

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS WELL LOG ELECTRIC LOGS FILE WATER SANDS LOCATION INSPECTED SUB. REPORT/abd.

DATE FILED **9-10-91**

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. **U-51413** INDIAN

DRILLING APPROVED **3-23-92**

SPUDDED IN

COMPLETED: **5-28-93 LA** PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: **LA'D Per BLM ETC. 5-28-93**

FIELD: **UNDESIGNATED**

UNIT: **HORSESHOE HOOF**

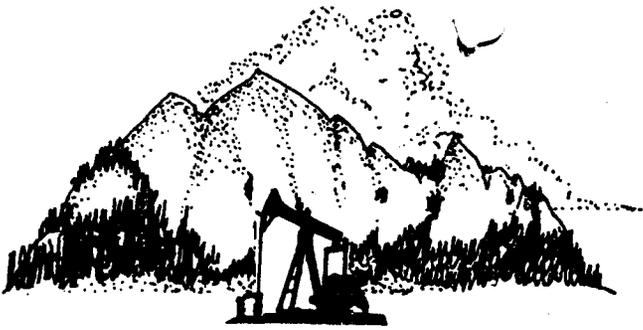
COUNTY: **SAN JUAN**

WELL NO. **GNR #23-14** API NO. **43-037-31672**

LOCATION **2170' FSL** FT. FROM (N) (S) LINE. **1980' FWL** FT. FROM (E) (W) LINE. **NE SW** 1/4 - 1/4 SEC **14**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
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36S	23E	14	GLOBAL NATURAL RES. CORP.				
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DOLAR OIL PROPERTIES

9035 South 700 East, Suite 100A
Sandy, UT 84070-2418
(801) 561 - 3121

September 9, 1991

Ms. Tammy Seary
State of Utah
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

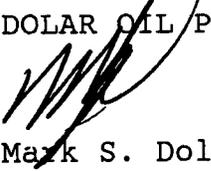
Dear Ms. Seary:

Enclosed please find copies of APD's for Wells No. GNR #12-14, GNR #23-14 and GNR #31-14, as well as Archaeological Surveys, which have been filed with the B.L.M.

If you have any questions, please call.

Yours truly,

DOLAR OIL PROPERTIES


Mark S. Dolar, CPL

MSD/df

Enclosures

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SEP 10 1991

DIVISION OF
OIL GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on reverse)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Global Natural Resources Corporation of Nevada

3. ADDRESS OF OPERATOR
 5300 Memorial Drive, Suite 800, Houston, Texas 77007

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1980 feet from west line, 2170 feet from south line *NE/SW*
 At proposed prod. zone
 Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Six miles northeast of Blanding, Utah

16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED TO THIS WELL
 600.00 600.00

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 19. PROPOSED DEPTH
 None 6,800 feet *OSCR*

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6260 feet - ground elevation

5. LEASE DESIGNATION AND SERIAL NO.
 U-51413

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME
 Horseshoe Hoof

8. FARM OR LEASE NAME

9. WELL NO.
 GNR #23-14 Horseshoe Hoof

10. FIELD AND POOL, OR WILDCAT
 Wildcat *Undesignated* 000

11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA
 Sec 14: NE $\frac{1}{4}$ SW $\frac{1}{4}$, T36S, R23E

12. COUNTY OR PARISH 13. STATE
 San Juan Utah

22. APPROX. DATE WORK WILL START*
 November 15, 1991

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
10 3/4"	8 5/8"	15.5 lb	2,550 feet	Class G - quantity determined at completion
7 7/8"	5 1/2"	15.5 lb	6,880 feet	Class G - quantity determined at completion

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

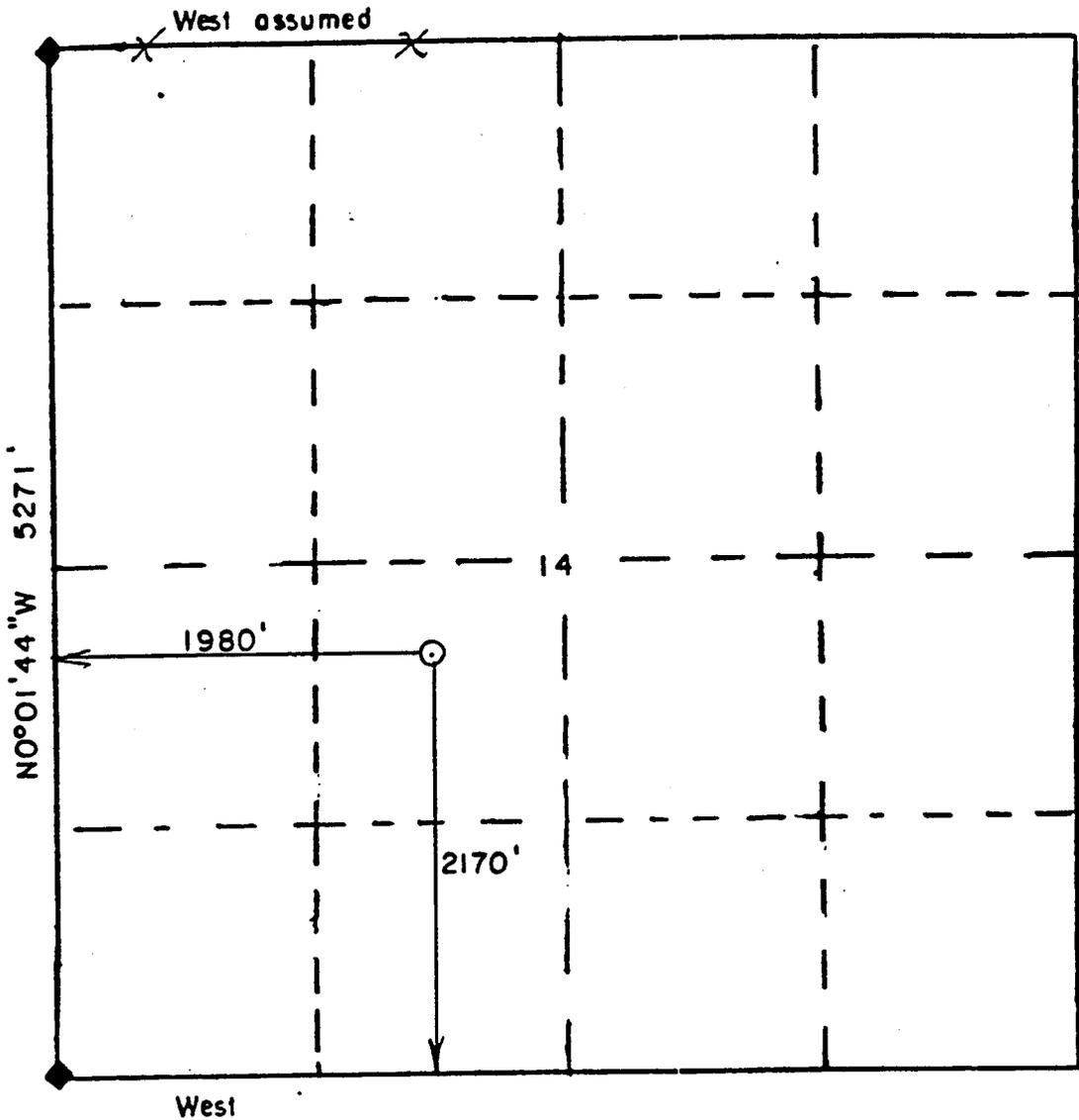
24. SIGNED *[Signature]* TITLE Contract Landman DATE 7-30-1991

(This space for Federal or State office use)
 PERMIT NO. 43-037-31670 APPROVAL DATE
 APPROVED BY _____ TITLE _____
 APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

CONDITIONS OF APPROVAL, IF ANY:
 DATE: 3-23-92
 BY: *[Signature]*
 WELL SPACING 649-2-3

*See Instructions On Reverse Side

WELL LOCATION PLAT



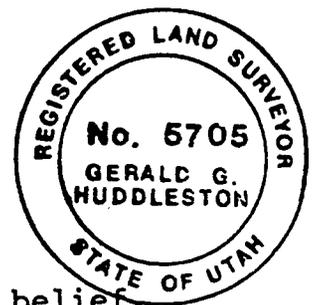
North
1" = 1000'

◆ brass cap

● stone

WELL LOCATION DESCRIPTION:

Global Natural Resources
GNR # 23-14 Horseshoe
2170' FSL & 1980' FWL
Section 14, T.36 S., R.23 E., SLM
San Juan County, UT
6260' ground elevation



The above is true and correct to my knowledge and belief.

15 July 1991

Gerald G. Huddleston
Gerald G. Huddleston, LS

BUREAU OF LAND MANAGEMENT
MOAB DISTRICT

CONDITIONS OF APPROVAL FOR PERMIT TO DRILL

Company: GLOBAL NATURAL RESOURCES CORPORATION OF NEVADA

Well No.: GNR #23-14 Horseshoe Hoof

Location: Sec 14: NE/4SW/4 T. 36 South, R. 23 East, S.L.M. Lease: U-51413

Onsite Inspection date: July 25, 1991

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM:

1. Surface formation and Estimated Formation Tops:

Dakota formation	--	Surface
Chinle formation	--	2,485 feet
Hermosa formation	--	5,336 feet
Upper Ismay formation	--	6,365 feet
Hovenweep Shale form.	--	6,464 feet
Lower Ismay formation	--	6,531 feet
Gothic Shale formation	--	6,579 feet
Desert Creek formation	--	6,610 feet
Chimney Rock Shale formation	--	6,786 feet
Akah formation	--	6,722 feet
Paradox Salt formation	--	6,739 feet

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DIVISION OF
OIL GAS & MINING

2. Estimated Depth at Which Oil, Gas, Water or other Mineral-Bearing Zones Are Expected to Be Encountered:

	Formation	Depth
Expected Oil Zones:	Upper Ismay	6,365 feet
	Desert Creek	6,610 feet
Expected Gas Zones:	Hermosa	5,336 feet
	Upper Ismay	6,365 feet
	Desert Creek	6,610 feet
Expected Water Zones:	None	
Expected Mineral Zones:	None	

All fresh water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth, cased and cemented. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment:

Bottom Hole Pressures will be checked by pressure method while drilling. A Rotating Head will be used and checked. See the attached Exhibit "A", for a diagram of the equipment which will be used in testing procedures.

BOP systems will be consistent with Onshore Oil and Gas Order #2. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and will be recorded on the daily drilling report. The District Office will be notified 1 day in advance when pressure tests are to be conducted.

4. Casing Program and Auxiliary Equipment:

A 10 3/4 inch hole will be drilled to 2,550 feet and set 8 5/8" casing. Then drill 7 7/8" hole to total depth, and if justified, run 5 1/2" casing to total depth. All casing will be new, 15.5 lb casing, the grade of casing will be K55. Class G cement will be used to cover all productive zones, the ratio will be 15.6 pounds per gallon. The same mixture of filler cement will be used to the depth of 2,550 feet above total depth drilled. The quantity of cement will be determined after review of the Caliper log. The tread type will be ST&C.

Anticipated cement tops will be reported as to depth, not the expected number of sacks. The District Office will be notified one day in advance when running casing strings and cement.

5. Mud Program and Circulating Medium:

Drill with water to approximate depth of 5,800 feet, and gel-mud from 5,800 feet to total depth. The anticipated mud weight will 9 pounds.

6. Coring, Logging and Testing Program:

A thirty foot section of the Upper Ismay and Desert Creek formations will be cored. A Drill Stem Test of the Upper Ismay will also be taken, subject to the presence of porosity and shows. Logs will include DIL-SFL-GR-CAL (from total depth to intermediate casing point), a FDC-CNK-GR-CAL log and BHC Sonic-GR-CAL log will also be ran. One Gamma Ray Log will pulled to the surface.

Whether the well is completed as a dry hole or as a producer, a "Well Completion and Recompletion Report and Log" (form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geological summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4.

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards:

No abnormal gas pressures or temperatures are expected. Hydrogen Sulfide or other hazardous gases or fluids are not expected in the area. Anticipated Bottom Hole Pressure is approximately 3,540 psi.

8. Anticipated Starting Dates and Notifications of Operations:

The Operator will contact the San Juan Resource Area at Monticello, Utah forty-eight (48) hours prior to beginning any dirt work on this location. Anticipated starting date will be September 20, 1991.

No location will be construed or moved, no well will be plugged, and drilling or workover equipment will not be removed from a well without prior approval of the District Manager. District Manager will also be notified if a well is placed in a suspended status, and approval will be requested from District Manager before resuming operations.

The spud date will be reported orally to the District Manager within a minimum of twenty-four (24) hours prior to spudding. Written notification in the form of a Sundry

Notice (form 3160-5) will be submitted to the District Office within twenty-four hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 9-329, "Monthly Report of Operations", starting with the month in which operations commence and continue each month until drilling is concluded. This report will be filed directly with the Moab BLM District Office, P.O. Box 970, Moab, Utah 84532.

9. Immediate Reports:

Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the District Office in accordance with requirements of NTL-3A.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed for prior approval of the District Manager, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations, verbal approval to bring on a replacement rig will be approved by the District Petroleum Engineer.

Should the well be successfully completed for production, the District manager will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) business days following the date on which the well is placed on production.

A first production conference will be scheduled within fifteen (15) days after receipt of the first production report. The District Office will coordinate the field conference.

No well abandonment operations will be commenced without the prior approval of the District Manager. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the District Petroleum Engineer. A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Manager within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area manager or his representative, or the appropriate surface managing agency.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days or 50 MMCF gas. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The marker will be constructed as follows: _____
The top of the marker will be closed or capped.

The following minimum information will be permanently placed on the marker with a plate, cap or beaded-on with a welding torch: "Fed" or "Ind", as applicable. "Well number, location by 1/41/4 section, township and range". "Lease number".

Other: _____

THIRTEEN POINT PLAN OF DEVELOPMENT

1. Existing Roads:

- a. Location is six miles northeast of Blanding, Utah.
- b. Access will be obtained by traveling 9.2 miles north of Blanding on State Highway 163, then 6 miles southeast along graveled county road to well access road.
- c. Improvements and/or maintenance of existing roads will not be necessary.

2. Planned Access Roads:

- a. The maximum total distributed of the road will not exceed a width of 30 feet, total length of the access road will be 200 feet.
- b. Maximum grades will not exceed six percent.
- c. There will be no turnouts on the access road. Culverts, ditched, crowned surfaced with rock: _____
- d. Location (centerline): Centerline has been flagged. The road will be approximately 30 feet wide with 18 feet running surface.
- e. Drainage will not be required. Low water crossings only.
- f. Surface materials will be purchased from a private source.
- g. An encroachment permit will be obtained from the San Juan County Road Department (801) 587-2231, Ext. 43 for use of county roads: _____
- h. The access (including any existing non-county) road will be rehabilitated or brought to Resource (Class III) Road Standards by meeting the following minimum design requirements within sixty (60) days of completion of drilling operations: Culverts, ditched, crowned, surfaced with rock.
- i. Other: Caution signs will be posted on county road - both ways.

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed will be approved by the Area Manager in advance.

3. Location of Existing Wells:

None on Property or leasehold.

4. Location of Tank Batteries and Production Facilities:

All permanent (onsite for six (6) months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective, earth tone color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six (6) months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: Juniper Green.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank; all load lines and valves will be placed inside the dike surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7 regulations and Onshore Oil And Gas order No. 3; Site Security will be adhered to.

All off-lease storage, off-lease measurement, or co-mingling on-lease or off-lease will have prior written approval from the District Manager. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

Gas Measurement will be conducted in accordance with the Onshore Oil and Gas Order No. 5; Gas Measurement and 43 CFR 3162.7-3.

Gas meter runs for each well will be located within five hundred (500) feet of the wellhead. The gas flowline will be buried from the wellhead to the meter along with any other sections occurring on the pad. Meter runs will be housed and/or fenced.

Oil Measurement will be conducted in accordance with Onshore Oil and Gas Order No. 4, Oil Measurement as of the effective date of August 23, 1989 and CFR 3162.7-2.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three (3) months on new meter installations and at least quarterly thereafter. The Area Manager will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration reports will be submitted to the District Office. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from: _____

A temporary water use permit for this operation will be obtained from the Utah State Engineer at Price, Utah (801) 637-1303. Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from onsite and in place materials.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.

7. Methods of Handling Waste Disposal:

The lining of the reserve pit will be determined at time of construction.

Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations case with four (4) strands of barbed wire, or woven wire topped with barbed wire to the height of not less than four (4) feet. The fence will be kept in good repair while the pit is drying.

No liquid hydrocarbons (i.e. fuels, lubricants, formation) will be discharged to the reserve pit. No chrome compounds will be on location.

All trash must be placed in a trash basket and hauled away to the county refuse facility. There will be no burning of trash on location.

Produced waste water will be confined to the reserve pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).

Other: Toilets will be on location.

8. Ancillary Facilities:

Camp facilities will not be required.

9. Well Site Layout:

The reserve pit will be located on the West side of the location.

The top twelve inches of soil material will be removed from the location and stockpiled separately on the North sides of the site. Topsoil along the access road will be reserved in place adjacent to the road.

Access to the well pad will be from the South, along the planned access road.

The trash basket will be located on the Northeast corner of the well pad.

10. Plans for Restoration of Surface:

A. Within 24 hours of completion of drilling, the location and surrounding area will be cleared of everything not required for production.

B. As soon as the reserve pit has dried all areas not needed for production (including access road) will be filled in, recontoured to approximately natural contours and (12 inches/as much top soil as was removed) replaced leaving sufficient for future restoration. The remaining top soil (if any) will be stableized and seeded in place. If the well is a dry hole, the location and access road will be rehabilitated in total.

C. The area will be seeded between December 1 and February 28 with:

- 2 lbs/acre of Indian ricegrass
- lbs/acre of Galleta
- 5 lbs/acre of Crested wheatgrass
- lbs/acre of Thickspike wheat
- lbs/acre of Sand dropseed
- 4 lbs/acre of Fourwing Saltbush
- lbs/acre of Shadscale
- 4 lbs/acre of Desert bitterbrush
- lbs/acre of Small Burnett
- lbs/acre of Yellow Sweetcover
- lbs/acre of Lewis flax. (Appar)
- lbs/acre of Ephedra (Mormon Tea)
- lbs/acre of Winterfat
- lbs/acre of Big/Black Sagebrush
- 3 lbs/acre of Alfalfa
- lbs/acre of Forage Kochina (Prostrata)

The pounds of seed listed above is pure live seed.

D. Seed will be broadcast followed by a light harrowing. If the seed is drilled, the seeding rate can be reduced by 25% and harrowing can be eliminated.

Additional Requirements: Other water control measures may be required by authorized offices.

11. Surface and Mineral Ownership: The Federal Government owns all surface and mineral interests.
12. Other Information:

There will be no deviation from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.2.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CRF 3164.

The dirt contractor will be provided with an approved copy of the surface operations in accordance with 43 CFR 3164.

The dirt contractor will be provided with an approved copy of the surface use plan.

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in site preservation is not necessary); and,
- a timeframe for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

This permit will be valid for a period of one (1) year from the date of approval. After permit expiration, a new application will be filed for approval for any future operations.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

DEER WINTER RANGE

Part of the deer crucial winter range areas fall in ROS class SPNM. The following special conditions are in addition to the ROS special conditions, which take precedence.

Use within the 197,550-acre crucial deer winter habitat areas would be closed to certain surface uses during periods of critical winter use (December 15 to April 30). During this period, no oil and gas leasing activities, geophysical work or ORV use may take place. Mining activities during this period would require an approved plan of operations.

Certain sagebrush parks within crucial deer winter range areas (9,800 acres) have been identified as providing a concentrated food source for wintering deer. Large-scale sagebrush removal could cause a significant loss of winter forage. The areas fall within various ROS classes; the following special conditions, which take precedence, are in addition to the ROS special conditions:

Land treatments would be considered on a case-by-case basis.

13. Lessee's or Operator's Representative and Certification

Representative: Mark S. Dolar
9035 South 700 East, Suite 100A
Sandy, Utah 84070-2418

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by GLOBAL NATURAL RESOURCES CORPORATION OF NEVADA and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: August 1, 1991

W. Allan Smith 1c/c
Wm. Allan Smith, Attorney-in-Fact

SELF CERTIFICATION STATEMENT

1. Under the Federal regulations in effect as of June 15, 1988, designation of operator forms are no longer required when operator is not 100% record title holder. An operator is now required to submit a self-certification statement to the appropriate Bureau office stating that said operator has the right to operate upon the leasehold premises.

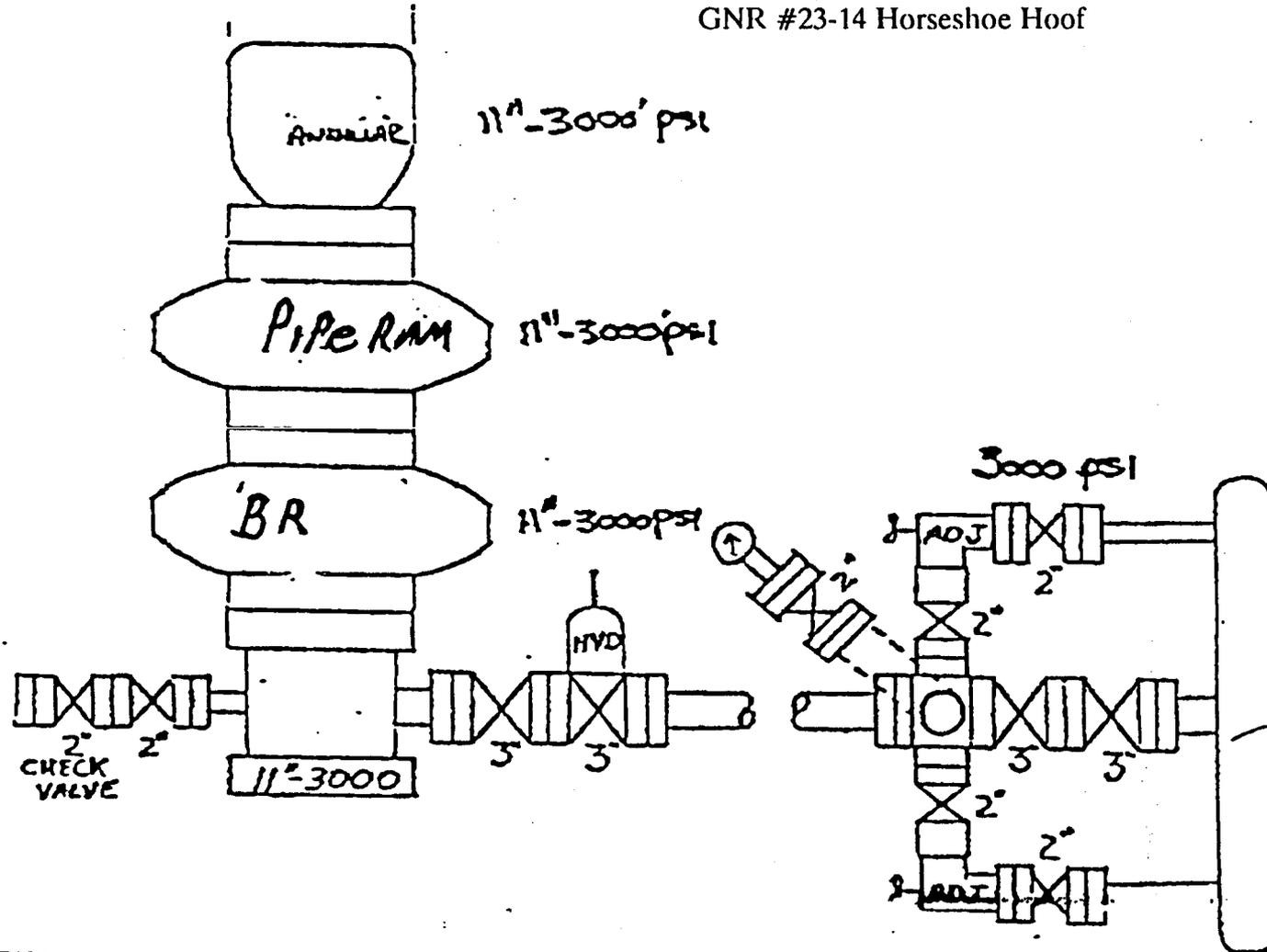
Please be advised that Global Natural Resources Corporation of Nevada is considered to be the operator of Well No. GNR #23-14 Horseshoe Hoof; NE/4SW/4 of Section 14, Township 36 South, Range 23 East, S.L.M., Lease U-51413, San Juan County, Utah; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Underwriter's Indemnity under Nationwide BLM Bond #B10611.

Date: 8/1/91

By: W. Allan Smith KIC
Wm. Allan Smith
Attorney-in-Fact
Global Natural Resources Corporation of Nevada

EXHIBIT "A"

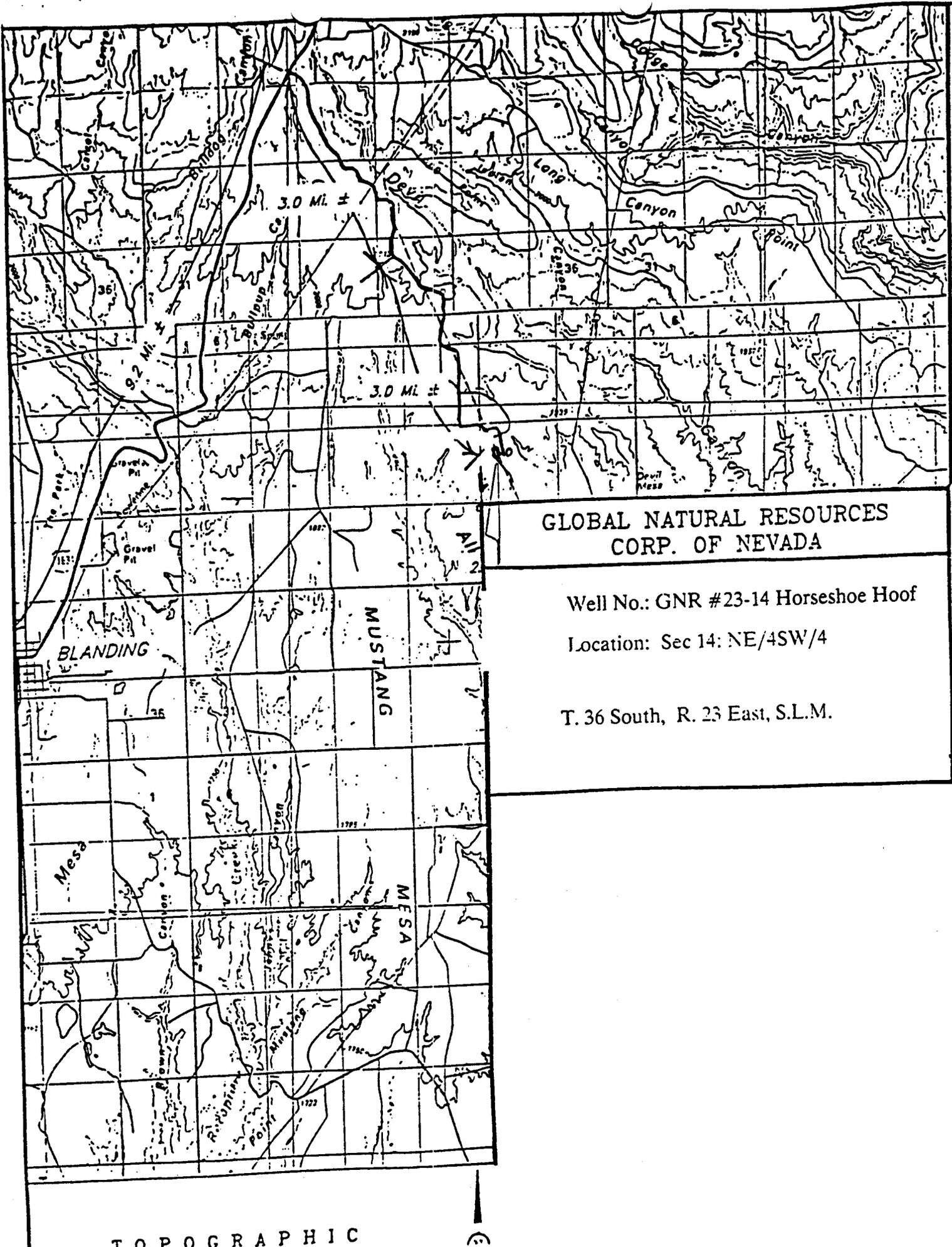
GLOBAL NATURAL RESOURCES CORPORATION OF NEVADA
 BOTTOM HOLE DIAGRAM
 GNR #23-14 Horseshoe Hoof



TITLE

BOP STACK ARRANGEMENT

SCALE NONE



GLOBAL NATURAL RESOURCES
CORP. OF NEVADA

Well No.: GNR #23-14 Horseshoe Hoof

Location: Sec 14: NE/4SW/4

T. 36 South, R. 23 East, S.L.M.

TOPOGRAPHIC

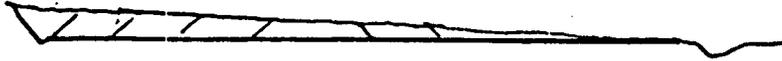


CROSS SECTION

GNR # 23-14 Horseshoe

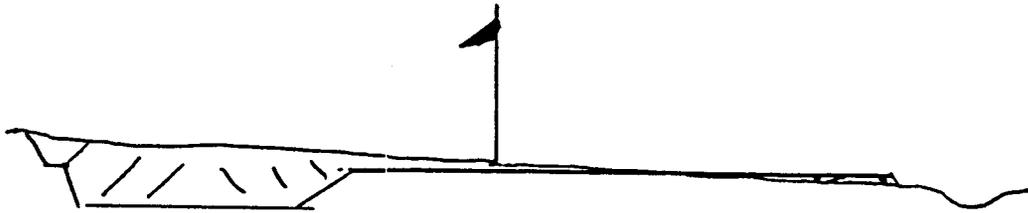
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Fill -

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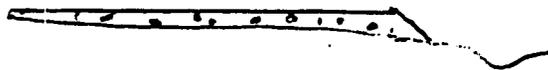
c

c'



b

b'



a

a'

**ARCHAEOLOGICAL SURVEY OF
GLOBAL NATURAL RESOURCES CORPORATION OF NEVADA'S
GNR NUMBER 12-14 HORSESHOE AND
GNR NUMBER 23-14 HORSESHOE
WELL PADS AND ACCESS ROADS
SAN JUAN COUNTY, UTAH**

LAC REPORT 9169

by

Steven L. Fuller

**LA PLATA ARCHAEOLOGICAL CONSULTANTS
P.O. BOX 783
DOLORES, COLORADO 81323
(303) 882-4933**

July 26, 1991

**FEDERAL ANTIQUITIES PERMIT 91UT57626
UTAH STATE PERMIT U91-LA-350b**

**Prepared for:
Global Natural Resources Corporation of Nevada
5300 Memorial Drive, Suite 800
Houston, Texas 77007**

ABSTRACT

The archaeological survey of Global Natural Resources Corporation of Nevada's GNR Number 12-14 Horseshoe and GNR Number 23-14 Horseshoe well pads and access roads was conducted by personnel of La Plata Archaeological Consultants on July 14 and 25, 1991. The projects are located in San Juan County, Utah on lands administered by the Bureau of Land Management, San Juan Resource Area. Approximately 650- by 650-ft areas (10 acres) were surveyed surrounding the two well center stake. The short access roads leading in to each of the wells are totally within the block survey areas and required no additional survey coverage. One archaeological site was found during the survey of the GNR Number 12-14 Horseshoe well pad. Site 42SA21899 is a Anasazi Pueblo II possible seasonal habitation with between one and three one -room structures and a light artifact scatter. The site is approximately 125 feet northwest of the proposed location and can be avoided during construction. No sites were found within the block survey area for the GNR Number 23-14 Horseshoe well pad, although numerous sites were noted on the ridges to the east and north of the block survey area. Archaeological clearance is recommended for the two projects.

INTRODUCTION

On July 14 and 25, 1991 the archaeological survey of Global Natural Resources Corporation of Nevada's GNR Number 12-14 Horseshoe and GNR Number 23-14 Horseshoe well pads and access roads was conducted by Steven L. Fuller of La Plata Archaeological Consultants. The survey was requested by Mr. Mark Dolar of Dolar Oil Properties who was acting as a permit agent for Global Natural Resources. The proposed well pad and access road are totally on lands administered by the Bureau of Land Management, San Juan Resource Area and are in San Juan County, Utah. The area is formally designated the Alkali Ridge National Historic Landmark and receives some special protection under the BLM's resource management plan.

The survey covered a total of about 18.5 acres and one new archaeological site was encountered. The site lies about 125 feet northwest of the GNR Number 12-14 Horseshoe well pad and can be avoided during construction. A temporary protective fence 50 feet from the northwest corner of the well pad is recommended to insure that the site is not damaged during well pad construction or rehabilitation. Numerous other unrecorded sites were noted in the areas surrounding the survey blocks but none will be affected by these projects. Archaeological clearance is recommended for the two projects.

The GNR Number 12-14 Horseshoe well pad is located in T36S, R23E, Section 14, SW $\frac{1}{4}$ NW $\frac{1}{4}$. The project is included on the USGS Devil Mesa, Utah 7.5' series topographic map (Fig. 1). The GNR Number 23-14 Horseshoe well pad is located in T36S, R23E, Section 14, NE $\frac{1}{4}$ SW $\frac{1}{4}$ and is also located on the USGS Devil Mesa, Utah 7.5' series topographic map (Fig. 1). Access for the GNR Number 12-14 Horseshoe will extend 200 feet east from the main Alkali Point county road. Access to the GNR Number 23-14 Horseshoe will lead less than 50 feet northeast from the main Alkali Point county road. Both well pads will measure approximately 300 by 220 feet.

PHYSIOGRAPHY AND ENVIRONMENT

The projects are located on the central east side of Alkali Point surrounding the heads of several tributaries to Alkali Canyon to the southwest. The GNR Number 12-14 well is in a shallow basin surrounding one of the tributary heads with a low sandstone ridge rising to the east. The GNR Number 23-14 well lies in an open alluvial valley that surrounds a tributary to Alkali Canyon. A prominent ridge rises to the east of the location and a lower ridge extends to the northwest. The sediments in the two project areas are of thin to fairly deep and soils are formed on sandy loam loess deposits. Quartzitic sandstone outcrops on the east side of the GNR Number 12-14 well pad.

Vegetation on this mesa top consists of pinyon and juniper with an understory of sagebrush. Other plants present include ephedra, cliff rose, bitterbrush, and snakeweed.

SURVEY PROCEDURES

The official file search was conducted with the BLM files located in the San Juan Resource Area Office on July 16, 1991. This search indicated that numerous seismic surveys had been conducted by Abajo Archaeology, BYU, and La Plata through the area and that at least 10 sites have been recorded in the general vicinity of the projects, but none are within several hundred feet of the two block survey areas. The previously recorded sites are difficult to plot exactly on the new 7.5' maps but the closest include 42SA14020 and 42SA14255, several hundred feet to the northwest and southeast of the GNR Number 12-14 survey block. Sites 42SA8556 and 42SA8557 appear to be several hundred feet northwest of the GNR Number 23-14 location. None of these sites were relocated during this survey.

The two well pads were surveyed after they were located by personnel of Huddleston Land Surveys. Ten-acre blocks (650 by 650 ft) was surveyed using parallel pedestrian transects spaced about 15 m apart. For the GNR Number 23-14 Horseshoe location, the survey was butted up against the main Alkali Point Road corridor and the survey block was truncated on the southwest side (Fig. 1), covering only about 8.5 acres. Both access roads are very short and do not extend beyond the block survey areas.

The two well pads together contain a total of about 18.5 acres (7.5 ha) which were inventoried for cultural resources for this project. Of this acreage, all is managed by the Bureau of Land Management.

SURVEY RESULTS

One new archaeological site was encountered during the survey. The one site contains one probable small structure and two rubble scatters which could represent additional structures and is likely to contain further data of importance to the area's prehistory and therefore, is likely to be eligible for nomination to the National Register of Historic Places. The site is described more fully as follows:

SITE NUMBER: 42SA21899

Description: This site contains two loci which appear to be related to seasonal occupation of this low ridge (Fig. 2). Locus 1 consists of a 3 by 2 m rubble scatter with small oxidized sandstone spalls, indicative of a small jacal room. Very few artifacts are in the vicinity of Locus 1 and include only two small plain gray body sherds and approximately 10 chalcedony and chert flakes and shatter. Just up the ridge to the north-northeast is Locus 2 which contains a sandstone block room outline measuring about 5 by 5 m. Large sandstone blocks are present under the duff of juniper trees but enough rock is present only for basal courses. A rubble scatter just to the southeast measures about 3 m in diameter and possibly could represent a jacal room. Located about 18 m down slope to the southeast is a small slab concentration in a wash which appears to represent an eroded hearth. One whiteware sherd and a one-hand mano are in association with the hearth. Near the room outline are at least 10 Mancos Black-on-white sherds, about five corrugated body sherds and a scatter of chalcedony, chert,

N

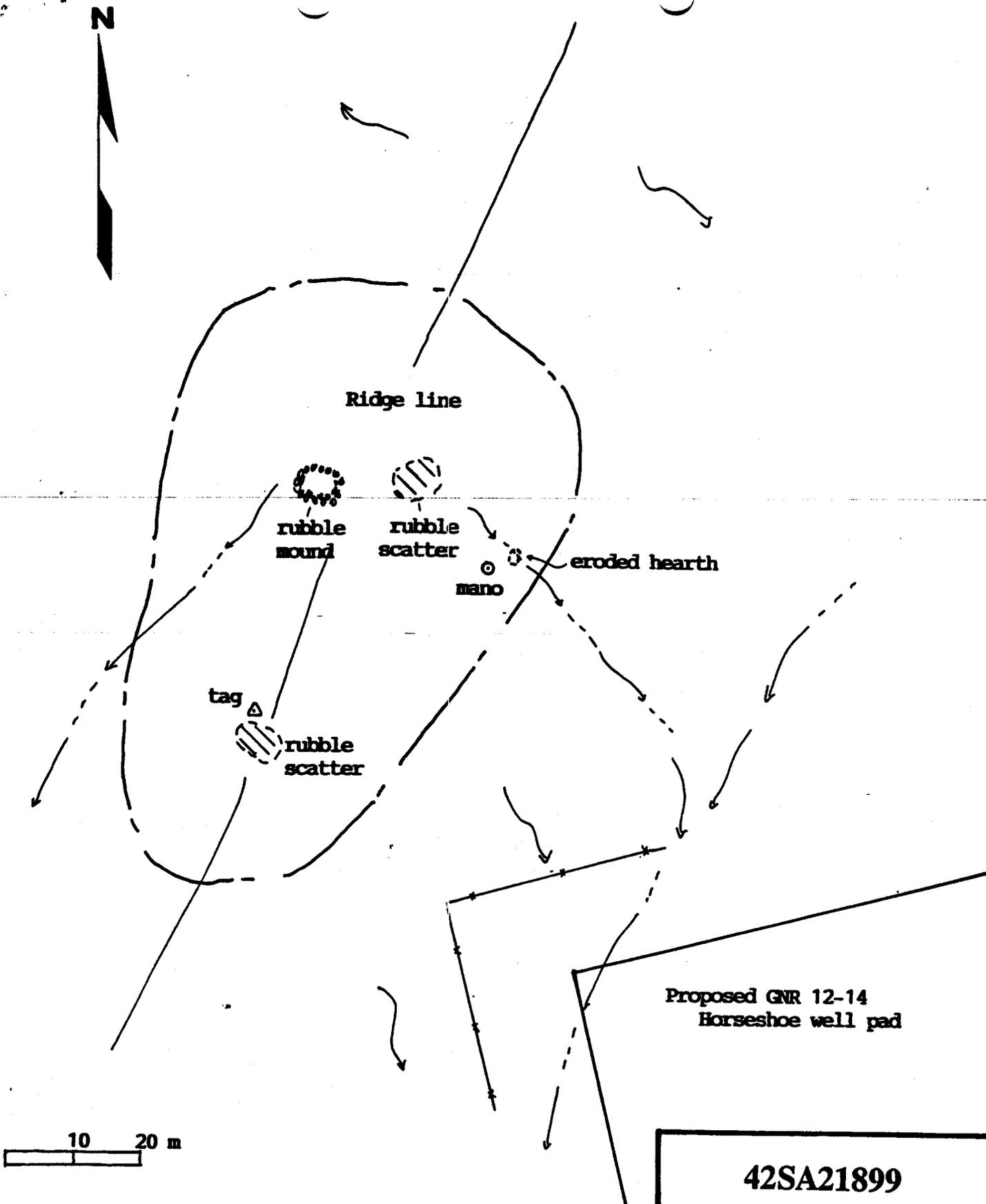


Figure 2

and quartzite debitage and shatter. The site most likely represents a Pueblo II seasonal habitation with one or more one-room structures.

CONCLUSIONS AND RECOMMENDATIONS

The archaeological survey of Global Natural Resources Corporation of Nevada's GNR Number 12-14 Horseshoe and GNR Number 23-14 Horseshoe well pads and access roads was conducted on July 14 and 25, 1991 by personnel of La Plata Archaeological Consultants. Ten-acre blocks surrounding the well pads were surveyed, and one archaeological site was encountered near the GNR Number 12-14 Horseshoe well. The one site is approximately 125 feet northwest of the northwest corner of the well pad and can be protected during construction by placing a temporary fence as indicated on Fig. 2. No archaeological sites were encountered within the block survey area for the GNR Number 23-14 well pad and no previously recorded sites are within 200 feet of either of the proposed project areas. Archaeological clearance is recommended for the GNR Number 12-14 Horseshoe and GNR Number 23-14 Horseshoe well pads and access roads.

OPERATOR Global Natural Resource Corp DATE 9-16-91

WELL NAME GNR # 03-14 Horseshoe Hoop

SEC NESW 14 T 31S R 03E COUNTY San Juan

13-037-31670
API NUMBER

Federal (1)
TYPE OF LEASE

CHECK OFF:

PLAT.

BOND

NEAREST WELL

LEASE

FIELD SLOM

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other producing well within Sec 14.
Water Permit
Horseshoe Hoop approved as logical unit only.

APPROVAL LETTER:

SPACING:

R649-2-3
R615-2-3

Horseshoe Hoop
UNIT

R615-3-2

N/A
CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

1- Needs water permit



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

March 23, 1992

Global Natural Resources Corporation of Nevada
5300 Memorial Drive, Suite 800
Houston, Texas 77007

Gentlemen:

Re: GNR #23-14 Well, 2170 feet from the south line, 1980 feet from the west line, NE 1/4 SW 1/4, Section 14, Township 36 South, Range 23 East, San Juan County, Utah

Pursuant to Utah Code Ann. § 40-6-18, (1953, as amended), Utah Admin. R. 649-2-3 (formerly R. 615-2-3), and Utah R. 649-3-4 (formerly R. 615-3-4), approval to drill the referenced well is hereby granted.

In addition, the following specific actions are necessary to fully comply with this approval:

1. Submittal to the Division of evidence providing assurance of an adequate and approved supply of water as required by Utah Code Ann. § 73-3, Appropriations, prior to commencing drilling operations.
2. Compliance with the requirements of Utah Admin. R. 649-1 et seq. (formerly R. 615-1 et seq.), Oil and Gas Conservation General Rules.
3. Notification within 24 hours after drilling operations commence.
4. Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations and whenever a change in operations or interests necessitates an entity status change.
5. Submittal of the Report of Water Encountered During Drilling, Form 7.
6. Prompt notification prior to commencing operations, if necessary, to plug and abandon the well. Notify Frank R. Matthews, Petroleum Engineer, (Office) (801)538-5340, (Home) (801)476-8613, or R.J. Firth, Associate Director, (Home) (801)571-6068.

Page 2
Global Natural Resources Corporation of Nevada
GNR #23-14
March 23, 1992

7. Compliance with the requirements of Utah Admin. R. 649-3-20 (formerly R. 615-3-20), Gas Flaring or Venting, if the well is completed for production.

Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site should be submitted to the local health department. These drilling operations and any subsequent well operations should be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Department of Environmental Quality, Division of Drinking Water/Sanitation, telephone (801)538-6159.

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-037-31672.

Sincerely,



R.J. Birch
Associate Director, Oil and Gas

ots
Enclosures
cc: Bureau of Land Management
J.L. Thompson
WO11

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Global Natural Resources Corporation of Nevada

3. ADDRESS OF OPERATOR
 5300 Memorial Drive, Suite 800, Houston, Texas 77007

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1980 feet from west line, 2170 feet from south line
 At proposed prod. zone
 same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Six miles northeast of Blanding, Utah

10. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1980 feet

16. NO. OF ACRES IN LEASE 600.00

17. NO. OF ACRES ASSIGNED TO THIS WELL 600.00

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None

19. PROPOSED DEPTH 6,800 feet

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6260 feet - ground elevation

22. APPROX. DATE WORK WILL START*
 November 15, 1991

5. LEASE DESIGNATION AND SERIAL NO.
 U-51413

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 Horseshoe Hoof

8. FARM OR LEASE NAME

9. WELL NO.
 GNR #23-14 Horseshoe Hoc

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec 14: NE $\frac{1}{4}$ SW $\frac{1}{4}$, T36S, R23E

12. COUNTY OR PARISH 13. STATE
 San Juan Utah

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
10 3/4"	8 5/8"	15.5 lb	2,550 feet	Class G - quantity determined at completion
7 7/8"	5 1/2"	15.5 lb	6,880 feet	Class G - quantity determined at completion

RECEIVED

MAY 08 1992

DIVISION OF
OIL GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Contract Landman DATE 7-30-1991
 (This space for Federal or State office use)

PERMIT NO. /S/ WILLIAM C. STRINGER APPROVAL DATE Assistant District Manager
 APPROVED BY /S/ WILLIAM C. STRINGER TITLE for Minerals DATE MAY 5 1992

FLARING OR VENTING OF
GAS IS SUBJECT TO NTL 4-A
Dated 1/1/80

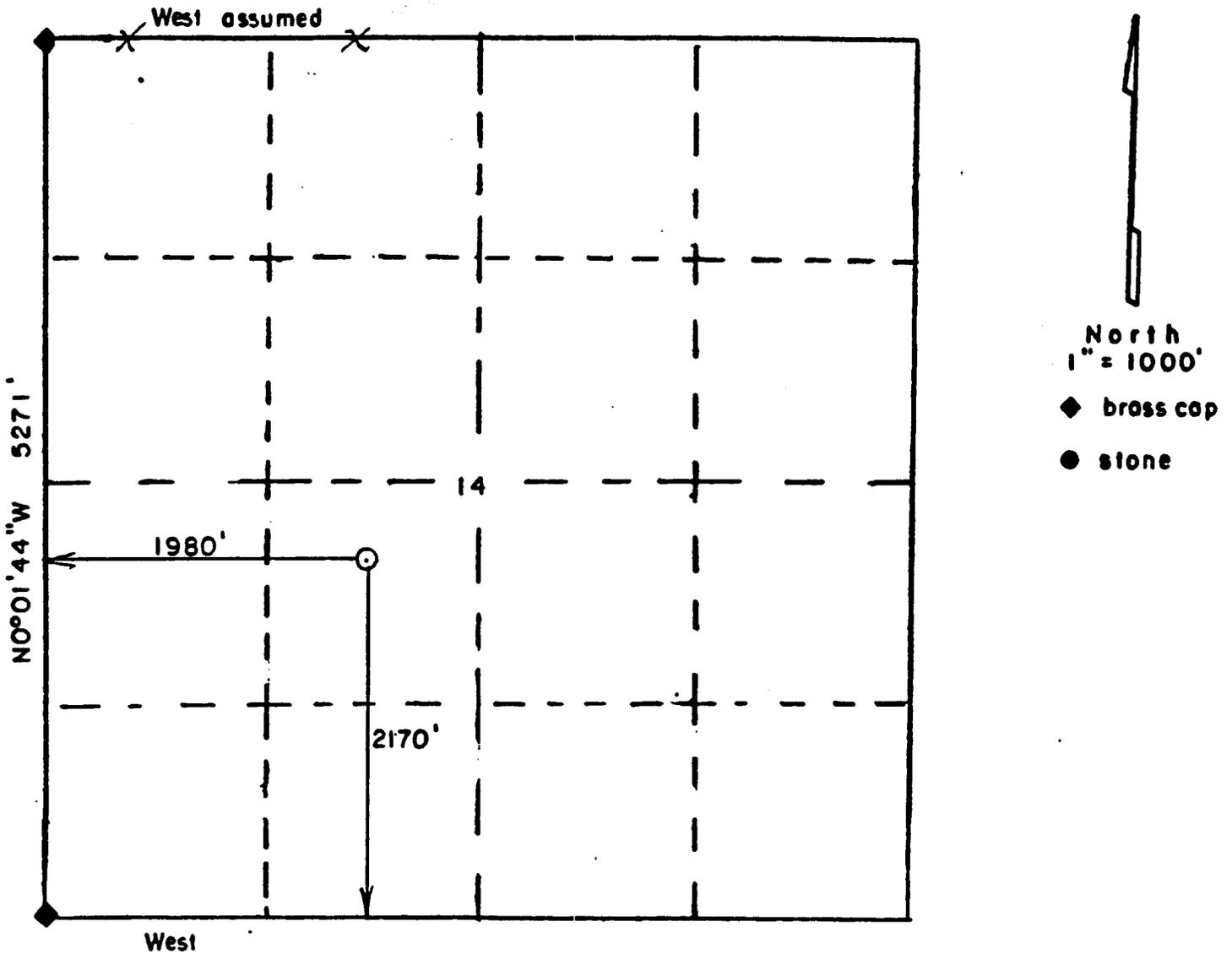
CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

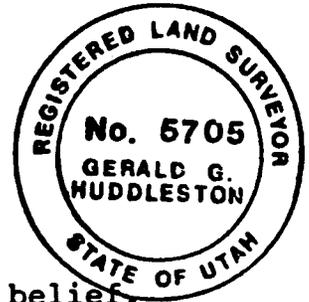
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WELL LOCATION PLAT



WELL LOCATION DESCRIPTION:

Global Natural Resources
GNR # 23-14 Horseshoe
2170' FSL & 1980' FWL
Section 14, T.36 S., R.23 E., SLM
San Juan County, UT
6260' ground elevation



The above is true and correct to my knowledge and belief.

15 July 1991

Gerald G. Huddleston
Gerald G. Huddleston, LS

Global Natural Resources Corporation of Nevada
Horseshoe Hoof GNR No. 23-14 well
NESW Sec. 14, T. 36 S., R. 23 E.
San Juan County, Utah
Lease U-51413

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Global Natural Resources Corporation of Nevada is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by NM1644 (Principal - Global Natural Resources Corporation) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. A one-time, 90 day extension of this period may be granted. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to field representatives to insure compliance.

A. DRILLING PROGRAM

1. There will be no deviation from the proposed drilling and/or workover program without prior approval from the Assistant District Manager. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

2. Daily drilling and completion progress reports shall be submitted to the District office on a weekly basis.

3. No trivalent or hexavalent chromate additives shall be used in the mud system. Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

4. BOP systems shall be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded on the daily drilling report.

As per Onshore Order No. 2 a fill-up line shall be in place and functional prior to drilling out from the surface casing shoe. None was provided on the BOPE diagram.

5. Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

6. When the completion program is determined, a sundry notice describing the completion shall be submitted to this office for approval.

7. Should the well become productive, the BJM, District Office must be notified no later than five business days after production begins. Notification shall be by letter or sundry notice, or orally to be followed by a letter or sundry notice.

8. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 Mmcf following its completion, whichever comes first, without prior written approval of the Authorized Officer. Surface casing shall have centralizer on each of the bottom three joints.

9. Surface casing shall have a centralizer on each of the bottom three joints.

10. Surface casing shall be set 50 feet into the Chinle Formation regardless of the depth the Chinle is encountered.

11. Cement volumes shall be adequate to cement surface casing (8 5/8 inch casing) from the shoe to surface and adequate to cement production casing (5 1/2 inch casing) from the shoe to 2400 ft. above the shoe (4100 ft. KB). No volumes of cement were given.

12. To determine cement top and bond quality, a cement bond log (CBL) or cement evaluation tool (CET) shall be run after the 5 1/2" casing is run and cemented in place.

B. Stipulations

1. The maximum total disturbed width of the road will not exceed 30 feet, total length of the access road will be 200 feet. Maximum grades will not exceed six percent. There will be no turnouts on the access road. Centerline has been flagged. The road will be approximately 30 feet wide with 18 feet running surface.
2. Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed will be approved by the Area Manager in advance. The access (including any existing non-county) road will be rehabilitated or brought to BLM Resource (Class III) Road Standards within sixty (60) days of dismantling of the drilling rig. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.
3. All permanent (onsite for six months or longer) structures constructed or installed will be painted a flat, nonreflective earth tone color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows:
JUNIPER GREEN.
4. If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank; all load lines and valves will be placed inside the dike surrounding the tank battery.

5. All site security guidelines identified in 43 CFR 3162.7 regulations and onshore Oil and Gas order No. 3; Site Security will be adhered to.
6. All off-lease storage, off-lease measurement, or co-mingling on-lease or off lease will have prior written approval from the District Manager. All produce lines entering and leaving hydrocarbon storage tanks will be effectively sealed.
7. Gas Measurement will be conducted in accordance with the Onshore Oil and Gas Order No. 5; Gas Measurement and 43 CFR 3162.7-3.
8. Gas meter runs for each well will be located within five hundred (500) feet of the wellhead. The gas flowline will be buried from the wellhead to the meter along with any other sections occurring on the pad. Meter runs will be housed and/or fenced.
9. Oil Measurement will be conducted in accordance with onshore Oil and Gas Order No. 4, Oil Measurement and 43 CFR 3162.7-2.
10. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three (3) months on new meter installations and at least quarterly thereafter. The Area Manager will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration reports will be submitted to the District Office. All meter measurement facilities will conform with the API standards for liquid Hydrocarbons and the AGA standard for natural gas measurement.
11. All water needed for drilling purposes will be obtained from a private source.

A temporary water use permit for this operation will be obtained from the Utah State Engineer at Price, Utah, 801-637-1303. Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

12. Pad construction material will be obtained from onsite and in place materials. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.
13. The reserve pit will be constructed with at least 1/2 of the capacity in cut material and the lining will be determined at time of construction.

Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four (4) strands of barbed wire, or woven wire topped with barbed wire to the height of not less than four (4) feet.. The fence will be kept in good repair while the pit is drying.

No liquid hydrocarbons (i.e. fuels, lubricants, formation) will be discharged to the reserve pit. No chrome compounds will be on location.

14. All trash must be placed in a trash basket and hauled away to the county refuse facility.
15. Produced waste water will be confined to the reserve pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).
16. Toilets will be on location.
17. Camp facilities will not be required.
18. The reserve pit will be located on the west side of the location. The top twelve inches of soil material will be removed from the location and stockpiled separately on the north side of the site. Topsoil along the access road will be reserved in place adjacent to the road. Access to the well pad will be from the south, along the planned access road. The trash basket will be located on the northeast corner of the well pad.
19. Within 24 hours of completion of drilling, the location and surrounding area will be cleared of everything not required for production.
20. As soon as the reserve pit has dried all areas not needed for production (including access road) will be filled in, contoured to approximately natural contours and (as much top soil as was removed) replaced leaving sufficient for future restoration. The remaining topsoil (if any) will be stabilized and seeded in place. If the well is a dry hole, the location and access road will be rehabilitated in total.
21. The area will be seeded between October 1 and February 28 with:
 - 2 lbs/acre Indian ricegrass
 - 5 lbs/acre Crested wheatgrass
 - 4 lbs/acre Desert bitterbrush
 - 3 lbs/acre Alfalfa
 - 4 lbs/acre Fourwing Saltbush

The pounds of seed listed above is pure live seed. Seed will be broadcast followed by a light harrowing. If the seed is drilled, the seeding rate can be reduced by 25% and harrowing can be eliminated.

22. Other water control measures may be required by the Authorized Officer.

23. There will be no deviation from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.2.
24. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 42 CFR 3164.
25. The dirt contractor will be provided with an approved copy of the surface use plan.
26. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in-situ preservation is not necessary); and,
- a timeframe for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

27. This permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

28. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

The following stipulations are required by the Authorized Officer:

1. If the well is a producer the road may need to be ditched, crowned, surfaced with rock, and culverts applied in the appropriate places.
2. The capacity of the dike around the tank battery will be large enough to contain 1.5 times the volume of the largest tank plus one days production coming into the battery.
3. There will be NO BURNING OF TRASH ON LOCATION.
4. All wells, whether drilling, producing, suspended, or abandoned and/or separate facilities, will be identified in accordance with 43 CFR 3162.6.
5. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.6.
6. No liquid hydrocarbons will be discharged to the reserve pit or on location.
7. There will be no operations conducted from December 15 to April 30 due to critical deer winter range closure.
8. All raptor nests would be avoided by one-half (1/2) mile from construction activities. If construction is delayed until spring, 1992, the wildlife biologist would be notified and a survey would be done to ensure raptor safety during the critical nesting season.
9. Prework conferences will be conducted by Bureau of Land Management with all personnel involved in construction, drilling and rehabilitation activities. The principal topic of the conferences will be to stress the archaeological importance of the National Historic Landmark and to ensure everyone involved understands the penalties for damage to archaeological sites.

10. During initial land clearing and construction activities, an archaeologist will be on hand to ensure that no archaeological sites are damaged. So that the monitoring has a maximum effect, the first removal of vegetation and topsoil will be done so that as little topsoil as possible is removed.
11. In advance of any permitted development activities, a single strand wire fence will be constructed around the entire area where they will take place. The fenced area will be large enough to include stockpiling vegetation and topsoil, as well as for parking vehicles.
12. During all stages of permitted activity increased Bureau of Land Management presence will be maintained by agency law enforcement personnel who will monitor the condition of the archaeological sites in the vicinity of the undertaking.

B. SURFACE USE PLAN

1. The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

2. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6.

3. A cultural resource clearance will be required before any construction begins. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

4. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried or within 18 months of completion of drilling whichever is least, all areas not needed for production will be rehabilitated.

5. Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the Area Manager in advance.

6. Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

7. If the well is productive, cattle guards will be installed on the access road at fence crossings. The access road will be rehabilitated or brought to Resource (Class III) Road Standards within sixty (60) days of dismantling the drilling rig. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

8. If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 150% of the storage capacity of the largest tank in the battery. All loading lines and valves will be placed inside the berm surrounding the tank battery.

9. All permanent (on-site for six (6) months or longer) structures constructed or installed (including oil well pumping units) shall be painted a flat, nonreflective, earth tone color to blend with the local environment, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities shall be painted within six (6) months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors shall be coordinated with the Price River Resource Area office prior to initiating painting.

10. All off-lease storage, off-lease measurement, or commingling (on-lease or off-lease) shall have prior written approval from the Assistant District Manager.

11. Pipeline construction activity is not authorized under this permit.

12. Copies of all water analysis required by the State of Utah in relation to surface discharge of produced water will be submitted to the Moab District Office, Bureau of Land Management.

13. Produced waste water will be confined to an unlined pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Assistant District Manager's approval pursuant to Onshore Oil and Gas Order No. 7 (NTL-2B).

14. If at any time the facilities located on public land authorized by the terms of the lease are no longer included in the lease (due to contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer (AO).B.

C. REQUIRED NOTIFICATIONS AND APPROVALS

Required verbal notifications are summarized in Table 1, attached.

Spud- Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District office within twenty-four (24) hours after spudding (regardless of whether spud was made with a dry hole digger or big rig). If the spudding occurs on a weekend or holiday, the written report will be submitted on the following work day.

Undesirable Events/Immediate Reports- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First Production- Should the well be successfully completed for production, the Assistant District Manager, Minerals Division will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed on production.

A first production conference will be scheduled within fifteen (15) days after receipt of the first production report. The Resource Area Office will coordinate the field conference.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and /or gas) will be submitted when requested by the Assistant District Manager.

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the BLM, Moab District Office prior to initiating plugging operations. Table 1 of this document provides the after-hours phone numbers of personnel who are authorized to give plugging instructions.

The top of the marker will be closed or capped.

The following minimum information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch:

"Fed" or "Ind", as applicable. "Well number, location by 1/4 1/4 section, township and range". "Lease number".

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Assistant District Manager, Minerals Division within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

Venting/Flaring of Gas- NTL-4A allows venting/flaring of gas during the initial well evaluation period not to exceed 30 days or 50 Mmcf. Venting/flaring beyond the initial test period threshold must be approved by the District Office.

TABLE 1

NOTIFICATIONS

Notify Bob Turri or Jeff Brown of the San Juan Resource Area, at (801) 587-21413 for the following:

2 days prior to commencement of dirt work, construction or reclamations;

1 day prior to spudding;

50 feet prior to reaching surface casing (8 5/8 inch casing) depth;

3 hours prior to testing BOP's;

24 hours prior to closing the reserve pit.

If the person at the above number cannot be reached, then notify Fred Oneyear in the Moab District Office at (801) 259-6111 or at home (801) 259-5937 (If unsuccessful, then notify one of the following people listed below).

Notify the Moab District Office, Branch of Fluid Mineral at (801) 259-6111 for the following:

No well abandonment operations will be commenced without the prior approval of the Assistant District Manager, Mineral Resources Division. In the case of newly drilled dry holes, in emergency situations, verbal approval can be obtained by calling the following individuals, in the order listed.

Dale Manchester, Petroleum Engineer Office Phone: (801) 259-6111

Home Phone: (801) 259-6239

Eric Jones, Petroleum Engineer Office Phone: (801) 259-6111

Home Phone: (801) 259-2214

If unable to reach the above individuals including weekends, holidays, or after hour please call the following:

Lynn Jackson, Office Phone: (801) 259-6111
Chief, Branch of Fluid Minerals

Home Phone: (801) 259-7990

24 HOURS ADVANCE NOTICE IS REQUIRED FOR ALL ABANDONMENTS

RECEIVED

MAY 26 1993

**DIVISION OF
OIL, GAS & MINING**

Moab District
P. O. Box 970
Moab, Utah 84532

3162
(U-51413)
(UT-065)

Global Natural Resources Corporation of Nevada
5300 Memorial Drive, Suite 800
Houston, Texas 77007

MAY 24 1993

Re: Rescinding Application for Permit to Drill
Well No. GNR 23-14
NESW Sec. 14, T. 36 S., R. 23 E. **43-037-31672**
San Juan County, Utah
Lease U-51413

Gentlemen:

The Application for Permit to Drill the referenced well was approved on May 5, 1992. Since that date, no known activity has transpired at the approved location.

Applications for permit to drill are effective for a period of one year. In view of the foregoing, this office is rescinding the approval of the referenced application.

Should you intend to drill at this location at a future date, a new application for permit to drill must be submitted.

If you have any questions, please contact Verlene Butts, Branch of Fluid Minerals at (801) 259-6111.

Sincerely,

/S/ WILLIAM C. STRINGER

Assistant District Manager
Mineral Resources

Enclosure

Application for Permit to Drill

cc: UT-069, San Juan Resource Area (wo/Enclosure)
State of Utah
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203 (wo/Enclosure) ✓

VButts:vb:5/21/93



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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

May 28, 1993

Global Natural Resources Corp. of Nevada
5300 Memorial Drive, Suite 800
Houston, Texas 77007

Gentlemen:

Re: Well No. GNR 23-14, Sec. 14, T. 36S, R. 23E, San Juan County, Utah
API No. 43-037-31672

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill 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 of Oil, Gas and Mining immediately.

Sincerely,

Don Staley
Administrative Manager
Oil and Gas

DME/lhc
cc: R.J. Firth
Bureau of Land Management - Moab
Well file
WOI196

