                                     | 10             | <u>0</u>            |
| Affected Populations                                    |                |                     |
| <10                                                     | 0              |                     |
| 10 to 30                                                | 6              |                     |
| 30 to 50                                                | 8              |                     |
| >50                                                     | 10             | <u>0</u>            |
| Presence of Nearby Utility Conduits                     |                |                     |
| Not Present                                             | 0              |                     |
| Unknown                                                 | 10             |                     |
| Present                                                 | 15             | <u>0</u>            |

**Final Score**      25      (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.  
Sensitivity Level II = 15-19; lining is discretionary.  
Sensitivity Level III = below 15; no specific lining is required.









UTAH DIVISION OF WATER RIGHTS  
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

| MAP CHAR | WATER RIGHT | CFS     | QUANTITY AND/OR                      | AC-FT   | SOURCE DESCRIPTION or WELL INFO |       |          | POINT OF DIVERSION DESCRIPTION |      |     |      |     | U A P T : |     |         |    |   |          |
|----------|-------------|---------|--------------------------------------|---------|---------------------------------|-------|----------|--------------------------------|------|-----|------|-----|-----------|-----|---------|----|---|----------|
|          |             |         |                                      |         | DIAMETER                        | DEPTH | YEAR LOG | NORTH                          | EAST | CNR | SEC  | TWN | RNG B&M   | N   | P R R I |    |   |          |
| 0        | 92 330      | 11.2000 | OR                                   | 8100.00 | 16                              | 1500  | - 2500   | N                              | 600  | W   | 1150 | SE  | 33        | 21S | 19E     | SL | X |          |
|          |             |         | WATER USE(S): DOMESTIC MINING OTHER  |         |                                 |       |          |                                |      |     |      |     |           |     |         |    |   |          |
|          |             |         | State of Utah School & Institutional |         |                                 |       |          |                                |      |     |      |     |           |     |         |    |   | UT 84102 |
|          |             |         |                                      |         |                                 |       |          |                                |      |     |      |     |           |     |         |    |   |          |
| 1        | 92 330      | 11.2000 | OR                                   | 8100.00 | 16                              | 1500  | - 2500   | S                              | 800  | W   | 2700 | NE  | 4         | 22S | 19E     | SL | X |          |
|          |             |         | WATER USE(S): DOMESTIC MINING OTHER  |         |                                 |       |          |                                |      |     |      |     |           |     |         |    |   |          |
|          |             |         | State of Utah School & Institutional |         |                                 |       |          |                                |      |     |      |     |           |     |         |    |   | UT 84102 |

|          |                       |             |                 |                                                                                     |
|----------|-----------------------|-------------|-----------------|-------------------------------------------------------------------------------------|
| utah gov | State Online Services | Agency List | Search Utah.gov |  |
|----------|-----------------------|-------------|-----------------|-------------------------------------------------------------------------------------|

# UTAH DIVISION OF WATER RIGHTS

## WRPRINT Water Right Information Listing

Version: 2001.09.26.00      Rundate: 10/26/2001 10:50 AM

### Water Right 92-330



[WRPRINT] \*\*\*WR#: 92 330 has been PRINTED!!  
 (WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 10/26/2001 Pa  
 WRNUM: 92-330      APPLICATION/CLAIM NO.: A60405      CERT. NO.:

-----  
OWNERSHIP\*\*\*\*\*

NAME: State of Utah School & Institutional Trust Lands Admin      OWNER MISC:  
 ADDR: 675 East 500 South, 5th Floor  
 CITY: Salt Lake City      STATE: UT      ZIP: 84102      INTEREST:  
 LAND OWNED BY APPLICANT? Yes

-----  
DATES, ETC.\*\*\*\*\*

|                        |                      |                       |                      |                              |
|------------------------|----------------------|-----------------------|----------------------|------------------------------|
| FILING: 10/16/1984     | PRIORITY: 10/16/1984 | ADV BEGAN: 01/10/1985 | ADV ENDED: / /       | NEWSPAPER: Times Independent |
| PROTST END: 02/23/1985 | PROTESTED: [No ]     | APPR/REJ: [ / / ]     | APPR/REJ: / /        | PROOF DUE: / /               |
| ELEC/PROOF: [ / / ]    | ELEC/PROOF: / /      | CERT/WUC: / /         | LAP, ETC: / /        | PROV LETR: / /               |
| PD Book No.            | Type of Right: APPL  | Status: UNAP          | Source of Info: APPL | Map: /                       |
|                        |                      |                       |                      | Date Verified: 10/19/1984    |
|                        |                      |                       |                      | Initials: W                  |

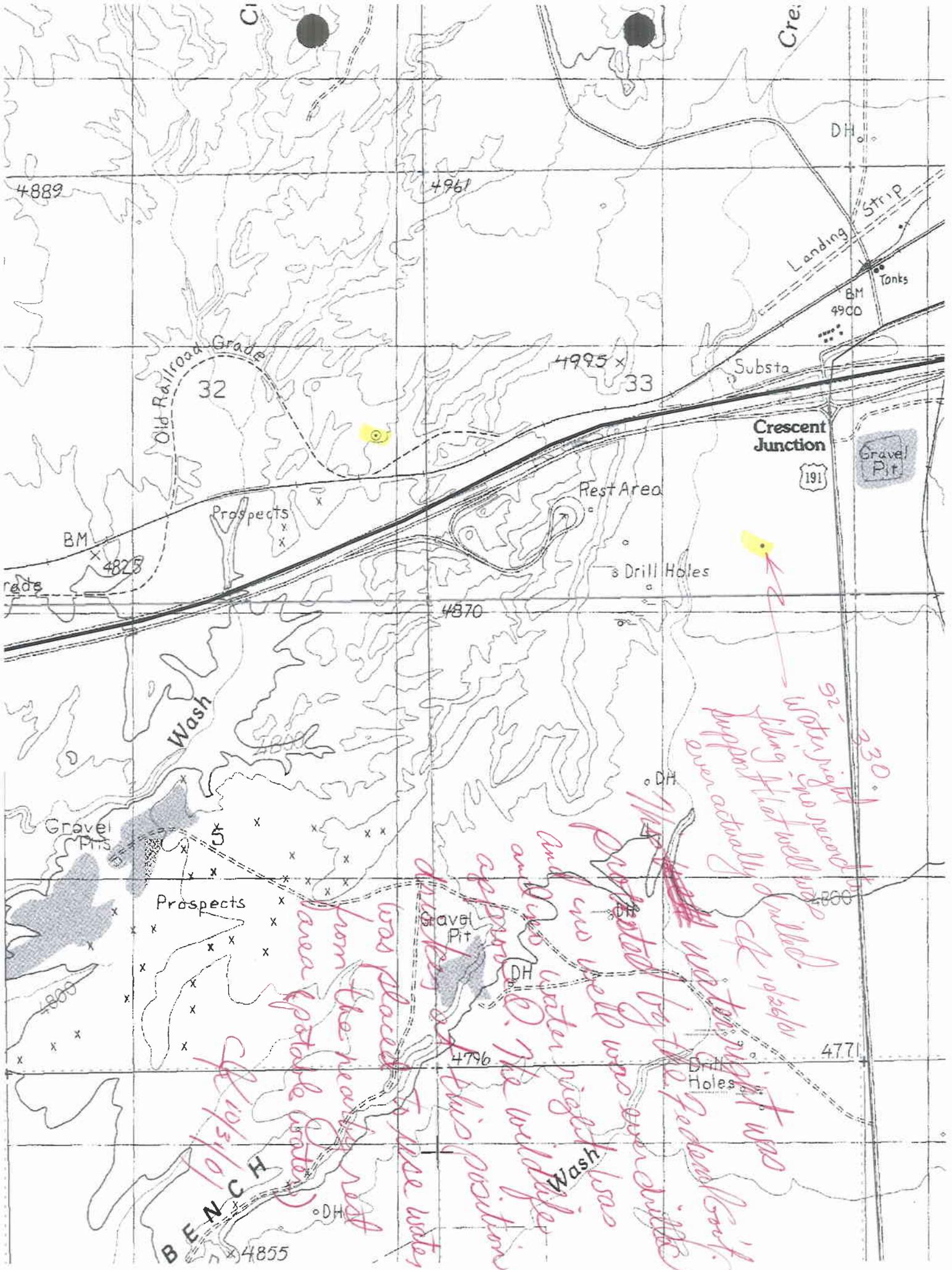
-----  
LOCATION OF WATER RIGHT\*\*\*\*\*

FLOW: 11.2 cfs OR 8100.0 acre-feet      SOURCE: Underground Water Well  
 COUNTY: Grand      COMMON DESCRIPTION: 1 Mi S of Crescent Jct.

POINTS OF DIVERSION -- UNDERGROUND:

- (1) N 600 ft W 1150 ft from SE cor, Sec 33, T 21S, R 19E, SLBM DIAM: 16 ins. DEPTH: 1500 to 2500 ft. YEAR DRILLED: WELL  
 Comment:
- (2) S 1650 ft W 950 ft from NE cor, Sec 4, T 22S, R 19E, SLBM DIAM: 16 ins. DEPTH: 1500 to 2500 ft. YEAR DRILLED: WELL  
 Comment:
- (3) S 800 ft W 2700 ft from NE cor, Sec 4, T 22S, R 19E, SLBM DIAM: 16 ins. DEPTH: 1500 to 2500 ft. YEAR DRILLED: WELL





4889

4961

4995 x 33

Old Railroad Grade  
32

Substa

Crescent Junction

191

Gravel Pit

Prospects

Rest Area

Drill Holes

BM 4825

4870

Wash

Gravel Pits

Prospects

Gravel Pit

DH

4796

4771

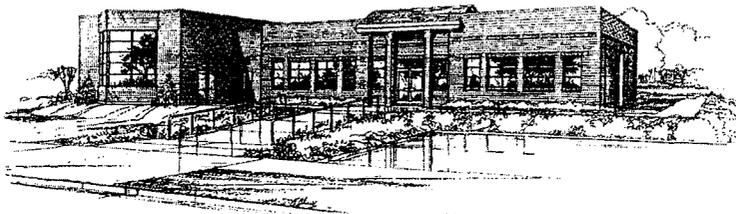
BENCH  
4855

*92-330°*  
*Using this record to follow this well up*  
*Following this well up*  
*Support this well up*  
*over actually*  
*This well was drilled by the Federal Govt.*  
*and was water tight also*  
*and was water tight also*  
*approx. 10. The well was*  
*drilled at this position*  
*was placed to see water*  
*from the nearby nest*  
*lower (potable water)*  
*8/10/10*

# SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

**Bill Redd**  
CHAIRMAN

**William D. Howell**  
EXECUTIVE DIRECTOR



375 SOUTH CARBON AVE.  
P.O. DRAWER 1106  
PRICE, UTAH 84501  
(435) 637-5444  
FAX (435) 637-5448

## AREA WIDE CLEARINGHOUSE REVIEW

Federal Action \_\_\_\_\_ State Action \_\_\_\_\_ Approved ( ) Yes ( ) No

Other (indicate) \_\_\_\_\_

### Applicant Address:

**Oil, Gas and Mining**

1594 West North Temple, #1210

SLC, UT 84114

Phone Number: 801-538-5296

**Title/Project Description** Application for Permit to Drill

State 1-32

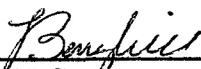
Republic Res. Inc.

32, T21S, R19E

[ ] No Comment

[ x ] See comment below

**Comments:** Approved on October 18, 2001 at SEUALG Executive Board Meeting

  
SEUALG

10-18-01  
DATE

**STATE ACTIONS**  
**State Clearinghouse Coordinator**  
**116 State Capitol, SLC, UT 84114**  
**538-1535**

|                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Administering State Agency</b><br>Oil, Gas and Mining<br>1594 West North Temple, Suite 1210<br>Salt Lake City, UT 84114-5801                                                                                                                                                                                                                                                                           | <b>2. State Application Identifier Number: (assigned by State Clearinghouse)</b><br><br><b>3. Approximate date project will start:</b><br>Upon Approval                                                               |
| <b>4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1)</b><br><br>Southeastern Utah Association of Governments                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                       |
| <b>5. Type of action:</b> // Lease <input checked="" type="checkbox"/> // Permit // License // Land Acquisition<br>// Land Sale // Land Exchange // Other _____                                                                                                                                                                                                                                              |                                                                                                                                                                                                                       |
| <b>6. Title of proposed action:</b><br><br>Application for Permit to Drill                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                       |
| <b>7. Description:</b><br><br>Republic Resources, Inc. proposes to drill the State 1-32 well (wildcat) on a State lease ML 47441, Grand County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence. |                                                                                                                                                                                                                       |
| <b>8. Land affected (site location map required) (indicate county)</b><br><br>NE/4, SE/4, Section 32, Township 21 South, Range 19 East, Grand County, Utah                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                       |
| <b>9. Has the local government(s) been contacted?</b><br>No                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                       |
| <b>10. Possible significant impacts likely to occur:</b><br><br>Degree of impact is based on the discovery of oil or gas in commercial quantities.                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                       |
| <b>11. Name and phone of district representative from your agency near project site, if applicable:</b><br><br>                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                       |
| <b>12. For further information, contact:</b><br><br>Lisha Cordova<br>Phone: (801) 538-5296                                                                                                                                                                                                                                                                                                                   | <b>13. Signature and title of authorized officer</b><br><br><br><br>for John R. Baza, Associate Director<br>Date: October 4, 2001 |



743 Horizon Ct., Suite 333  
Grand Junction, CO 81506-8715  
(970) 245-5917 Phone  
(970) 243-8840 Facsimile  
susan@republicresourcesinc.com

DATE: 10-16-2001

TOTAL PAGES including cover: 1

TO: Lisha Cordova

COMPANY: Utah Div. of Oil, Gas & Mining

FAX NO.: 801-359-3940

FROM: SUSAN TREECE, C.P.L.

RE: Water Permit for State #1-32 well

MESSAGE: I checked with Rick Wild @ Utah  
Water Division in Price and the Thompson  
Water District, Code # 92, Serial #180  
is authorized for oil and gas drilling use.  
Please insert that Code & Serial # into our  
A.P.D. Thompson Water District is a city  
municipality. Thank you! Susan

This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law.

If the Reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. Please call us immediately (collect) at (970) 245-5917 if the facsimile you received is incomplete, illegible or has been erroneously received.

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OCT 17 2001

DIVISION OF  
OIL, GAS AND MINING



***Republic Resources*** INC.

October 22, 2001

VIA FAX (801) 359-3940  
HARD COPY FOLLOWS VIA U.S.MAIL

Lisha Cordova  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

Re: Application for Permit to Drill  
State #1-32 Well  
NE/4SE/4 Section 32-T21S-R19E  
Grand County, Utah

Dear Lisha:

With respect to the captioned APD, enclosed is a copy of the Surface Use Agreement with the 75% surface owner. A copy of the Surface Use Agreement with the 25% surface owner was submitted with the APD.

Sincerely,

Susan Treece, C.P.L.  
Land Consultant

Encls.

**RECEIVED**

OCT 24 2001

**DIVISION OF  
OIL, GAS AND MINING**

## SURFACE USE AGREEMENT

THIS AGREEMENT is entered into this 22<sup>nd</sup> day of OCTOBER, 2001, by and between Mae Dean Wheeler, Trustee of both the F. W. Bert Wheeler Trust and the Mae Dean Wheeler Trust ("75% Surface Owner"), 1919 Whitney Street, Suite 100, Houston, TX 77006, and REPUBLIC RESOURCES, INC. ("Republic"), 743 Horizon Court, Suite 333, Grand Junction, CO 81506-8715.

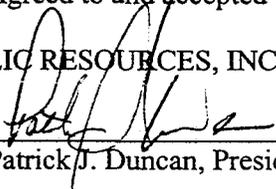
Republic plans to drill and complete or plug and abandon the State #1-32 well ("Well") in the NE/4SE/4 of Section 32, Township 21 South, Range 19 East SLM, Grand County, Utah ("Property"); 75% Surface owner owns an undivided 75% share of the surface of the Property. Republic and 75% Surface Owner have agreed to the settlement of surface damages in the amount of One Thousand One Hundred Twenty-Five Dollars (\$1,125.00) and in consideration of such payment and in consideration of the obligations set forth herein, Republic and 75% Surface Owner agree as follows:

1. Said payment constitutes the full and entire consideration to be paid 75% Surface Owner by Republic for the use of the surface and all damages (except as provided in paragraph 2 hereof) to the Property associated with the drilling, testing, completion, recompletion, reworking, re-entry, pumping, operations and maintenance of the drillsite located on the Property, including, but not limited to, damages to growing crops, if any, removal, transportation and care of livestock, if any, construction of access roads, preparation and use of the drillsite area, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient to the production, transportation and sale of oil, gas and other materials produced by or used for production of oil and/or gas from the Well. With respect to the construction, access roads, preparation and use of the drillsite area, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient to the production, transportation and sale of oil, gas and other materials produced by or used for production of the Well, Republic may exercise the rights granted in this Agreement without further additional consideration being payable to 75% Surface Owner. The "drillsite" or "drillsite area" is depicted on the plat attached as Exhibit "A" and the access road to the drillsite is shown on the attached Exhibit "B". At such time as Republic determines a need for flowlines and gas pipelines that cannot be laid along the access road as depicted on Exhibit "B", the parties will enter into a mutually acceptable agreement as to the location of such flowlines and gas pipelines and the consideration to be paid for any additional use of the surface not described herein.
2. If, by reason of Republic's operations, there is damage to personal property located on the Property, or if there is damage to the Property caused by the negligence of Republic or an unreasonable use of the Property by Republic that is not associated with reasonable and normal drilling, testing, completion, recompletion, reworking, re-entry, pumping, production and maintenance operations, such as damage to structures, fences, culverts and cement ditches, such damage shall be repaired or replaced by Republic or Republic shall promptly pay 75% Surface Owner for such damage.
3. As between 75% Surface Owner and Republic, 75% Surface Owner shall have no liability for the release or discharge by Republic, its contractors or agents, of oil, gas or any other substance on or under the Property, except as any such release or discharge is caused in whole or in part by 75% Surface Owner, 75% Surface Owner's tenant, licensees, invitees, or agents, and Republic will indemnify and hold 75% Surface Owner harmless from and against all costs and expenses (including reasonable attorney's fees) for any such release or discharge by Republic.
4. Republic agrees to restore the surface of the land as close to the pre-disturbed topography and surface condition as possible but not less than the minimum well site restoration requirements established by the Utah Division of Oil, Gas & Mining.

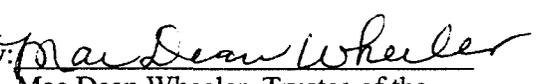
5. This Agreement constitutes written consent of 75% Surface Owner for Republic to proceed with the drilling, testing, completion, recompletion, reworking, re-entry, pumping, operation and maintenance of the well on the Property.
6. Upon completion of a producing well, Republic agrees to furnish 75% Surface Owner with a formal written release as to the surface usage covered by this Agreement with the exception of:
  - a. One service road to be used by Republic as the only means of ingress and egress to the drillsite area.
  - b. The immediate acreage around the Well, large enough in size to provide ample space for storage tanks and other production facilities, and also large enough for vehicle turnaround and other required use to properly maintain and operate the Well in accordance with the rules and regulations of the Utah Division of Oil, Gas & Mining.
7. ~~Except as provided in paragraph 2 hereof, Surface Owner, for itself, and its successors and assigns, does hereby release, relinquish and discharge Republic, its successors and assigns, from all claims, demands, damages and causes of action, past, present and future, that Surface Owner may have by reason of the occupancy of the Property and for the drilling of the well and all other damage or injury to the Property caused by the drilling, completion, recompletion, reworking, re-entry, pumping, operation and maintenance of the well and Surface Owner accepts the above payment as full compensation for its interest therefor.~~
8. 75% Surface Owner agrees to provide a copy of this Agreement to any potential successor or assign of 75% Surface Owner prior to the closing of any sale of all or any portion of the Property owned by 75% Surface Owner.
9. Except for Paragraph 3. hereof which will survive the term of this Agreement, this Agreement will terminate at the end of two (2) years from the date hereof or, if the Well is productive, at such time as the Well is plugged and abandoned and the surface reclaimed and restored.
10. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Agreed to and accepted the day and year first above written.

REPUBLIC RESOURCES, INC.

By:   
Patrick J. Duncan, President

75% SURFACE OWNER:

By:   
Mae Dean Wheeler, Trustee of the  
F. W. Bert Wheeler Trust (Tax I.D. No. 76-6118953)  
and the Mae Dean Wheeler Trust (Tax I. D. No. 76-6118954)



743 Horizon Ct., Suite 333  
Grand Junction, CO 81506-8715  
(970) 245-5917 Phone  
(970) 243-8840 Facsimile  
susan@republicresourcesinc.com

DATE: 10-24-2001

TOTAL PAGES including cover: 2

TO: Lisha Cordova

COMPANY: Utah Div. of Oil, Gas & Mining

FAX NO.: 801-359-3940

FROM: SUSAN TREECE, C.P.L.

RE: Bonding Requirement State #1-32 Well

MESSAGE:

Attached letter to Ed Bonner FYI

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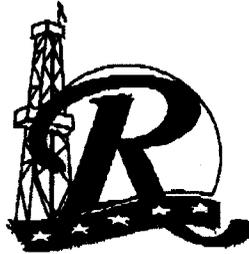
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OCT 24 2001

DIVISION OF  
OIL, GAS AND MINING



# Republic Resources INC.

October 24, 2001

VIA FEDERAL EXPRESS TRACKING NO. 828110147889

Mr. Ed Bonner  
Utah School and Institutional Trust Lands  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

Re: Single Well Bond Requirement ML#47441  
State #1-32 Well  
Township 21 South, Range 19 East SLM  
Section 32: NE/4SE/4  
Grand County, Utah

*Wells Fargo (10/31/01)  
#109718 → #1636000027861*

Dear Ed:

In preparation of Republic Resources, Inc. drilling the captioned well, enclosed are two (2) original Certificates of Deposit, one for \$6,667.00 and one for \$3,333.00, totaling \$10,000 as your approved bonding requirement for the subject well. Also enclosed is one (1) copy of an originally executed Designation of Operator for ML#47441. Please be advised Lisha Cordova also has an originally executed Designation of Operator.

If for any reason these certificates of deposit are unacceptable, please let me know right away as we are expecting our Application to Drill to be approved pending your acceptance of bonding and we would like to start dirt work the week of November 5<sup>th</sup>.

I appreciate all the assistance you have given me with respect to Utah's bonding requirement.

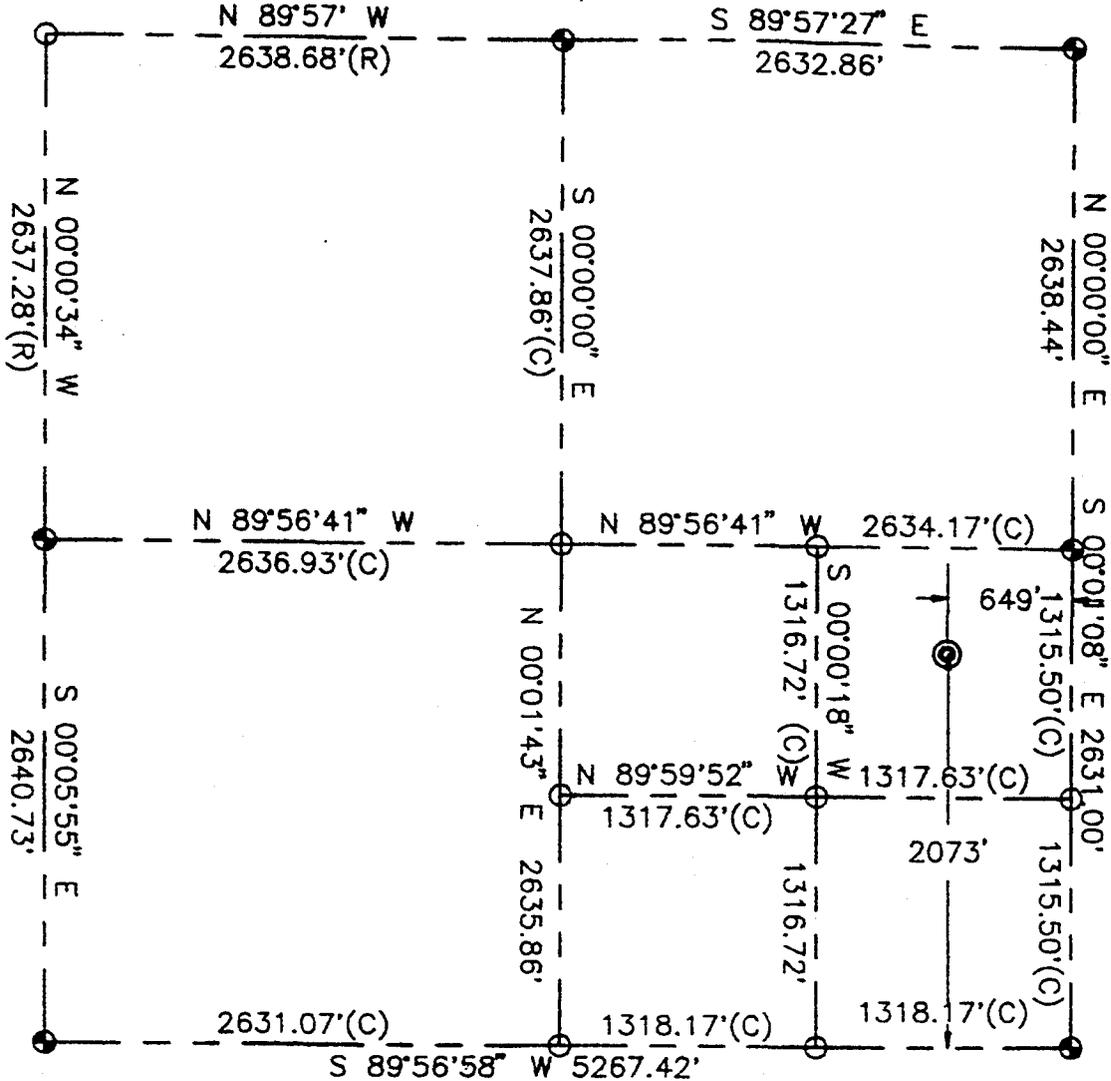
Sincerely,

Susan Treece, C.P.L.  
Land Consultant

Encls.

cc Lisha Cordova

SECTION 32, T 21 S, R 19 E, SALT LAKE BASE AND MERIDIAN,  
GRAND COUNTY, UTAH



LEGEND

- 1919 GLO BRASS CAP
- (C) CALCULATED MEASUREMENT
- CALCULATED POSITION

1" = 1000'

NOTES

Bearings and distances between corners shown as calculated positions are taken from 1920 GLO Survey of T.21 S., R.19 E., Salt Lake Base and Meridian. Distances shown between found corners are field measured.

WELL LOCATION

2073' FSL, 649' FEL  
NE1/4 SE 1/4, SECTION 32, T.21 S., R.19 E.,  
SALT LAKE BASE & MERIDIAN, GRAND CO., UTAH  
D.H. = 38°56'27.912" N. LATITUDE  
109°50'10.840" W. LONGITUDE

SURVEYOR'S STATEMENT

I, Merritt P. Dismant, a Professional Land Surveyor in the State of Utah do hereby certify that this Survey was made under my supervision and checking, and that this (pld) represents said Survey.

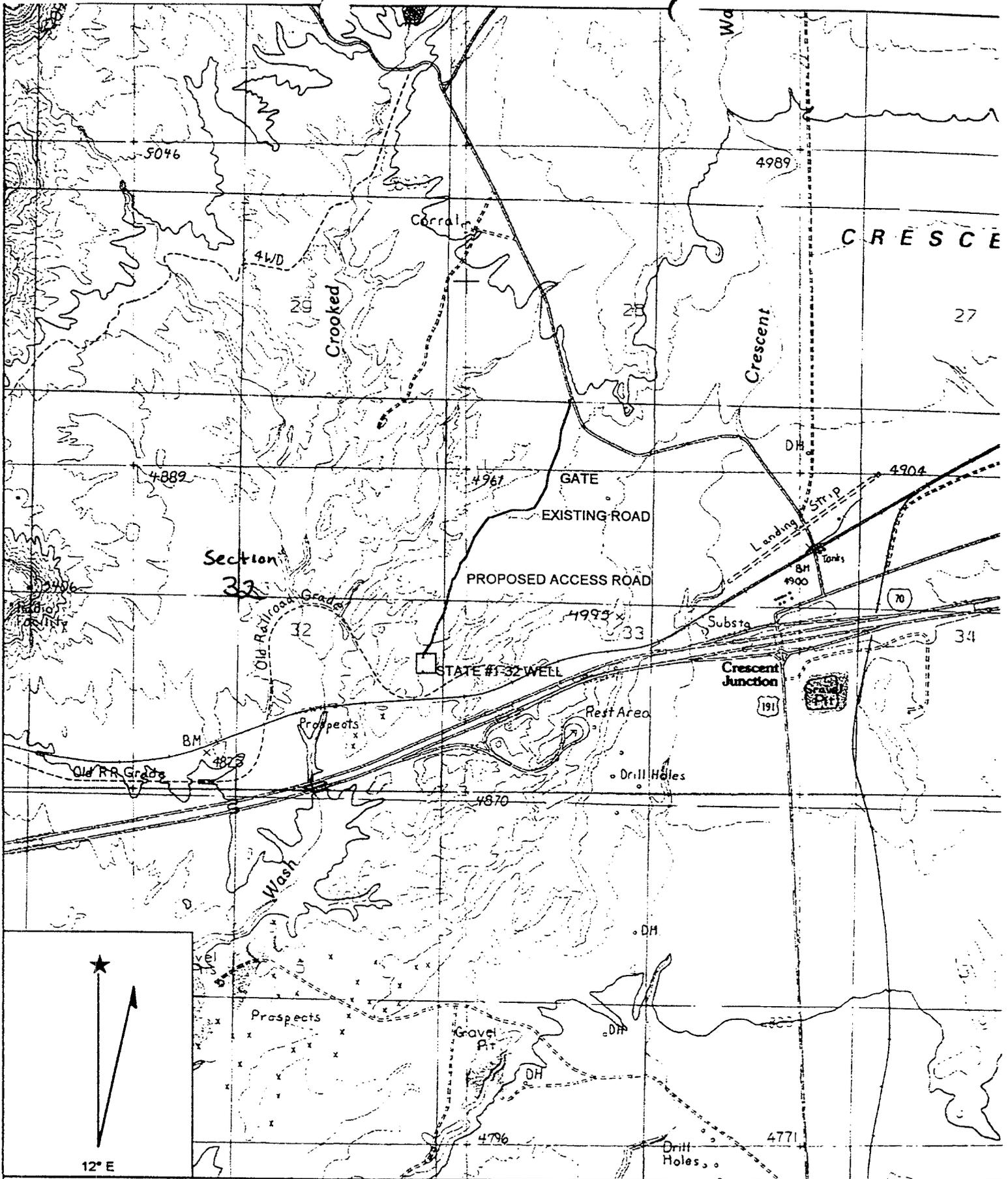
Merritt P. Dismant  
Utah PLS 6789  
CERTIFIED T.H.S.P. DATE OF Sept 2001.

OPERATOR: REPUBLIC RESOURCES, INC.  
WELL NAME.: STATE #1-32 WELL (CRESENT JUNCTION PROSPECT)  
DRILL HOLE ELEVATION: 4895.8'  
ELEVATIONS BASED ON NAVD '88

|                                  |                     |
|----------------------------------|---------------------|
| <b>REPUBLIC RESOURCES, INC.</b>  |                     |
| <b>STATE #1-32 WELL</b>          |                     |
| <b>PLAT OF DRILLING LOCATION</b> |                     |
| SUR. DATE: 9/10/01               | DRAWN DATE: 9/12/01 |
| SUR. BY: JF                      | DRAWN BY: JF        |
| DWG NO. REP-ST-1-32              | SCALE 1" = 1000'    |

**HIGH DESERT SURVEYING, LLC**

2591 B3/4 Rd., Grand Jct., CO 81503  
Tel: 970-254-8649, Fax: 970-241-0771, e-mail: highdesert@webornet.com



Name: CRESCENT JUNCTION  
 Date: 9/19/2001  
 Scale: 1 inch equals 2000 feet

*access road*

Location: 038° 56' 39.2" N 109° 49' 52.6" W  
 Caption: REPUBLIC RESOURCES, INC STATE WELL #1-32 SEC. 32, T21S, R19E, SALT LAKE BASE AND MERIDIAN

RECEIVED

Division of Oil, Gas and Mining  
PHONE CONVERSATION DOCUMENTATION FORM

OCT 31 2001  
DIVISION OF  
OIL, GAS AND MINING

Route original/copy to:

Well File Republic Resources Inc  Suspense  Other

State 1-32 (Return Date) \_\_\_\_\_

(Loc.) Sec 32 Twp 21S Rng. 19E (To-Initials) \_\_\_\_\_

(API No.) \_\_\_\_\_

1. Date of Phone Call: 10/31/2001 Time: ~ 10:00 a.m.

2. DOGM Employee (name) M. L. Jones ( Initiated Call)

Talked to: Mrs. Block

Name \_\_\_\_\_ ( Initiated Call) - Phone No. (505) 989-3531

of (Company/Organization) Irvin M. Shlecker (Estate)

3. Topic of Conversation: Republic Resources Inc (Susan Treece).  
If surface owner was invited to onsite  
by Mrs. Treece?

4. Highlights of Conversation: Mrs Block is aware of proceeding  
and was not sure if she was or  
was not invited. However was not  
concerned about it one way or the other.

Summary: She was uninterested.

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OCT 31 2001

Division of Oil, Gas and Mining  
PHONE CONVERSATION DOCUMENTATION FORM

DIVISION OF  
OIL, GAS AND MINING

Route original/copy to:

Well File Republic Resources Inc  Suspense  Other  
State 1-32 (Return Date) \_\_\_\_\_  
(Loc.) Sec 32 Twp 21 S Rngl 9 E (To-Initials) \_\_\_\_\_  
(API No.) \_\_\_\_\_

1. Date of Phone Call: 10/31/2001 Time: ~10:00 am

2. DOGM Employee (name) M. L. Jones ( Initiated Call)  
Talked to:  
Name Stan Obloy ( Initiated Call) - Phone No. (713) 355-5355  
of (Company/Organization) F.W. Bert Wheeler Trust

3. Topic of Conversation: If Susan Treece, Republic Resources, had invited surface owners to the onsite evaluation for this well.

4. Highlights of Conversation: Stan Obloy was aware of proceedings and had been invited to attend the onsite and gave Republic the OK to go ahead without their representation.



**State of Utah**  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
 Governor  
 Kathleen Clarke  
 Executive Director  
 Lowell P. Braxton  
 Division Director

1594 West North Temple, Suite 1210  
 PO Box 145801  
 Salt Lake City, Utah 84114-5801  
 801-538-5340  
 801-359-3940 (Fax)  
 801-538-7223 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING  
 FACSIMILE COVER SHEET

DATE: 10/31/01  
 FAX #: 1-801-359-3940  
 ATTN: Lisha  
 COMPANY: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_  
 NUMBER OF PAGES: (INCLUDING THIS ONE) 4  
 FROM: Mark

MESSAGES:

2 phone conv. forms for Republic  
Resources state 1-32 well.  
1 updated page of on-site evaluation  
form for Phillips Utah 13-376

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OCT 31 2001

DIVISION OF  
 OIL, GAS AND MINING



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

October 31, 2001

Republic Resources, Inc.  
743 Horizon Ct., Suite 333  
Grand Junction, CO 81506

Re: State 1-32 Well, 2073' FSL, 649' FEL, NE SE, Sec. 32, T. 21 South,  
R. 19 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31389.

Sincerely,

John R. Baza  
Associate Director

dm

Enclosures

cc: Grand County Assessor  
SITLA

Operator: Republic Resources, Inc.  
Well Name & Number State 1-32  
API Number: 43-019-31389  
Lease: ML 47441

Location: NE SE                      Sec. 32                      T. 21 South                      R. 19 East

### Conditions of Approval

1. **General**  
Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.
2. **Notification Requirements**  
The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:
  - 24 hours prior to cementing or testing casing
  - 24 hours prior to testing blowout prevention equipment
  - 24 hours prior to spudding the well
  - within 24 hours of any emergency changes made to the approved drilling program
  - prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

  - Dan Jarvis at (801) 538-5338
  - Carol Daniels at (801) 538-5284 (spud)
3. **Reporting Requirements**  
All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.
4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. 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.
7. Surface casing cement stip.

Division of Oil, Gas and Mining  
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File State 1-32  Suspense  Other  
(Return Date) \_\_\_\_\_  
(Loc.) Sec 32 Twp 21S Rng 19E (To-Initials) \_\_\_\_\_  
(API No.) 43-019-31389 \_\_\_\_\_

1. Date of Phone Call: 8-16-02 Time: 2:00

2. DOGM Employee (name) J. Cordova ( Initiated Call)  
Talked to:  
Name Ed Bonner ( Initiated Call) - Phone No. (801) 538-5151  
of (Company/Organization) SITLA

3. Topic of Conversation: Req DOGM to rescind permit.

4. Highlights of Conversation:  
Ed stated that Tidewater (Lessee) had rescinded "Des'g of Op" to Republic Resources, Inc. (operator).  
In addition, Republic Resources requested a bond release from SITLA, and was granted bond release.  
Ed requested that DOGM rescind permit.  
\* I requested documentation from SITLA stating the above.  
8-21-02 Ed called again to see if permit had been rescinded.  
I requested documentation again & rec'd taxes 8-21-02.  
File/permit rescinded 8-21-02.



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WILDLIFE RESOURCES

cc - LC

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
John Kimball  
Division Director

1594 West North Temple, Suite 2110  
PO Box 146301  
Salt Lake City, Utah 84114-6301  
801-538-4700  
801-538-4709 (Fax)  
801-538-7458 (TTY)

25 October 2001

Mr. John R. Baza  
Associate Director  
Utah Division of Oil, Gas and Mining  
1594 W. North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

Subject: RDCC Project #1292, Application for Permit to Drill - proposal to drill a wildcat well (State 1-32) on a State lease ML47441

Dear Mr. Baza:

The Utah Division of Wildlife Resources requests that the construction of new roads to this well site be minimized, and that loop roads and parallel roads be reclaimed. If possible, we suggest approaching this well from the south to minimize roads and disturbance to pronghorn in the area. Additionally, we request that if the well is plugged, the roads and well pads be reclaimed.

Thank you for the opportunity to review this proposed action and provide comment. If you have any questions, please call Chris Colt, Habitat Biologist, at our Price Office (435-636-0279).

Sincerely,

John Kimball **ACTING DIRECTOR**  
Director

JK/mfc/cc

cc: Carolyn Wright  
Glade Sowards

**RECEIVED**

NOV 06 2001

DIVISION OF  
OIL, GAS AND MINING



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340 telephone  
(801) 359-3940 fax  
(801) 538-7223 TTY  
www.nr.utah.gov

Michael O. Leavitt  
Governor  
Robert L. Morgan  
Executive Director  
Lowell P. Braxton  
Division Director

August 21, 2002

Susan Treece  
Republic Resources, Inc.  
743 Horizon Ct. Suite 333  
Grand Junction, Colorado 81506-8715

Re: APD Rescinded – State 1-32, Sec. 32, T. 21S, R. 19E Grand County, Utah  
API No. 43-019-31389

Dear Ms. Treece:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining on October 31, 2001. The School and Institutional Trust Lands Administration (SITLA), Ed Bonner, has requested for this well to be rescinded (see attached). No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 1, 2002, when Tidewater terminated their designation of operator to Republic Resources Inc.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason  
Engineering Technician

cc: Well File  
SITLA, Ed Bonner



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Michael O. Leavitt  
Governor  
Stephen G. Boyden  
Director

675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818  
801-538-5100  
801-355-0822 (Fax)  
<http://www.trustlands.com>

August 12, 2002

CERTIFIED MAIL 7106 4575 1292 2027 6725

Attn: Pat Duncan  
Republic Resources, Inc.  
743 Horizon Ct., Suite 333  
Grand Junction, CO 81506-8715

Gentlemen:

RE: Release of Certificates of Deposit No. 109718 and No. 6000027861  
State of Utah Oil, Gas, and Hydrocarbon Lease ML 47441 - State 1-32 Well

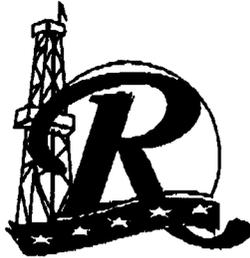
Enclosed please find Certificates of Deposit No. 109718 in the amount of \$6,667 issued by Sterling Bank and No. 6000027861 in the amount of \$3,333 issued by Wells Fargo Bank. These certificates were being held by this agency as surety for the State 1-32 well. However, this well was never drilled and per your request these certificates are being released back to you.

If you have any questions concerning this matter, please contact this office.

Sincerely,

  
Edward W. Bonner  
Mineral resources Specialist

enclosure



## *Republic Resources* INC.

RECEIVED  
AUG 09 2002  
TRUST  
ADMINIS

August 7, 2002

Attn: Ed Bonner  
Utah School and Institutional Trust Lands  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

Re: \$10,000 Certificate of Deposit for Single Well Bond Requirement  
\$6,667.00 held by David A Melman and Associates LLC  
\$3,333.00 held by Republic Resources, Inc.  
Township 32 South, Range 19 East SLM  
Section 32: SE/4  
Grand County, Utah

Dear Ed:

On October 24, 2001, we submitted two Certificates of Deposit totaling \$10,000.00 for a single well bond requirement for ML-47441 (copy of letter enclosed). This letter is to request cancellation of the bond requirement and release of the \$6,667.00 Certificate of Deposit to David A Melman and Associates, LLC and release of the \$3,333.00 Certificate of Deposit to Republic Resources, Inc. I do not know whether you send the release to Melman and Republic or to their respective banks. In the event you deal directly with the banks, please furnish us a copy of your correspondence with the banks.

The well to be drilled in the SE/4 of Section 32 by Republic Resources, Inc. has never been drilled and will not be drilled by Republic Resources, Inc.

If there is anything further you need from us, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Susan Treece".

Susan Treece, C.P.L.  
Land Consultant

**RECEIVED**

**AUG - 6 2002**

**TIDEWATER OIL & GAS COMPANY LLC**

**TRUST LANDS  
ADMINISTRATION  
(303) 932-1181**

11614 Elk Head Range Road

Littleton, Colorado 80202

August 5, 2002

via DHL 8181939743

Mr. Ed Bonner  
State Of Utah  
School And Institutional Trust Lands Admin.  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

RE: State of Utah Oil & Gas Lease ML 47441  
Termination of Designation of Operator.

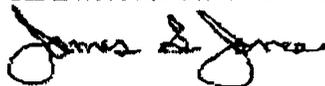
Dear Mr. Bonner:

Tidewater Oil & Gas Company, LLC and Rocksource Energy Corporation, the lessees for ML - 47441, hereby notify the School and Institutional Trust Lands Administration of the State of Utah that effective July 1, 2002, the Designation of Operator granted Republic Resources, Inc., for the SE/4 of Section 32, Township 21 South, Range 19 East, Grand County, Utah, is terminated.

Republic Resources Inc. defaulted on their Agreement with the Lessees and that Agreement, as well as any rights that the Lessees had given Republic Resources, Inc. as the designated operator for this subject lease also terminated effective July 1, 2002.

TIDEWATER OIL & GAS COMPANY, LLC

ROCKSOURCE ENERGY CORPORATION



James S. Jones, Manager

Thomas A. Collins, President