

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

| | | |
|---|--|---|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. SL-070968 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Resolute Natural Resources Company | | 7. If Unit or CA Agreement, Name and No. Aneth Unit, 8910477380 |
| 3a. Address 1675 Broadway, Suite 1950, Denver, CO 80202 | | 8. Lease Name and Well No. Aneth Unit C-314 LDVL |
| 3b. Phone No. (include area code) 303-534-4600 | | 9. API Well No. New Well 43-037-31851 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2160' FSL, 1760' FEL At proposed prod. zone Refer to attached drilling plan | | 10. Field and Pool, or Exploratory Greater Aneth |
| 11. Sec., T. R. M. or Blk and Survey or Area 14, 40S, 23E, SLM | | 12. County or Parish San Juan |
| 14. Distance in miles and direction from nearest town or post office* 2.5 Miles North of Montezuma Creek, UT | | 13. State UT |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 523' | 16. No. of acres in lease 640 | 17. Spacing Unit dedicated to this well 40 acres |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,100' | 19. Proposed Depth 8,000' | 20. BLM/BIA Bond No. on file B001252 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,809' KB | 22. Approximate date work will start* 06/19/2006 | 23. Estimated duration 62 days |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

| | | |
|---------------|---|---------------------------|
| 25. Signature | Name (Printed/Typed) Dwight E Mallory | Date 05/01/2006 |
|---------------|---|---------------------------|

Title **Regulatory Coordinator**

| | | |
|-------------------------|--|-------------------------|
| Approved by (Signature) | Name (Printed/Typed) BRADLEY G. HILL | Date 05-25-06 |
|-------------------------|--|-------------------------|

Title **Office ENVIRONMENTAL MANAGER**

Application approval 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.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Federal Approval of this
Action is Necessary

RECEIVED

MAY 25 2006

DIV. OF OIL, GAS & MINING

R. 23 E.



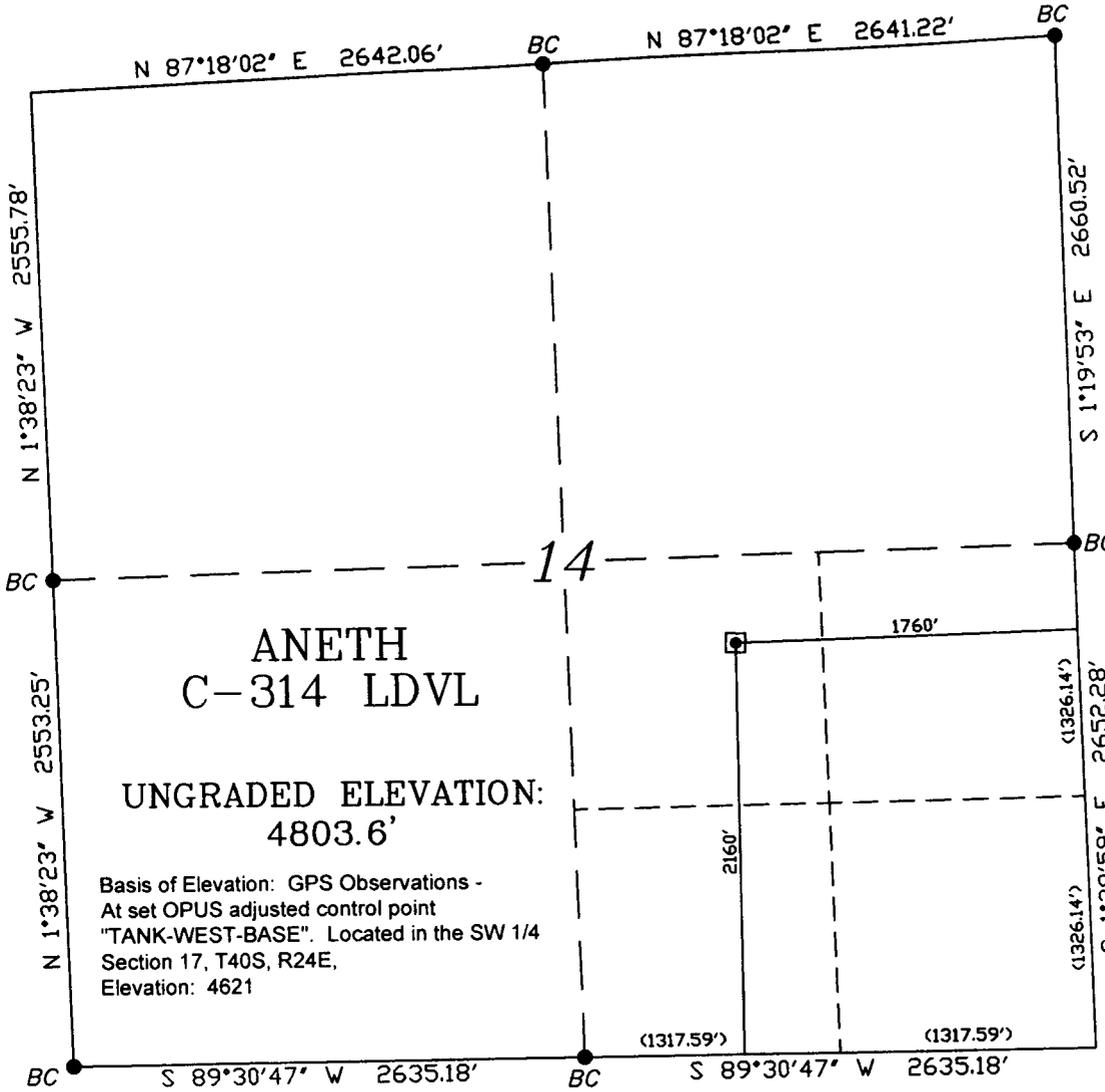
SCALE: 1" = 1000'

T. 40 S.

LATITUDE
NORTH 37.308025 DEG.
LONGITUDE
WEST 109.354772 DEG.

NORTHING
240680.56
EASTING
2623891.79

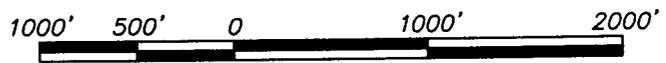
DATUM
UTAH SP SOUTH (1927)



ANETH
C-314 LDVL

UNGRADED ELEVATION:
4803.6'

Basis of Elevation: GPS Observations -
At set OPUS adjusted control point
"TANK-WEST-BASE". Located in the SW 1/4
Section 17, T40S, R24E,
Elevation: 4621

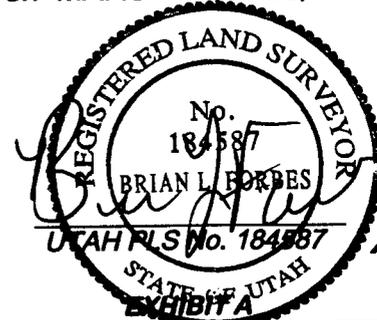


SURVEYOR'S STATEMENT:

I, Brian Forbes, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on MARCH 29, 2006, and it correctly shows the location of ANETH C-314 LDVL.

NOTES

- ◆ WELL LOCATION
- FOUND MOUNUMENT



**PLAT OF DRILLING LOCATION
FOR
RESOLUTE NATURAL RESOURCES COMPANY**

P.O. BOX 3651
FARMINGTON, N.M.
(505) 334-0408

SCALE: 1" = 1000'

JOB No. 6604

DATE: 4/11/06

**2160' F/SL & 1760' F/EL, SECTION 14,
T. 40 S, R. 23 E, SALT LAKE MERIDIAN
SAN JUAN COUNTY, UTAH**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | |
|---|---|
| 5. Lease Serial No. SL-070968 | |
| 6. If Indian, Allottee or Tribe Name | |
| 7. If Unit or CA Agreement, Name and No. Aneth Unit, 8910077380 | |
| 8. Lease Name and Well No. Aneth Unit C-314 LDVL | |
| 9. API Well No. New Well 43-037-31851 | |
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | 10. Field and Pool, or Exploratory Greater Aneth |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | 11. Sec., T. R. M. or Blk. and Survey or Area NW SE 14, 40S, 23E, SLM |
| 2. Name of Operator Resolute Natural Resources Company | |
| 3a. Address 1675 Broadway, Suite 1950, Denver, CO 80202 | 3b. Phone No. (include area code) 303-534-4600 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2160'FSL, 1760'FEL 645806x 37.308044 At proposed prod. zone Refer to attached drilling plan 4130111Y - 109.354731 | |
| 12. County or Parish San Juan | |
| 13. State UT | |
| 14. Distance in miles and direction from nearest town or post office* 2.5 Miles North of Montezuma Creek, UT | |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 523' | 16. No. of acres in lease 640 |
| 17. Spacing Unit dedicated to this well 40 acres | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,100' | 19. Proposed Depth 8,000' |
| 20. BLM/BIA Bond No. on file B001252 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,809' KB | 22. Approximate date work will start* 06/19/2006 |
| 23. Estimated duration 62 days | |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

| | | |
|---------------|---|---------------------------|
| 25. Signature | Name (Printed/Typed) Dwight E Mallory | Date 05/01/2006 |
|---------------|---|---------------------------|

Title
Regulatory Coordinator

| | | |
|-------------------------|----------------------|------|
| Approved by (Signature) | Name (Printed/Typed) | Date |
|-------------------------|----------------------|------|

| | |
|-------|--------|
| Title | Office |
|-------|--------|

Application approval 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.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

RECEIVED
MAY 19 2006
DIV. OF OIL, GAS & MINING

RESOLUTE

NATURAL RESOURCES

May 18, 2006

Diana Whitney
State of Utah
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Re: Resolute Natural Resources – Application for Permit to Drill C-314 LDVL and C-113 LDVL

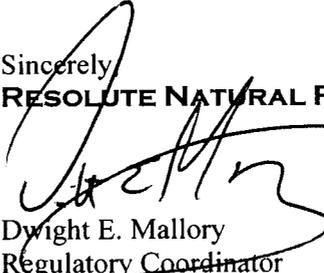
Dear Ms. Whitney:

As per our telephone conversation earlier this afternoon; enclosed are corrected copies of the APDs (BLM Form 3160-3) for the proposed wells referenced above. In response to your inquiry regarding surface ownership and water use permit information, please find the information below.

- Both wells are located on surface lands owned by the United States Department of Interior, Bureau of Land Management.
- Drilling water will be transported either by truck or by temporary surface pipeline. Trucking and/or temporary pipeline routes will follow existing access roads. Drilling water will be sourced from six on-unit fresh water wells completed in the alluvium of the San Juan River and permitted by the Navajo Department of Water Resources. Navajo Department of Water Resources Water Use Permit Numbers are as follows:
 - 06.0015
 - 06.0016
 - 06.0017
 - 06.0018
 - 06.0019
 - 06.0020

Resolute appreciates your assistance in preparing this permit application and we look forward to moving forward quickly with this project in order to maximize recovery of oil at the Aneth Unit. Please call me with any questions or comments.

Sincerely,
RESOLUTE NATURAL RESOURCES COMPANY


Dwight E. Mallory
Regulatory Coordinator

RECEIVED
MAY 19 2006

DIV. OF OIL, GAS & MINING

Navajo Department of Water Resources
 Water Code Administration
 P.O. Box 678
 Fort Defiance, Arizona 86504
 Ph. No. (928) 729-4132/Fax No. (928) 729-4421

APPROVED

WATER USE PERMIT

WUP NO: 06.0015

VALID FROM DEC 29 2005 to DEC 29 2010

NOTE: This permit is valid only upon signature of the Department of Water Resources Director. Please read Water Use Permit information sheet before completing this form.

| | |
|--|---|
| APPLICANT: <u>Resolute Natural Resources</u> | |
| LAST NAME | FIRST, OR COMPANY NAME |
| MAILING ADDRESS: <u>Post Office Box 800</u> | |
| CITY: <u>Montezuma Creek</u> | STATE: <u>Utah</u> ZIP CODE: <u>84534</u> |
| CONTACT PERSON: <u>Roger Atcitty</u> | TELEPHONE NO: <u>435-651-3682 X-103</u> |
| Fax #: <u>435-651-3276</u> | |
| DATE RECEIVED: <u>NOV 23 2005</u> | DATE COMPLETED: <u>JAN 04 2006</u> |
| \$25.00 Filing Fee Received _____ | Receipt No. _____ Initial <u>JWA</u> |

| IDENTIFIED WATER SOURCE TO BE USED | | | |
|---|--------------------------------|-------------------|---|
| () Spring No: _____ | () Stream Name: _____ | | |
| () Stockpond Name/No: _____ | () Lake/Reservoir Name: _____ | | |
| <input checked="" type="checkbox"/> Well No: <u>CUSA WW #15</u> | () Injection Well No: _____ | | |
| Amount of water requested: <u>1,000 acre-ft</u> | | | |
| () Other Description/Name: _____ | Grazing District: <u>12</u> | | |
| Chapter: <u>Aneth</u> | Chapter Code: <u>ANET</u> | | |
| State: | () AZ/Arizona | () NM/New Mexico | <input checked="" type="checkbox"/> UT/Utah |
| County: | () AP/Apache | () MK/McKinley | <input checked="" type="checkbox"/> SJ/San Juan |
| | () NA/Navajo | () VL/Valencia | () KA/Kane |
| | () CO/Coconino | () BL/Bernalillo | |
| | | () SD/Sandoval | |
| | | () SO/Socorro | |
| | | () RA/Rio Arriba | |
| | | () SA/San Juan | |
| Quad. No: (7.5 min. Series) <u>4648</u> | | | |
| UTM COORDINATES: X (East) <u>648885</u> | Y (North) <u>4125.345</u> | ZONE <u>12</u> | |
| <u>NE SE SW NW / NE SE SW NW / NE SE SW NW</u> | <u>31</u> | <u>40S</u> | <u>24E</u> |
| <u>10 Acre 40 Acre 160 Acre</u> | <u>Section</u> | <u>Township</u> | <u>Range</u> |

LAND STATUS

TRUST FEE LEASE ALLOTMENT OTHER _____

WATERSHED NAME: San Juan River USGS WATERSHED CODE NO. 14080201

CONSUMPTIVE WATER USE NEEDED FOR

PRIMARY:

| | |
|---|---|
| <input type="checkbox"/> Domestic | <input type="checkbox"/> Recreational |
| <input type="checkbox"/> Municipal | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Livestock | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Irrigation Agriculture | <input type="checkbox"/> Commercial |
| <input type="checkbox"/> Wildlife and Fish | <input checked="" type="checkbox"/> Other <u>Oil and Gas Production</u> |

DOMESTIC/MUNICIPAL:

Number of People: _____ Number of Homes: _____ Others: _____

TYPE OF LIVESTOCK:

| | | | |
|---------------------------------------|-----------|------------------------------------|-----------|
| <input type="checkbox"/> Horses | No: _____ | <input type="checkbox"/> Goats | No: _____ |
| <input type="checkbox"/> Cattle | No: _____ | <input type="checkbox"/> Sheep | No: _____ |
| <input type="checkbox"/> Other: _____ | | <input type="checkbox"/> No: _____ | |

N/A

TYPE OF CROPS:

| | |
|--|-------------|
| <input type="checkbox"/> Row (ie., corn) | Acres _____ |
| <input type="checkbox"/> Forage-Hay-Pasture | Acres _____ |
| <input type="checkbox"/> Small Grains | Acres _____ |
| <input type="checkbox"/> Horticulture (ie., Fruits & Vegetables) | Acres _____ |

N/A

TYPE OF WILDLIFE:

| | | | |
|-------------------------------------|-----------|-------------------------------------|-----------|
| <input type="checkbox"/> Fish | No: _____ | <input type="checkbox"/> Small Game | No: _____ |
| <input type="checkbox"/> Large Game | No: _____ | <input type="checkbox"/> Birds | No: _____ |
| <input type="checkbox"/> Others | No: _____ | | |

N/A

IF WATER IS USED FOR INDUSTRIAL OR MINING PURPOSES, ATTACH WATER SUPPLY PLAN DESCRIBING SOURCE AND METHODS OF DIVERSION, CONVEYANCE AND USES.

SEASON OF MAXIMUM USE: Spring Summer Fall Winter

MAXIMUM RATE OF USE: 87.5 GPM CFS

EXPECTED DATE WATER USAGE TO BEGIN: 1/1/98 (renewed 1/1/03)

EXPECTED VOLUME OF WATER TO BE USED: 141 ac/ft (_____ gallons)

METHOD OF WATER DIVERSION: Instream Pump Gate or Gravity Flow

Other: pump located at well

METHOD OF WATER CONVEYANCE: Ditch Canal Pipeline Truck

Other: _____

ATTACH AN 8 1/2" X 11" MAP SHOWING EXACT LOCATION OF IDENTIFIED WATER SOURCE AND SCENARIO/LOCATION OF WHERE WATER IS TO BE USED.

RETURN FLOW OR DISCHARGE

AMOUNT OF WATER: N/A METHOD: Direct

GPM CFS GPD Indirect

Injection

IS DISCHARGE TREATED YES NO

IS QUALITY AFFECTED YES NO IS TEMPERATURE AFFECTED YES NO

FEDERAL/UIC PERMIT: _____ N/A NPDES PERMIT NUMBER: _____ N/A

CONDITIONS

1. Purpose of definition "Department" means the Navajo Nation Department of Water Resources and "Permittee" means Resolute Natural Resources (Formerly Chevron U.S.A. Inc.) and its successors.
2. Permittee agrees to comply with the terms and conditions of the Water Use Permit and the Navajo Nation Water Code. Permittee understands and agrees that failure to comply with the permit shall result in forfeiture of this permit.
3. This permit may be revoked if:
 - A. Permittee is not in compliance with any conditions set forth in this permit.
 - B. Permittee is in violation of any provision of the Navajo Nation Water Code.
 - C. Insufficient water supplies are present for whatever reason or term.
 - D. For any other due cause as a result of negative findings from investigation that is performed by both Department and Permittee.
4. The total quantity of water withdrawn by the Permittee from all water supply wells in the alluvium of San Juan River for the secondary or tertiary recovery of oil shall not exceed 1,000 acre-feet in any year.
5. Permit is valid from January 1, 2006 through December 31, 2010 and shall expire on December 31, 2010 or at the completion of the proposed project or required water usage, whichever comes first. Permittee does not have authority to transfer, convey, or allocate the water subject to this permit to any third party or for any other to transfer, convey, or allocate the water subject to this permit to any third party or for any other project not specified herein. It is further agreed between the parties that this permit does not give the Permittee the right to haul water for hire on the Navajo Reservation, or on land subject to the jurisdiction of the Navajo Nation.
6. Permittee agrees to pay a water use fee of \$1,000.00 (one thousand dollars) per water supply well per year. A lump sum payment will be paid at the end of each year for anticipated water use for the coining year, beginning with 2006. Thereafter payment may be made in advance. The water use fee will increase by 100.00 (one hundred dollars) per water supply well per year in the event that the average posted price for West Texas Intermediate Crude Oil exceeds \$30.00 (thirty dollars) per barrel for more than 6 (six) months in any year. The Permittee will pay the additional amount to the Department with the next payment, if the said change in posted price occurred in the previous advance payment. A credit may be given to the Permittee for the amount paid in advance, if the water use fee for similar use is lowered by the Resources Committee. No amount of money will be refunded to the Permittee. The credited amount will be carried over to the next payment owed to the Navajo Nation. Permittee will pay the amount due in the beginning of each year to the Water Code Administration of the Department. Payment plans may be arranged between both parties in a written agreement.
7. Permittee agrees to provide water well development support to affected Chapters by paying directly to each Chapter \$250.00 (two hundred fifty dollars) per water well per year for wells located within each Chapter's boundaries. Permittee shall inform the Department of the payment as soon as the payment is made.
8. Permittee agrees to submit meter readings or other evidence showing the quantity of water withdrawn pursuant to this permit to the Water Code Administrator on a quarterly basis.
9. The Permittee shall monitor the effects of water use of the alluvial after by measuring static (non-pumping) water levels in a least three (3) of the water supply wells on a quarterly basis, and shall submit this water level data to the Department together with the information required in Condition 8. The Navajo Nation reserves the right to this permit due to adverse impacts on the water resources of the Navajo Nation resulting from the Permittee's activities, as determined by the Department.
10. The Navajo Nation may revoke this permit upon any breach by giving the Permittee notice of such revocation in writing no less than ten (10) days prior to the effective date of revocation, provided that if the Permittee remedies any such breach within said ten (10) day periods, the permit will remain in effect. Said notice shall state the grounds upon which the revocation is being made.

- 11. Permittee agrees to obtain a separate Water Use Permit for each point of withdrawal of water prior to making use of any additional water source.
- 12. Permittee agrees to hold harmless and indemnify the Navajo Nation against any and all losses, costs, damages, claims, expenses or other liability whatsoever, rising out of, or connected with Permittee's services under this permit including but not limited to, any accident or injury to person or property.
- 13. All disputes arising from the subject matter of this permit or the performance thereof will be settled in the Navajo Nation Courts and under the laws of the Navajo Nation. Nothing herein shall be construed as a waiver of the sovereign immunity of the Navajo Nation, pursuant to 1 N.T.C. §351 et seq.
- 14. Permittee agrees to maintain the immediate area in a safe and sanitary manner, free of unnecessary debris.
- 15. Authorization granted under this permit is only for the stated use of the indicated water source location. Permittee is responsible for obtaining any applicable permit from the appropriate department/agency that may be required for the proposed work.
- 16. If permittee hires sub-contractors to haul water covered by Water Use Permit, Permittee must notify the Navajo Water Code Administration of sub-contractors in writing.
- 17. It is agreed that the Department reserves the right to limit the quantity of water that can be taken under this permit to the above stated amount or less and will give the Permittee 30 day notice before such action is imposed. Such limitations will be imposed at the discretion of the Department.
- 18. Permittee agrees to allow reasonable entry upon their premises by Navajo Nation Employees engaged in the administration of this permit.
- 19. The Department will allow the Permittee to continue to make irrigation water available to the Whitehorse High School, Montezuma Creek, Utah, and to those local residents currently using the water for livestock usage.
- 20. In the event the Department or the Navajo Nation subsequently reduces the cost of water use permits to other oil and gas industry members, then the Department or Navajo Nation shall grant to the Permittee a credit for the amounts that it has previously paid and apply such credit to future financial obligations owed by Texaco to the Nation for water use.
- 21. The permit shall be renewable each year for the next 5 years under the same terms and conditions as set forth herein.

Permittee's Signature *[Signature]* Date Jan. 23-05

| | |
|--|---|
| OFFICIAL USE ONLY | |
| Recommendation: <input checked="" type="checkbox"/> Yes () No | <u><i>Jessie Williams</i></u> Date <u>01-03-06</u> Water Code Administrator |
| <input checked="" type="checkbox"/> Yes () No | <u><i>Kir Taneman</i></u> Date <u>12-29-05</u> Technical Reviewer |
| Approved/Disapproved: | <u><i>Lester Peterson</i></u> Date <u>1-4-06</u> Director, Department of Water Resources |
| If Disapproved State Reasons: | |

Navajo Department of Water Resources
 Water Code Administration
 P.O. Box 678
 Fort Defiance, Arizona 86504
 Ph. No. (928) 729-4132/Fax No. (928) 729-4421

APPROVED

WATER USE PERMIT

06.0016

WUP NO: DEC 29 2005 to DEC 29 2010

VALID FROM _____ to _____

NOTE: This permit is valid only upon signature of the Department of Water Resources Director. Please read Water Use Permit information sheet before completing this form.

APPLICANT: Resolute Natural Resources
LAST NAME FIRST; OR COMPANY NAME

MAILING ADDRESS: Post Office Box 800

CITY: Montezuma Creek STATE: Utah ZIP CODE: 84534

CONTACT PERSON: Roger Atcitty TELEPHONE NO: 435-651-3682 X-103
 Fax #: 435-651-3276

DATE RECEIVED: NOV 23 2005 DATE COMPLETED JAN 04 2006

\$25.00 Filing Fee Received _____ Receipt No. _____ Initial JAN

IDENTIFIED WATER SOURCE TO BE USED

() Spring No: _____ () Stream Name: _____

() Stockpond Name/No: _____ () Lake/Reservoir Name: _____

Well No: CUSA WW #16 () Injection Well No: _____

Amount of water requested: 1,000 acre-ft

() Other Description/Name: _____ Grazing District: 12

Chapter: Aneth Chapter Code: ANET

State: () AZ/Arizona () NM/New Mexico UT/Utah

County: () AP/Apache () MK/McKinley SJ/San Juan
 () NA/Navajo () VL/Valencia () KA/Kane
 () CO/Coconino () BL/Bernalillo
 () SD/Sandoval
 () SO/Socorro
 () RA/Rio Arriba
 () SA/San Juan

Quad. No: (7.5 min. Series) 4648

UTM COORDINATES: X (East) 648925 Y (North) 4125290 ZONE 12

NE SE SW NW / NE SE SW NW / NE SE SW NW 31 40S 24E
 10 Acre 40 Acre 160 Acre Section Township Range

I rajo Department of Water Resour
 Water Code Administration
 P.O. Box 678
 Fort Defiance, Arizona 86504
 Ph. No. (928) 729-4132/Fax No. (928) 729-4421

APPROVED

WATER USE PERMIT

06.0017

WUP NO: DEC 29 2005

VALID FROM _____ to DEC 29 2010

NOTE: This permit is valid only upon signature of the Department of Water Resources Director. Please read Water Use Permit information sheet before completing this form.

| | |
|---|---|
| APPLICANT: <u>Resolute Natural Resources</u> | |
| <small>LAST NAME</small> | <small>FIRST; OR COMPANY NAME</small> |
| MAILING ADDRESS: <u>Post Office Box 800</u> | |
| CITY: <u>Montezuma Creek</u> | STATE: <u>Utah</u> ZIP CODE: <u>84534</u> |
| CONTACT PERSON: <u>Roger Atcitty</u> | TELEPHONE NO: <u>435-651-3682 X-103</u> |
| Fax #: <u>435-651-3276</u> | |
| DATE RECEIVED: <u>NOV 23 2005</u> | DATE COMPLETED <u>JAN 04 2006</u> |
| \$25.00 Filing Fee Received _____ | Receipt No. _____ Initial <u>MA</u> |

| IDENTIFIED WATER SOURCE TO BE USED | | | |
|---|---|---|---|
| <input type="checkbox"/> Spring No: _____ | <input type="checkbox"/> Stream Name: _____ | | |
| <input type="checkbox"/> Stockpond Name/No: _____ | <input type="checkbox"/> Lake/Reservoir Name: _____ | | |
| <input checked="" type="checkbox"/> Well No: <u>CUSA WW #17</u> | <input type="checkbox"/> Injection Well No: _____ | | |
| Amount of water requested: <u>1,000 acre-ft</u> | | | |
| <input type="checkbox"/> Other Description/Name: _____ | | Grazing District: <u>12</u> | |
| Chapter: <u>Aneth</u> | | Chapter Code: <u>ANET</u> | |
| State: | <input type="checkbox"/> AZ/Arizona | <input type="checkbox"/> NM/New Mexico | <input checked="" type="checkbox"/> UT/Utah |
| County: | <input type="checkbox"/> AP/Apache | <input type="checkbox"/> MK/McKinley | <input checked="" type="checkbox"/> SJ/San Juan |
| | <input type="checkbox"/> NA/Navajo | <input type="checkbox"/> VL/Valencia | <input type="checkbox"/> KA/Kane |
| | <input type="checkbox"/> CO/Coconino | <input type="checkbox"/> BL/Bernalillo | |
| | | <input type="checkbox"/> SD/Sandoval | |
| | | <input type="checkbox"/> SO/Socorro | |
| | | <input type="checkbox"/> RA/Rio Arriba | |
| | | <input type="checkbox"/> SA/San Juan | |
| Quad. No: (7.5 min. Series) <u>4648</u> | | | |
| UTM COORDINATES: X (East) <u>648980</u> | | Y (North) <u>4125255</u> ZONE <u>12</u> | |
| NE SE SW NW / NE SE SW NW / NE SE SW NW | <u>31</u> | <u>40S</u> | <u>24E</u> |
| 10 Acre 40 Acre 160 Acre | Section | Township | Range |

LAND STATUS

TRUST FEE LEASE ALLOTMENT OTHER _____

WATERSHED NAME: San Juan River USGS WATERSHED CODE NO. 14080201

CONSUMPTIVE WATER USE NEEDED FOR

PRIMARY:

| | |
|---|---|
| <input type="checkbox"/> Domestic | <input type="checkbox"/> Recreational |
| <input type="checkbox"/> Municipal | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Livestock | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Irrigation Agriculture | <input type="checkbox"/> Commercial |
| <input type="checkbox"/> Wildlife and Fish | <input checked="" type="checkbox"/> Other <u>Oil and Gas Production</u> |

.....

DOMESTIC/MUNICIPAL:
 Number of People: _____ Number of Homes: _____ Others: _____

TYPE OF LIVESTOCK:

| | | | |
|---------------------------------|-----------|--------------------------------|-----------|
| <input type="checkbox"/> Horses | No: _____ | <input type="checkbox"/> Goats | No: _____ |
| <input type="checkbox"/> Cattle | No: _____ | <input type="checkbox"/> Sheep | No: _____ |
| <input type="checkbox"/> Other: | _____ | <input type="checkbox"/> No: | _____ |

N/A

TYPE OF CROPS:

| | |
|--|-------------|
| <input type="checkbox"/> Row (ie., corn) | Acres _____ |
| <input type="checkbox"/> Forage-Hay-Pasture | Acres _____ |
| <input type="checkbox"/> Small Grains | Acres _____ |
| <input type="checkbox"/> Horticulture (ie., Fruits & Vegetables) | Acres _____ |

N/A

TYPE OF WILDLIFE:

| | | | |
|-------------------------------------|-----------|-------------------------------------|-----------|
| <input type="checkbox"/> Fish | No: _____ | <input type="checkbox"/> Small Game | No: _____ |
| <input type="checkbox"/> Large Game | No: _____ | <input type="checkbox"/> Birds | No: _____ |
| <input type="checkbox"/> Others | No: _____ | | |

N/A

IF WATER IS USED FOR INDUSTRIAL OR MINING PURPOSES, ATTACH WATER SUPPLY PLAN DESCRIBING SOURCE AND METHODS OF DIVERSION, CONVEYANCE AND USES.

SEASON OF MAXIMUM USE: Spring Summer Fall Winter

MAXIMUM RATE OF USE: 87.5 GPM CFS

EXPECTED DATE WATER USAGE TO BEGIN: 1/1/98 (renewed 1/1/03)

EXPECTED VOLUME OF WATER TO BE USED: 141 ac/ft (_____ gallons)

METHOD OF WATER DIVERSION:

| | |
|--|---|
| <input type="checkbox"/> Instream Pump | <input type="checkbox"/> Gate or Gravity Flow |
| <input checked="" type="checkbox"/> Other: <u>pump located at well</u> | |

METHOD OF WATER CONVEYANCE:

| | | | |
|---------------------------------------|--------------------------------|--|--------------------------------|
| <input type="checkbox"/> Ditch | <input type="checkbox"/> Canal | <input checked="" type="checkbox"/> Pipeline | <input type="checkbox"/> Truck |
| <input type="checkbox"/> Other: _____ | | | |

ATTACH AN 8 1/2" X 11" MAP SHOWING EXACT LOCATION OF IDENTIFIED WATER SOURCE AND SCENARIO/LOCATION OF WHERE WATER IS TO BE USED.

RETURN FLOW OR DISCHARGE

AMOUNT OF WATER: N/A METHOD: Direct
 GPM CFS GPD Indirect
 Injection

IS DISCHARGE TREATED YES NO

IS QUALITY AFFECTED YES NO IS TEMPERATURE AFFECTED YES NO

FEDERAL/UIC PERMIT: _____ N/A NPDES PERMIT NUMBER: N/A

Navajo Department of Water Resources
 Water Code Administration
 P.O. Box 678
 Fort Defiance, Arizona 86504
 Ph. No. (928) 729-4132/Fax No. (928) 729-4421

APPROVED

WATER USE PERMIT

WUP NO: 06.0018

VALID FROM DEC 29 2005 to DEC 29 2010

NOTE: This permit is valid only upon signature of the Department of Water Resources Director. Please read Water Use Permit information sheet before completing this form.

APPLICANT: Resolute Natural Resources
LAST NAME FIRST; OR COMPANY NAME

MAILING ADDRESS: Post Office Box 800

CITY: Montezuma Creek STATE: Utah ZIP CODE: 84534

CONTACT PERSON: Roger Atcitty TELEPHONE NO: 435-651-3682 X-103
 Fax #: 435-651-3276

DATE RECEIVED: NOV 23 2005 DATE COMPLETED JAN 04 2006

\$25.00 Filing Fee Received _____ Receipt No. _____ Initial JA

IDENTIFIED WATER SOURCE TO BE USED

() Spring No: _____ () Stream Name: _____

() Stockpond Name/No: _____ () Lake/Reservoir Name: _____

Well No: CUSA WW #18 () Injection Well No: _____

Amount of water requested: 1,000 acre-ft

() Other Description/Name: _____ Grazing District: 12

Chapter: Aneth Chapter Code: ANET

State: () AZ/Arizona () NM/New Mexico (x) UT/Utah

County: () AP/Apache () MK/McKinley (x) SJ/San Juan
 () NA/Navajo () VL/Valencia () KA/Kane
 () CO/Coconino () BL/Bernalillo
 () SD/Sandoval
 () SO/Socorro
 () RA/Rio Arriba
 () SA/San Juan

Quad. No: (7.5 min. Series) 4648

UTM COORDINATES: X (East) 649045 Y (North) 4125190 ZONE 12

NE SE SW NW / NE SE SW NW / NE SE SW NW 31 40S 24E
 10 Acre 40 Acre 160 Acre Section Township Range

Navajo Department of Water Resources
 Water Code Administration
 P.O. Box 678
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DATE RECEIVED: NOV 23 2005 DATE COMPLETED JAN 04 2006

\$25.00 Filing Fee Received _____ Receipt No. _____ Initial JAH

IDENTIFIED WATER SOURCE TO BE USED

() Spring No: _____ () Stream Name: _____

() Stockpond Name/No: _____ () Lake/Reservoir Name: _____

Well No: CUISA WW #19 () Injection Well No: _____

Amount of water requested: 1,000 acre-ft

() Other Description/Name: _____ Grazing District: 12

Chapter: Aneth Chapter Code: ANET

State: () AZ/Arizona () NM/New Mexico UT/Utah

County: () AP/Apache () MK/McKinley SJ/San Juan
 () NA/Navajo () VL/Valencia () KA/Kane
 () CO/Coconino () BL/Bernalillo
 () SD/Sandoval
 () SO/Socorro
 () RA/Rio Arriba
 () SA/San Juan

Quad. No: (7.5 min. Series) 4648

UTM COORDINATES: X (East) 649102 Y (North) 4125125 ZONE 12

NE SE SW NW / NE SE SW NW / NE SE SW NW 31 40S 24E
 10 Acre 40 Acre 160 Acre Section Township Range

Navajo Department of Water Resources
 Water Code Administration
 P.O. Box 678
 Fort Defiance, Arizona 86504
 Ph. No. (928) 729-4132/Fax No. (928) 729-4421

WATER USE PERMIT

WUP NO: 06.0020

APPROVED

VALID FROM DEC 29 2005 to DEC 29 2010

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 Fax #: 435-651-3276

DATE RECEIVED: NOV 23 2005 DATE COMPLETED JAN 04 2006

\$25.00 Filing Fee Received _____ Receipt No. _____ Initial JA

IDENTIFIED WATER SOURCE TO BE USED

() Spring No: _____ () Stream Name: _____

() Stockpond Name/No: _____ () Lake/Reservoir Name: _____

KJ Well No: CUSA WW #20 () Injection Well No: _____

Amount of water requested: 1,000 acre-ft

() Other Description/Name: _____ Grazing District: 12

Chapter: Aneth Chapter Code: ANET

State: () AZ/Arizona () NM/New Mexico (x) UT/Utah

County: () AP/Apache () MK/McKinley (x) SJ/San Juan
 () NA/Navajo () VL/Valencia () KA/Kane
 () CO/Coconino () BL/Bernalillo
 () SD/Sandoval
 () SO/Socorro
 () RA/Rio Arriba
 () SA/San Juan

Quad. No: (7.5 min. Series) 4648

UTM COORDINATES: X (East) 649170 Y (North) 4125095 ZONE 12

NE SE SW NW / NE SE SW NW / NE SE SW NW 31 40S 24E
 10 Acre 40 Acre 160 Acre Section Township Range

This used to be called the CUSA Gallery Well.

LAND STATUS

TRUST FEE LEASE ALLOTMENT OTHER _____
 WATERSHED NAME: San Juan River USGS WATERSHED CODE NO. 14080201

CONSUMPTIVE WATER USE NEEDED FOR

PRIMARY:

| | |
|---|---|
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| <input type="checkbox"/> Municipal | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Livestock | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Irrigation Agriculture | <input type="checkbox"/> Commercial |
| <input type="checkbox"/> Wildlife and Fish | <input checked="" type="checkbox"/> Other <u>Oil and Gas Production</u> |

.....

DOMESTIC/MUNICIPAL:
 Number of People: _____ Number of Homes: _____ Others: _____

TYPE OF LIVESTOCK:

| | | | |
|---------------------------------|-----------|--------------------------------|-----------|
| <input type="checkbox"/> Horses | No: _____ | <input type="checkbox"/> Goats | No: _____ |
| <input type="checkbox"/> Cattle | No: _____ | <input type="checkbox"/> Sheep | No: _____ |
| <input type="checkbox"/> Other: | _____ | <input type="checkbox"/> No: | _____ |

N/A

TYPE OF CROPS:

| | |
|--|-------------|
| <input type="checkbox"/> Row (ie., corn) | Acres _____ |
| <input type="checkbox"/> Forage-Hay-Pasture | Acres _____ |
| <input type="checkbox"/> Small Grains | Acres _____ |
| <input type="checkbox"/> Horticulture (ie., Fruits & Vegetables) | Acres _____ |

N/A

TYPE OF WILDLIFE:

| | | | |
|-------------------------------------|-----------|-------------------------------------|-----------|
| <input type="checkbox"/> Fish | No: _____ | <input type="checkbox"/> Small Game | No: _____ |
| <input type="checkbox"/> Large Game | No: _____ | <input type="checkbox"/> Birds | No: _____ |
| <input type="checkbox"/> Others | No: _____ | | |

N/A

IF WATER IS USED FOR INDUSTRIAL OR MINING PURPOSES, ATTACH WATER SUPPLY PLAN DESCRIBING SOURCE AND METHODS OF DIVERSION, CONVEYANCE AND USES.

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| <input checked="" type="checkbox"/> Other: <u>pump located at well</u> | |

METHOD OF WATER CONVEYANCE:

| | | | |
|---------------------------------------|--------------------------------|--|--------------------------------|
| <input type="checkbox"/> Ditch | <input type="checkbox"/> Canal | <input checked="" type="checkbox"/> Pipeline | <input type="checkbox"/> Truck |
| <input type="checkbox"/> Other: _____ | | | |

ATTACH AN 8 1/2" X 11" MAP SHOWING EXACT LOCATION OF IDENTIFIED WATER SOURCE AND SCENARIO/LOCATION OF WHERE WATER IS TO BE USED.

RETURN FLOW OR DISCHARGE

AMOUNT OF WATER: N/A GPM CFS GPD **METHOD:** Direct
 GPM CFS GPD Indirect
 Injection

IS DISCHARGE TREATED YES NO

IS QUALITY AFFECTED YES NO **IS TEMPERATURE AFFECTED** YES NO

FEDERAL/UIC PERMIT: _____ N/A **NPDES PERMIT NUMBER:** _____ N/A

C-314 LDVL

Aneth Field
San Juan County, Utah

Drilling Procedure

| | |
|--|-----------|
| Objective | 2 |
| Drilling Rig | 2 |
| Well Control Equipment | 3 |
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| Total Drilling Operation Days | 4 |
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| Potential Drilling Hazards and Mitigation | 5 |
| Cementing | 6 |
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| Production Hole (1600-2500 ft) | 7 |
| Production Hole (2500-4600 ft) | 8 |
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Objective

The primary objective is to drill and complete a salt water disposal (SWD) well in the Mississippian Lower Leadville formation. A secondary objective is to determine the Leadville reservoir properties, including fluid content. Hydrocarbons, CO₂, and/or water could be encountered.

The proposed location is 2160' FSL and 1760' FEL, Sec. 14, T40S, R23E, SLM. Three or four bottomhole locations will be selected for laterals.

Drilling Rig

The rig to be used is Patterson Rig# 741. The drilling rig is rated to 10,500 ft with the following equipment:

- Ideco Rambler Back-in 7525
- 117 ft 358,000 # hookload capacity derrick
- 2-Detroit diesel 12V71-T
- Parkersburg V-80 hydromatic
- 15 ft high- 300,000# casing capacity
- 1- PZ-8 Gardner-Denver w/ Cat D398-T
- 1- PZ-8 Gardner-Denver w/ Cat D3508
- 1- 500 bbl pit w/ shale shaker and hopper
- 1-Pioneer 10 cone desilter, 500 gpm capacity
- 1- 480 bbl fresh water storage
- 2-3408 Cat w/ 275 KW generators
- Ideco 150 ton traveling blocks w/ combination hook
- Ideco 27 1/2" Rotary table
- 1-11" 3k Shaffer LWS BOP
- Closing Unit
- Special Equipment to include;
 - Crown-O-Matic
 - Tong Torque Gauge
 - Automatic Driller
 - Rate of Penetration Recorder
 - Totco Deviation Instrument
 - Cell Phone
 - Choke manifold
 - Necessary drill pipe and drill collars
 - Pipe spinners
 - Kelly spinner
 - Centrifugal pump back pump

Well Control Equipment

- 1-11" Shaffer LWS BOP
- Closing Unit
- Choke manifold

Testing of BOP equipment and choke manifold along with TIW valves and upper and lower kelly valves to a low pressure of 200 psi and an upper pressure of 5000 psi for 15 minutes upon nipple up. Do not test the annular above 1500 psi WP. Replace/repair any and all leaking equipment, flanges, valves, etc.. Record on tour sheet and keep chart.

Test BOP equipment every 7 days and record on chart.

Kill line and choke manifold line to flare pit as wells as emergency blooie line should be staked and chained at equal intervals, 30 ft, to pit.

Accumulator should be tested for pre-charge pressure on closing unit and hold pressure 200 psi on manifold once BOP equipment is closed..

Choke manifold should be operated and circulated through for kill rate pressures with each change of BHA., using a two slow pump rates, at idle and one 10 strokes above that.

BOP Stack

| Stack | WP | Flange Size | Depth |
|---------------------|------------------|----------------|-------------|
| Diverter w/ Annular | 150 psi/2000 psi | 16" | 90-1600' |
| RSRA | 5000 psi | 13 5/8" | 1600-7600' |
| RSRA/Rot Head | 5000 psi | 11" or 7 1/16" | 7600-10000' |

Diverter system is installed on conductor pipe to control well flows encountered at relatively shallow depths. Diverter system consists of three components 1) conductor pipe, 2) annular preventer, and 3) large diameter diverter line (6" minimum) kept open so that flow can be immediately diverted by shutting the preventer. All diverter lines should be securely staked and targeted, minimizing or eliminating 45° or 90° ells where possible. Any diverter line valves or other components must be 150 psi minimum working pressure.

RSRA (Pipe ram/ spool/ blind rams/ Annular)

This arrangement will allow for the well to be shut in and maintain access to wellbore below blind rams in the event killing the well is necessary. The kill line should be 2" minimum nominal diameter. Use flanged valves on all outlets and flowlines and manifold.

Geologic Information

| | |
|--------------------|--------|
| Navajo | ± 1000 |
| Chinle | ± 1600 |
| DeChelly | ± 2500 |
| Upper Ismay | 5473 |
| Lower Ismay | 5575 |
| Gothic Shale | 5634 |
| Desert Creek | 5659 |
| Chimney Rock Shale | 5813 |
| Leadville | 7094 |
| Lwr Leadville | 7600 |

Logging

Interval 7600-5000 ft; Quad combo, Baker Atlas Grand Slam

Interval 7600-7000 ft Image log, Baker Atlas Star

Interval 7600-7300 ft Rotary Cores

Reservoir Pressure and Temperature

- i. The reservoir pressure in the Leadville is anticipated to be at a normal pressure gradient, 3200 psi at 7400 ft. (8.3 #/gal) with a bottomhole temperature of 150 °F.
- ii. Reservoir pressures in the Ismay and Desert Creek are expected to be abnormally pressured as a result of the ongoing waterflood in the Aneth Unit. The current pressure is 3150 psi at 5694 ft, 10.6 #/gal, in the nearby injection well. This injection well will be shut-in as soon as the well is spudded to hopefully dissipate pressure within the reservoir. In addition, the drilling mud weight will be raised to maintain a slightly overbalanced system while the Ismay and Desert Creek intervals are exposed.
- iii. Small releases of hydrogen sulfide are possible, less than 100 ppm, near areas of fluid breakout i.e., flowline, shaker, floor connections, under substructure at BOP. This will be minimized by having an overbalanced mud system plus sensors will be in place to notify of H₂S releases at all critical points on location. Scott airpacks will be available for crew and a designated meeting area will be decided upon upwind from drilling rig. Proper warning signs will be displayed upon entrance to location.

Total Drilling Operation Days

The anticipated drilling time for the vertical well is 24 days to reach TD.. An additional 11 for the first lateral and 9 days per subsequent lateral is anticipated to mill a separate window for each lateral, 38 days. A total then from commencement or spud, is then **62 days**.

Casing Program

| Interval Depth | OH size | Casing | Centralizers | Float Equipment |
|----------------|---------|--------------------------------|---|---|
| 0-80' | 20" | 16"/65#/H40/STC | | 16" guide shoe |
| 80-1600' | 14 ¾" | 11 ¾"/60#/K55/STC | 1-5' above shoe, 1-5' above float collar, 1-every fourth collar to surface (14 total) | 11 ¾" guide shoe, 1 jt csg, insert float collar, stage tool @ ± 650' |
| 1600-7135' | 9 ½" | 7 5/8"/26.4&33.7#/L80 &S95/LTC | 1-5' above shoe, 1-5' above float collar, 1-every fourth collar to surface (47 total) | 7 5/8" guide shoe, 1jt csg, insert float collar, 5 jts of csg, 20' marker jt, remaining casing w/ stage tool @ ±3200' |

Potential Drilling Hazards and Mitigation

Surface Hole

| Hazard | Mitigation |
|--|--|
| Water flow between 700 and 1600' | Have conductor set; Increase mud weight and use diverter to divert flow from around substructure to pit |
| Boulders making surface hole difficult to finish | Extra bit runs |
| Cementing problems | Two stage cement job using stage tool along with cement basket- have enough cement brought out for 1" top out job also |

Production Hole

| | |
|---|---|
| Kick seen upon drilling into the Desert Creek formation; water, oil, and/or gas | Have mud weight high enough to avoid kick around 10.6 #/gal, possibly as high as 13.7 #/gal will be required. |
| Possible H ₂ S in Desert Creek | H ₂ S alarms and equipment should be in place by 5000 ft to include alarm sensors under the rig floor, at shaker, and on the floor and four Scott airpacks in strategic locations, as well as warning signs upon entry to location |
| Possible corrosion from H ₂ S in Desert Creek | A corrosion inhibitor, a thin coating amine, will be run and kept in the system to protect all downhole tools. |
| Possible differential sticking from nearby production from Desert Creek | If sticking occurs, consider using spotting acid to break free. |
| Low fracture gradient requiring two stages for cementing | Two stage cement job; possible one stage job with low weight high compressive strength cement |
| Paradox Salt | Salt saturated mud and cement appropriate to cover the salt interval along with casing designed with a 1.25 design factor for collapse. |

Cementing

| Interval Depth | Cement | Volume ft ³ | Density/ Yield/ Fluid Loss |
|----------------|--|------------------------|-------------------------------|
| 0-80' | Cls 'G' neat | 95 | 15.4/1.35/NC |
| 80-1600' | <u>1st stg lead</u> : 50/50 'G'/Poz, 3% sodium metasilicate, 5pps kolite, 0.25 pps celloflake, 0.8 D111 | 315 | 11.45/2.36/380 |
| | <u>1st stg tail</u> : Class 'G' neat w/ 2% CaCl ₂ , 0.25 celloflake | 110 | 15.4/1.25/NC |
| | <u>2nd stg lead</u> : 50/50 'G'/Poz, 3% sodium metasilicate, 5pps kolite, 0.25 pps celloflake, 0.8 D111 | 550 | 11.45/2.36/380 |
| | <u>2nd stg tail</u> : Class 'G' neat w/ 2% CaCl ₂ , 0.25 celloflake | 325 | 15.4/1.25/NC |
| 1600-7135' | <u>1st stg lead</u> : 50/50 Cls 'G'/Poz, 3% D79, 3.0 pps D42, 0.25 pps D29 | 790 | 12/1.98/300 |
| | <u>1st stg tail</u> : Cls 'G' with 0.8% D156, 0.2% D65, 5 ppsi D42 | 265 | 15.7/1.2/55 |
| | <u>2nd stg lead</u> : 50/50 Cls 'G'/Poz, 3% D79, 3.0 pps D42, 0.25 pps D29 | 525 | 12/1.98/300 |
| | <u>2nd stg tail</u> : Cls 'G' with 0.8% D156, 0.2% D65, 5 ppsi D42 | 315 | 16/1.13/NC |

Drilling Fluid

Surface Hole

Mud Type: FW/Spud Mud

| Start depth | End depth | Last Csg | Bit Size |
|-------------|-----------|----------|----------|
| 80 ft | 1600 ft | 16 in. | 14 ¾ in. |

- Mix spud mud in surface pits prior to spud
- Sweep hole with 20-25 bbls of pre-hydrated gel and lime to ensure hole cleaning when necessary
- Treat out any calcium contamination with soda ash. Add bentonite in the concentration of 12-15 ppb.
- Use caustic to maintain pH within range.
- Shakers should have 180 mesh screens at minimum.

Hole Volume: 340 bbls

Pit Volume: 500 bbls

Total Volume: 840 bbls

| Mud Properties | Minimum | Maximum | Units |
|------------------|---------|---------|-----------|
| Mud Weight | 8.3 | 9.4 | #/gal |
| Drill Solids | 4 | 6 | Percent |
| pH | 9 | 9.5 | |
| Funnel Viscosity | 26 | 40 | sec/qt |
| Fluid Loss | NC | NC | cc/30 min |

Production Hole (1600-2500 ft)

Mud Type: FW/gel/PHPA

| Start depth | End depth | Last Csg | Bit Size |
|-------------|-----------|----------|----------|
| 1600 ft | 2500 ft | 11 ¾ in. | 9 ½ in. |

- Sweep hole with 20-25 bbls of pre-hydrated gel and lime to ensure hole cleaning when necessary
- 9.7 #/gal fluid may be needed to control water flows in DeChelly
- Use caustic to maintain pH within range.
- Shakers should have 180 mesh screens at minimum.

Hole Volume: 220 bbls

Pit Volume: 500 bbls

Total Volume: 720 bbls

| Mud Properties | Minimum | Maximum | Units |
|------------------|---------|---------|-----------|
| Mud Weight | 8.2 | 9.7 | #/gal |
| Drill Solids | 4 | 6 | Percent |
| pH | 9 | 10 | |
| Funnel Viscosity | 26 | 45 | sec/qt |
| Fluid Loss | NC | NC | cc/30 min |

Production Hole (2500-4600 ft)

Mud Type: LSND

| Start depth | End depth | Last Csg | Bit Size |
|-------------|-----------|----------|----------|
| 2500 ft | 4600 ft | 11 ¾ in. | 9 ½ in. |

- Mud up by 2500 ft with a low pH PHPA system. The low pH will help limit dispersion of shale and PHPA will assist in shale hydration via encapsulating exposed shale and drill solids.
- Use PHPA in concentration levels between 0.25 and 1.0 #/bbl. This should lower fluid loss between 12-15 cc/30 min
- *Keep drilling fluid in laminar flow around drill pipe and collars to help minimize hole erosion.*
- 9.7 #/gal fluid may be needed to control water flows in DeChelly
- Use caustic to maintain pH within range.
- Shakers should have 180 mesh screens at minimum.

Hole Volume: 400 bbls
Pit Volume: 450 bbls

Total Volume: 850 bbls

| Mud Properties | Minimum | Maximum | Units |
|-------------------|---------|---------|-----------|
| Mud Weight | 9.7 | 10.2 | #/gal |
| Drill Solids | 4 | 6 | Percent |
| pH | 9 | 10 | |
| Plastic Viscosity | 4 | 10 | |
| Yield Point | 6 | 12 | |
| Funnel Viscosity | 35 | 40 | sec/qt |
| Fluid Loss | 12 | 15 | cc/30 min |

Production Hole (4600-7600 ft)

Mud Type: LSND/salt gel mud

| Start depth | End depth | Last Csg | Bit Size |
|-------------|-----------|----------|----------|
| 4600 ft | 7135 ft | 11 ¾ in. | 9 ½ in. |

- Continue to use PHPA in concentration levels between 0.25 and 1.0 #/bbl. This should lower fluid loss between 12-15 cc/30 min
- Lightly disperse system as necessary with Sparsene and Tannathin.
- Need 10.6 #/gal when drilling through Desert Creek due to offset injection.
- *Keep drilling fluid in laminar flow around drill pipe and collars to help minimize hole erosion.*
- **Paradox Salt will require higher salt concentration in mud while drilling, close to 185,000 ppm.**
- Use caustic to maintain pH within range.
- Shakers should have 180 mesh screens at minimum.
- Funnel viscosity should be near maximum for logging.
- Salt concentration should be near 185,000 ppm

Hole Volume: 670 bbls
Pit Volume: 500 bbls

Total Volume: 1170 bbls

| Mud Properties | Minimum | Maximum | Units |
|-------------------|---------|---------|-----------|
| Mud Weight | 10.0 | 13.0 | #/gal |
| Drill Solids | 4 | 6 | Percent |
| pH | 9 | 10 | |
| Plastic Viscosity | 4 | 12 | |
| Yield Point | 6 | 14 | |
| Funnel Viscosity | 35 | 60 | sec/qt |
| Fluid Loss | 15 | 20 | cc/30 min |

Horizontal Laterals

Casing Exits

Once 7 5/8" casing has been run and cemented to TD, a collar log will be run to determine depths of collars for proper placement of permanent packer. A TIW permanent packer with a keyway inside the bore will be set at a convenient point for all four windows to be milled. The first whipstock will be made up to the latch-in tool and the horizontal lateral drilled after window has been milled. The whipstock is then pulled after TD is reached, and another whipstock with spacing equipment is run back in the hole. Another window is milled and lateral drilled. The process is repeated for each subsequent lateral.

A gyro will be run to survey the vertical hole drilled and to determine the azimuth of the packer keyway. That azimuth is a reference point for all other whipstock work to take place.

Windows and Laterals

| Window | Top | Btm | EOC MD | EOC TVD | Azi | Curve Radius | Build Rate | Spacer | Lateral Length |
|--------|------|------|--------|---------|--------|--------------|------------|--------|----------------|
| 1 | 7206 | 7217 | 7504 | 7400 | 160.76 | 183 | 31.3 | n/a | 3746 |
| 2 | 7164 | 7175 | 7523 | 7400 | 241.02 | 222 | 25.5 | 31 | 2978 |
| 3 | 7122 | 7133 | 7552 | 7400 | 322.47 | 267 | 21.5 | 73 | 3698 |
| 4 | 7080 | 7091 | 7576 | 7400 | 62.49 | 309 | 18.5 | 131 | 3674 |

Directional Drilling

Once the curve building assembly is run in the hole and on bottom, a gyro will again be used to both orient the motor and drill with until all magnetic interference is cleared. The MWD will be used from that point to proposed bottom hole location for surveying information. After the curve is finished, a lateral bottomhole assembly will be run in the hole to continue drilling to TD. The planned horizontal displacement will be 4000 ft.

6 1/2" bits will be used to drill the lateral.

Current well plan can be seen in attachment on page 12.

Drilling Fluids

Mud Type: CaCO3 brine

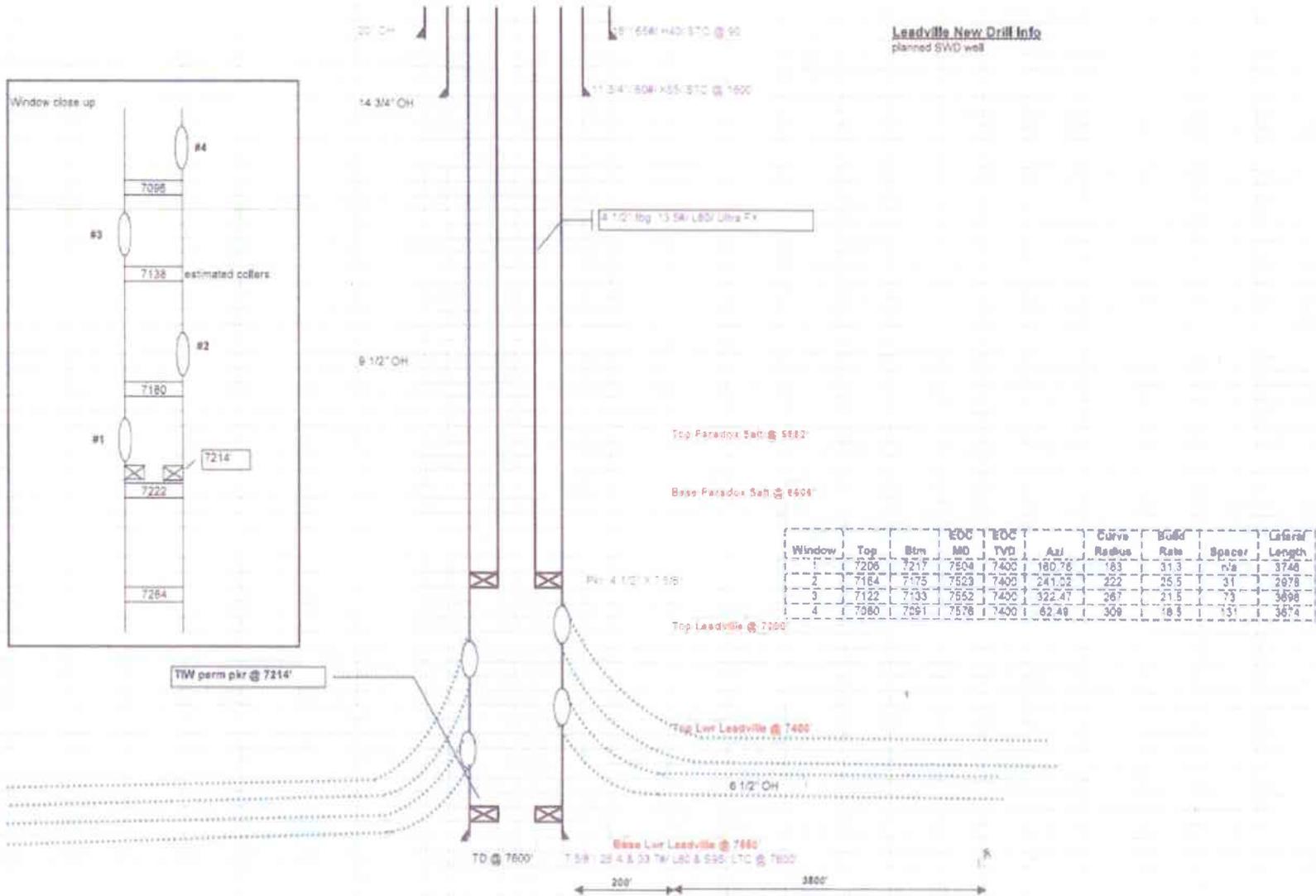
| Start depth | End depth | Last Csg | Bit Size |
|-------------|-----------|-----------|----------|
| 7150 ft | 11250 ft | 7 5/8 in. | 6 ½ in. |

- Use high grade polymer, XCD, in concentration levels necessary to get fluid loss between 20-30 cc/30 min
- Use fine grade CaCO3 mixed with medium grade as necessary.
- This system will continue to be used when drilling the horizontal interval.
- Use caustic to maintain pH within range.
- Shakers should have 180 mesh screens at minimum.

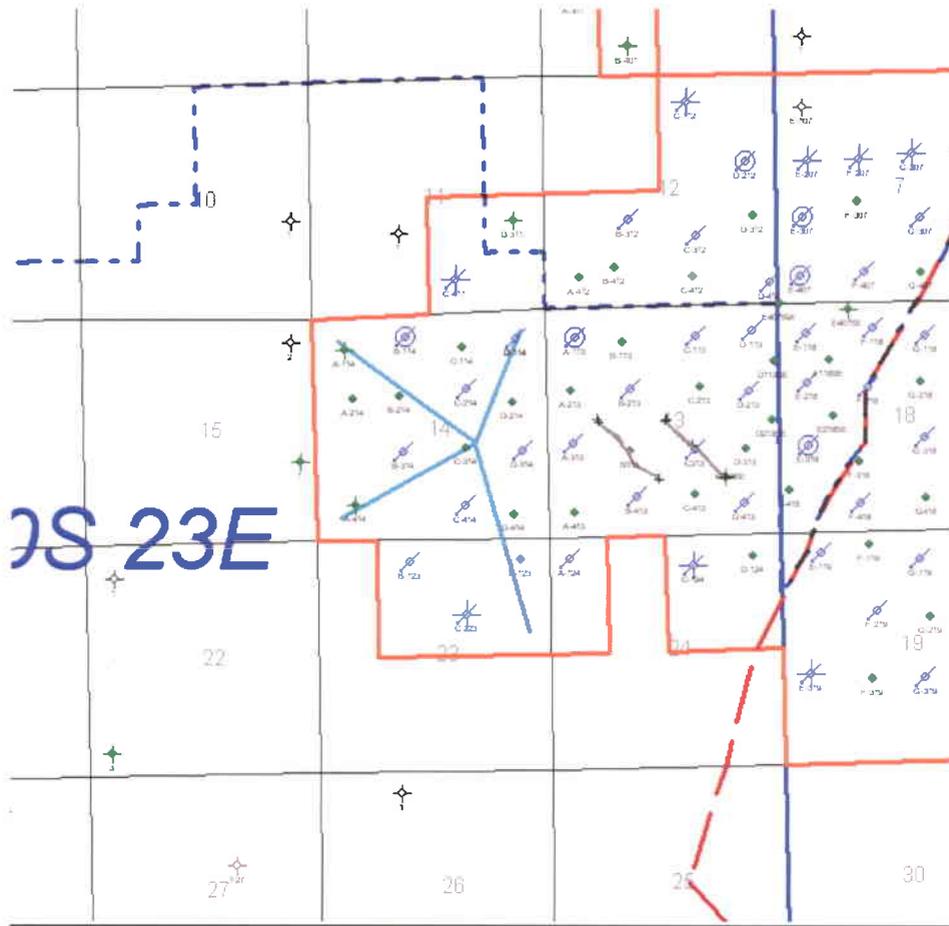
Hole Volume: 120 bbls
Pit Volume: 500 bbls

Total Volume: 620 bbls

| Mud Properties | Minimum | Maximum | Units |
|------------------|---------|---------|-----------|
| Mud Weight | 8.3 | 8.6 | #/gal |
| Drill Solids | 4 | 6 | Percent |
| pH | 9 | 10 | |
| Funnel Viscosity | 32 | 38 | sec/qt |
| Fluid Loss | 20 | 30 | cc/30 min |



**C-314 LDVL
Surface & Bottomhole Locations**



Total Depth: 8000' Elev: 4809'
Surface Location: NAD 27 Utah South X: 2624007 and Y: 240729
 2160' FSL and 1760' FEL, 40S 23E Sec 14, SLM

| <u>Lateral</u> | <u>Direction</u> | <u>Bottomhole Location</u> | <u>Drill Depth</u> |
|----------------|------------------|--|----------------------------------|
| A) | NW | X: 2620838.00; Y: 243093.80 Sec 14, 520' FNL and 560' FWL | TD: 7,544' TVD 4,000' Lateral |
| B) | SW | X: 2620935.80; Y: 238988.60 Sec 14, 520' FSL and 520' FWL | TD: 7,634' TVD 3,500' Lateral |
| C) | SE | X: 2625138.70; Y: 236857.80 Sec 23, 503' FSL and 485' FEL | TD: 7,459' TVD 4,000' Lateral |
| D) | NE | X: 2625060.50; Y: 243367.40 Sec 14, 470' FNL and 540' FEL | TD: 7,644' TVD 2,850' Lateral |

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/19/2006

| |
|--------------------------------|
| API NO. ASSIGNED: 43-037-31851 |
|--------------------------------|

WELL NAME: ANETH U C-314 LDVL
 OPERATOR: RESOLUTE NATURAL (N2700)
 CONTACT: DWIGHT E MALLORY

PHONE NUMBER: 303-534-4600

PROPOSED LOCATION:
 NWSE 14 400S 230E
 SURFACE: 2160 FSL 1760 FEL
 BOTTOM: 2160 FSL 1760 FEL
 COUNTY: SAN JUAN
 LATITUDE: 37.30804 LONGITUDE: -109.3547
 UTM SURF EASTINGS: 645806 NORTHINGS: 4130111
 FIELD NAME: GREATER ANETH (365)

| INSPECT LOCATN BY: / / | | |
|------------------------|----------|------|
| Tech Review | Initials | Date |
| Engineering | | |
| Geology | | |
| Surface | | |

LEASE TYPE: 1 - Federal
 LEASE NUMBER: SL-070968
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: LDLL
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

Plat

Bond: Fed[1] Ind[] Sta[] Fee[]
 (No. B0001252)

Potash (Y/N)

Oil Shale 190-5 (B) or 190-3 or 190-13

Water Permit
 (No. 06.0015)

RDCC Review (Y/N)
 (Date: _____)

Fee Surf Agreement (Y/N)

Intent to Commingle (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit: ANETH

R649-3-2. General
 Siting: 460 From Qtr/Qtr & 920' Between Wells

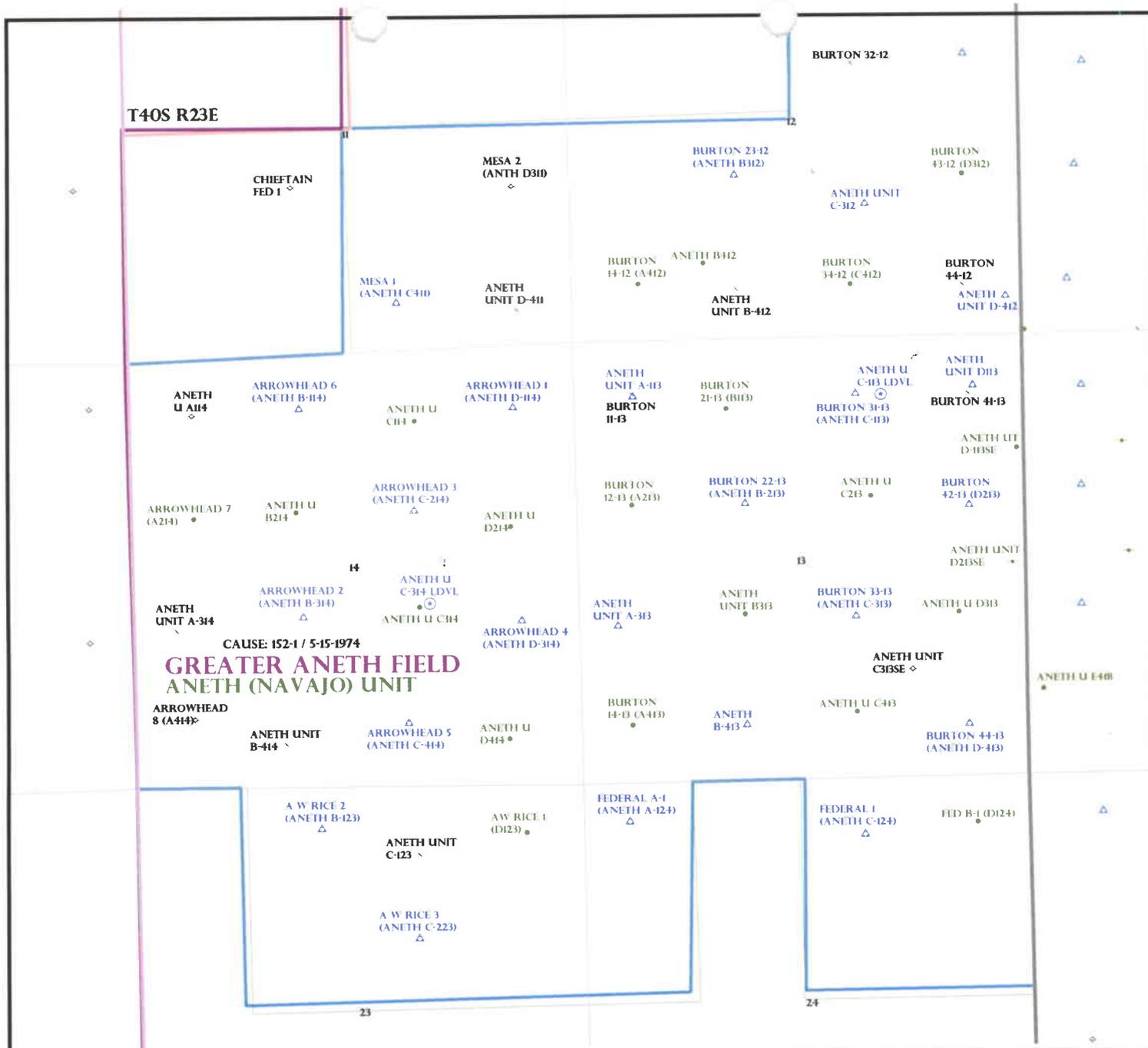
R649-3-3. Exception

Drilling Unit
 Board Cause No: 15J-1
 Eff Date: 5-15-1974
 Siting: 500' fr U boundaries

R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1-federal approved



OPERATOR: RESOLUTE ANETH LLC (N2700)

SEC: 13,14 T. 40S R. 23E

FIELD: GREATER ANETH (365)

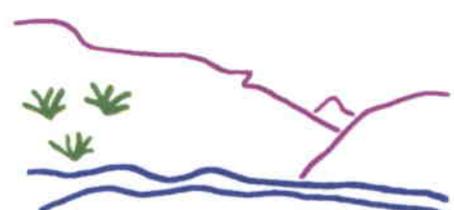
COUNTY: SAN JUAN

CAUSE: 152-1 / 5-15-1974

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- ✖ GAS INJECTION
 - ✖ GAS STORAGE
 - ✖ LOCATION ABANDONED
 - ⊕ NEW LOCATION
 - ⊕ PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - ⊕ SHUT-IN GAS
 - SHUT-IN OIL
 - ✖ TEMP. ABANDONED
 - TEST WELL
 - △ WATER INJECTION
 - ⊕ WATER SUPPLY
 - ⊕ WATER DISPOSAL
 - ⊕ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 25-MAY-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 25, 2006

Resolute Natural Resources Company
1675 Broadway, Suite 1950
Denver, CO 80202

Re: Aneth Unit C-314 LDVL Well, 2160' FSL, 1760' FEL, NW SE, Sec. 14,
T. 40 South, R. 23 East, San Juan 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 43-037-31851.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: San Juan County Assessor
Bureau of Land Management, Moab District Office

Operator: Resolute Natural Resources Company

Well Name & Number Aneth Unit C-314 LDVL

API Number: 43-037-31851

Lease: SL-070968

Location: NW SE **Sec. 14** **T. 40 South** **R. 23 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

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

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. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. SL-070968 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Resolute Aneth, LLC. | | 7. If Unit or CA Agreement, Name and No. Aneth Unit, 8910077380 |
| 3a. Address 1675 Broadway, Suite 1950, Denver, CO 80202 | | 8. Lease Name and Well No. Aneth Unit C-314 LDVL |
| 3b. Phone No. (include area code) 303-534-4600 | | 9. API Well No. New well 43-037-31851 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2160°FSL, 1760°FEL At proposed prod. zone Refer to attached drilling plan | | 10. Field and Pool, or Exploratory Greater Aneth |
| 14. Distance in miles and direction from nearest town or post office* 2.5 Miles North of Montezuma Creek, UT | | 11. Sec., T. R. M. or Blk. and Survey or Area 14, 40S, 23E, SLM |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 523' | 16. No. of acres in lease 640 | 12. County or Parish San Juan |
| 17. Spacing Unit dedicated to this well 40 acres | 13. State UT | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,100' | 19. Proposed Depth 8,000' | 20. BLM/BIA Bond No. on file B001262- WTB000169 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,809' KB | 22. Approximate date work will start* 06/19/2006 | 23. Estimated duration 62 days |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | |
|-------------------|--|--------------------|
| 25. Signature | Name (Printed/Typed) Dwight E Mallory | Date 05/01/2006 |
|-------------------|--|--------------------|

Title
Regulatory Coordinator

| | | |
|--|---|-----------------|
| Approved by (Signature) /s/ A. Lynn Jackson | Name (Printed/Typed) /s/ A. Lynn Jackson | Date 11/1/06 |
|--|---|-----------------|

Title
Assistant Field Manager,
Division of Resources

Office
Division of Resources
Moab Field Office

Application approval 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.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED
RECEIVED
NOV 06 2006
DIV. OF OIL, GAS & MINING

R. 23 E.

N



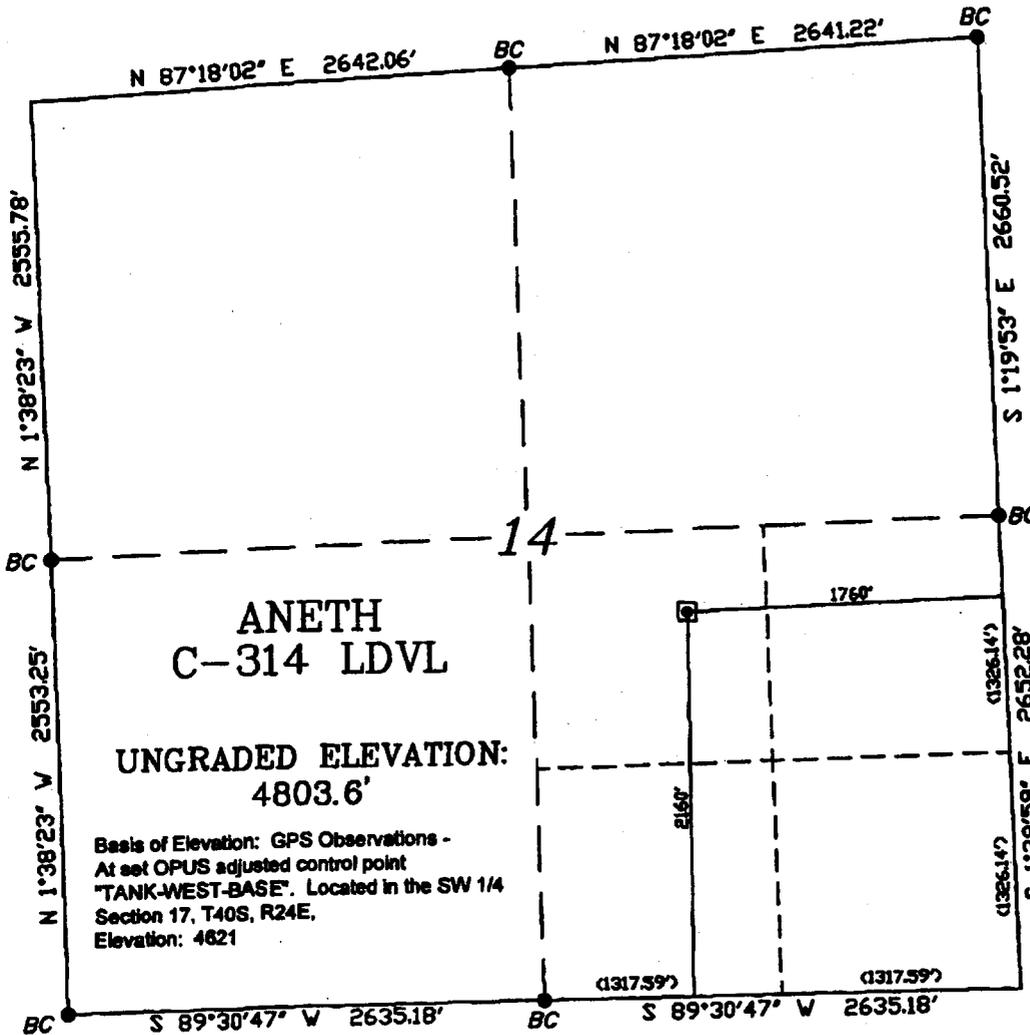
SCALE: 1" = 1000'

T. 40 S.

LATITUDE
NORTH 37.300025 DEG.
LONGITUDE
WEST 109.354772 DEG.

NORTHING
240680.65
EASTING
2623891.79

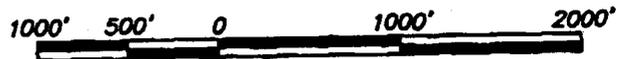
DATUM
UTAH SP SOUTH (1927)



ANETH
C-314 LDVL

UNGRADED ELEVATION:
4803.6'

Basis of Elevation: GPS Observations -
At set OPUS adjusted control point
"TANK-WEST-BASE". Located in the SW 1/4
Section 17, T40S, R24E,
Elevation: 4621

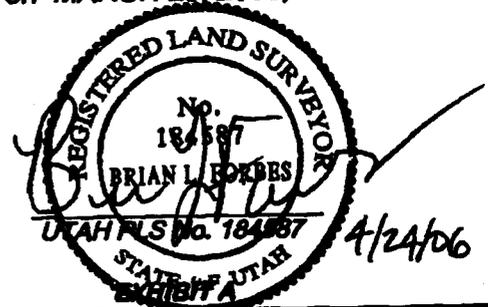


SURVEYOR'S STATEMENT:

I, Brian Forbes, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on MARCH 29, 2006, and it correctly shows the location of ANETH C-314 LDVL.

NOTES

- ◆ WELL LOCATION
- FOUND MOUNUMENT



PLAT OF DRILLING LOCATION
FOR
RESOLUTE NATURAL RESOURCES COMPANY

P.O. BOX 3651
FARMINGTON, N.M.
(505) 334-0408

SCALE: 1" = 1000'
JOB No. 6804
DATE: 4/11/08

2160' F/SL & 1760' F/EL, SECTION 14,
T. 40 S, R. 23 E, SALT LAKE MERIDIAN
SAN JUAN COUNTY, UTAH

Resolute Aneth, LLC
Aneth Unit C-314 LDVL
Lease UTSL-070968
Aneth Unit
NW/SE Section 14, T23S, R40E (surface location)
San Juan County, Utah

A COMPLETE COPY OF THIS APPROVED PERMIT AND CONDITIONS OF APPROVAL SHALL be maintained on location during all construction and drilling operations, and shall be available to contractors to ensure compliance.

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 Resolute Natural Resources/Resolute Aneth, LLC 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 **UTB000169** (Principal – Resolute Natural Resources/Resolute Aneth, LLC) 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. 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. DRILLING PROGRAM

1. This approval is limited to the drilling of the well within the jurisdictions and boundaries of federal oil and gas leases UTSL-070968 and UTSL-071010. Use of this well for injection/disposal of produced water will require separate authorization.
2. The proposed pressure control equipment, as revised, is appropriate for anticipated conditions: 2M system down to the surface casing depth, ~1600'; 3M system for the remainder of the vertical well, ~7600'; and 5M double ram with a rotating head while drilling the laterals.
3. The surface casing (11-3/4", 60 ppf, K-55) shall be set no less than 50 feet below the top of the Chinle Formation.
4. If H₂S is detected in concentrations exceeding 100 ppm in the gas stream, contact Eric Jones (435-259-2117) of the BLM Moab Field Office. The well must then be secured as soon as practicable. The provisions of *Onshore Oil & Gas Order No. 6, Hydrogen Sulfide Operations*, will be implemented. To ensure the continuation of safe drilling operations, a drilling operations plan shall be promptly submitted to the BLM Moab Field Office.
5. A cement bond log, or other tool appropriate to determine the cement top, shall be run on the production casing.
6. Resolute Aneth, LLC shall investigate the potential of the subject well to produce hydrocarbons in paying quantities from the Leadville Formation. This investigation would include the direct testing and observation of this well, and the review of data from other wells in the region that have penetrated the Leadville Fm. The findings of this investigation shall be submitted to the BLM Moab Field Office.

B. SURFACE

No additional surface use stipulations.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the BLM Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab Field Office on a weekly basis.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed, with the Moab Field Office, for approval of all changes of plans and subsequent operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM 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 Monticello Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office 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 business days following the date on which the well is placed into production.

A first production conference will be scheduled through the Monticello Field Office as soon as the productivity of the well is apparent.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion or Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-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. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-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 be approved when the Monticello Field Office determines that surface reclamation work has successfully restored desirable vegetation.

TABLE 1 NOTIFICATIONS

Notify Jeff Brown (435-587-1525) of the BLM, Monticello Field Office for the following:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching the surface casing (9-5/8") setting depth;

3 hours prior to testing BOP

If the person at the above number cannot be reached, notify the Moab Field Office at (435) 259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at (435) 259-2100. If approval is needed after work hours, you may contact:

Eric Jones, Petroleum Engineer Office: (435) 259-2117
Home: (435) 259-2214

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

FORM 9

| | | | |
|--|--|--|---|
| SUNDRY NOTICES AND REPORTS ON WELLS | | | 5. LEASE DESIGNATION AND SERIAL NUMBER: SL-070968 |
| Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Proposed SWD</u> | | | 7. UNIT or CA AGREEMENT NAME: Aneth Unit 8910077380 |
| 2. NAME OF OPERATOR: Resolute Natural Resources Company | | | 8. WELL NAME and NUMBER: C-314 LDVL |
| 3. ADDRESS OF OPERATOR: 1675 Broadway # 1950 Denver CO 80202 | | PHONE NUMBER: (303) 534-4600 | 9. API NUMBER: 4303731851 |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2160'FSL and 1760'FEL | | | 10. FIELD AND POOL, OR WILDCAT: Greater Aneth |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 14 40S 23E S | | | COUNTY: San Juan |
| | | | STATE: UTAH |

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|---|
| <input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: <u>APD Extension</u> |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Resolute Natural Resources Company proposes to extend to APD approval for the subject well for an additional 12 months to allow for evaluation of results from the C-113 LDVL well, which is still awaiting approval of the UIC permit application.

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

Date: 07-02-07
By: [Signature]

7-3-07
RM

| | |
|---|---|
| NAME (PLEASE PRINT) <u>Dwight E Mallory</u> | TITLE <u>Environmental, Health & Safety Coordinator</u> |
| SIGNATURE <u>[Signature]</u> | DATE <u>6/25/07</u> |

(This space for State use only)

RECEIVED
JUN 29 2007
DIV. OF OIL, GAS & MINING



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4303731851
Well Name: C-314 LDVL
Location: 2160'FSL and 1760'FEL, Sec 14-40S-23E
Company Permit Issued to: Resolute Natural Resources Company
Date Original Permit Issued: 5/25/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

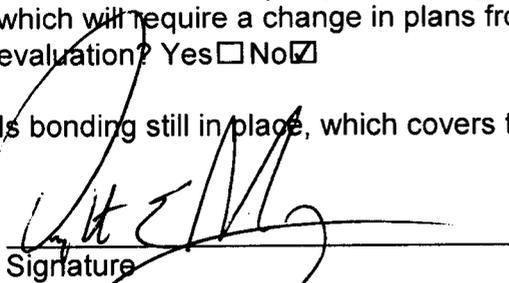
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



 Signature

6/25/2007

 Date

Title: EH&S Coordinator

Representing: Resolute Natural Resources Company

RECEIVED
JUN 29 2007
 DIV. OF OIL, GAS & MINERAL



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Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 1, 2008

Resolute Natural Resources Co.
1675 Broadway # 1950
Denver, CO 80202

Re: APD Rescinded – Aneth Unit C-314 LDVL, Sec. 14 T. 40S, R. 23E
San Juan County, Utah API No. 43-037-31851

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 25, 2006. On July 2, 2007 the Division granted a one-year APD extension.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 1, 2008.

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
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab



RESOLUTE

NATURAL RESOURCES

Dwight Mallory
Regulatory Coordinator

1675 Broadway
Suite 1950
Denver, CO 80202

Direct: 303.534.4600 ext. 165
Fax: 303.534.4600
Cell: 970.302.8620
dmallory@mrc.net

dmallory@rnrc.net

UIC-333.1

RESOLUTE
NATURAL RESOURCES

May 11, 2006

State of Utah
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

4303731851 S-14, T40S, R23E

Re: Resolute Natural Resources – Aneth Unit
C-314 LDVL Application for Permit to Drill and UIC Class IID Permit Application

Resolute Natural Resources Company (Resolute) has prepared an Application for Permit to Drill (APD) and an application to permit a Class IID well for disposal of produced water derived from Resolute's operations in the Aneth Unit. Produced water from the Aneth Unit is currently re-injected into the Desert Creek formation for enhanced oil recovery. Drilling and completion of one or more salt water disposal (SWD) wells is an integral part of Resolute's overall development plan to expand the CO₂ flood in the Aneth Unit.

The expanded CO₂ flood will enhance oil recovery from the field by several million barrels. However, the process requires that Resolute inject CO₂ instead of water for some period of time and then alternate the injection of CO₂ and water. The net result is that an increasing portion of the field's injection volume will be CO₂, but the produced water volume will remain unchanged, at least until the CO₂ starts to work through the reservoir. Therefore, to enable the expansion of the CO₂ injection program, Resolute must dispose of the excess produced water into a formation other than the Desert Creek.

Resolute intends to drill a new well, designated the C-314 LDVL, into the Mississippian Lower Leadville formation. The primary objective is completion of the C-314 LDVL as a SWD well. A secondary objective is to determine the Leadville reservoir properties, including fluid content. The drilling plan is to drill the vertical hole through the Leadville formation, log the well, then set a whipstock and kickoff in the Upper Leadville with the end of the curve in the middle of the Lower Leadville. The directional tool will have a Gamma Ray MWD and we will run the following open-hole tools:

- Laterolog (due to salt based mud)
- Density/Neutron
- Sonic
- Rotary Cores
- Formation Imaging Log

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DIV. OF OIL, GAS & MINING

Based on the information obtained from the open-hole logging, Resolute will recommend drilling up to 4 horizontal laterals to a maximum distance of 4,000 feet. The orientation of the laterals, but not their maximum length, may be altered based on the results of the vertical wellbore logging program and information, including injectivity data, obtained during drilling of the first lateral. A complete Drilling Plan and wellbore schematic are included in Attachment 1 (b).

APD and UIC Permit Application Forms

The C-314 LDVL surface location and extent of all 4 laterals are positioned entirely on lands owned by the US Bureau of Land Management (BLM). Underground Injection Control (UIC) program management on BLM lands is administered by the State of Utah, Division of Oil, Gas and Mining (DOG M). The enclosed APD and UIC permit applications are being submitted concurrently to the BLM and the DOGM. BLM Form 3160-3, Application for Permit to Drill is enclosed as Attachment 1. Attachments 1 (a) through 1 (e) include the APD supporting documentation specified by BLM Onshore Oil and Gas Order 1. We believe the materials being submitted are complete, with the exception of Attachment 1 (c) Surface Use Plan. Resolute has contracted Permits West, Inc. of Santa Fe, New Mexico to coordinate the environmental and cultural assessments needed for the Surface Use Plan and proposes to submit a complete Surface Use Plan after the onsite inspection.

DOG M UIC Form 1, UIC permit application is enclosed as Attachment 2. Attachments 2 (a) through 2 (e) include supporting documentation specified by the State of Utah guidance document *Permitting a Class II Injection Well*.

Area of Review

The method used to determine the Area of Review (AOR) for this application was to assume a fixed radius of one-half mile around the proposed Aneth Unit C-314 LDVL wellbore. The AOR was then expanded to encompass a one-half mile buffer around all of the lateral wellbores. A map depicting the Aneth Unit C-314 LDVL location, intended lateral orientation and the AOR is presented in Attachment 2 (a).

Wells present within the AOR include 13 producing oil wells, 15 active Class IIR injection wells, 4 shut in or temporarily abandoned wells and 7 permanently plugged and abandoned wells. There are no water source wells in the AOR. All of the Active wells present in the AOR are completed in the Desert Creek member of the Paradox Formation and are operated by Resolute. None of the wells present in the AOR penetrated the Leadville Formation. The table included in Attachment 2 (b) summarizes each well's type, date drilled, depth, formation tops picked from electric logs, and other information.

Name and Depth of USDWs

Based on a review of reports prepared by the US Geological Survey and others addressing hydrogeologic conditions in southeastern San Juan County, Utah, the principal fresh water USDWs in the Greater Aneth Area include the Entrada Sandstone, Navajo Sandstone, and

Wingate Sandstone, which collectively comprise the Navajo aquifer. The overlying Morrison aquifer and isolated Dakota and Alluvial aquifers may also be present. References are included as Attachment 2 (c).

Water quality within the Alluvial, Morrison, and Navajo aquifers in the Greater Aneth Area reportedly varies from fresh to saline, ranging from less than 500 to as much as 10,000 or more milligrams per liter (mg/L) Total Dissolved Solids (TDS). These aquifer units are underlain by moderately saline to saline aquifers of the Cutler, DeChelly, and Redwall aquifers, with TDS ranging from approximately 3,000 mg/L TDS to in excess of 10,000 mg/L TDS. According to information contained in the literature and comments from USEPA Region IX staff, the Chinle Formation generally separates relatively fresh water aquifers above from non-usable saline ground water aquifers below. Selected anticipated formation tops to be encountered include:

- Navajo 1000'
- Chinle 1600'
- Upper Ismay 5473'
- Gothic Shale 5634'
- Desert Creek IA 5659'
- Desert Creek IIA 5702'
- Chimney Rock 5813'
- Upper Leadville 7094'
- Lower Leadville 7349'

Geologic Data

The Leadville formation is composed of carbonate limestone and dolomite. Both the Upper Leadville (limestone) and Lower Leadville (dolomite) are potential reservoirs for SWD with the primary target being the Lower Leadville dolomite. The Upper Leadville has an estimated gross thickness of 200 to 300 feet and is expected to be encountered at an approximate depth of 7,120 feet below surface. The Lower Leadville has a gross thickness of about 150 to 200 feet and will be encountered at approximately 7,400 feet. The average reservoir parameters are 5 millidarcys (md) permeability and 10 percent porosity. Reservoir fracture pressure for the Leadville is estimated at 1 to 1.2 psi per foot (7100 – 8500 psi). Actual fracture pressures will be determined following the logging program and completion of a step-rate test.

Operating Data

- The proposed average and maximum injection rates are 7,500 barrels of water per day (bwpd) and 10,000 bwpd respectively.
- The maximum anticipated injection pressure is 5950 psi. Actual formation fracture pressures and operating parameters will be determined following the logging program and completion of a step-rate test.
- The annulus fluid will be packer fluid composed of injection water and corrosion inhibitor.

- Fluid injected in the C-113 LDVL will be produced water sourced from various oil and gas wells producing from the Desert Creek Member of the Paradox Formation operated by Resolute in the Aneth Unit. An analysis of the injection fluid is included as Attachment 2 (d).

Plugging and Abandonment Plan

After it has fulfilled its use as a Class IID disposal well, the C-314 LDVL will be plugged and abandoned (P&A) according to applicable DOGM and BLM requirements.

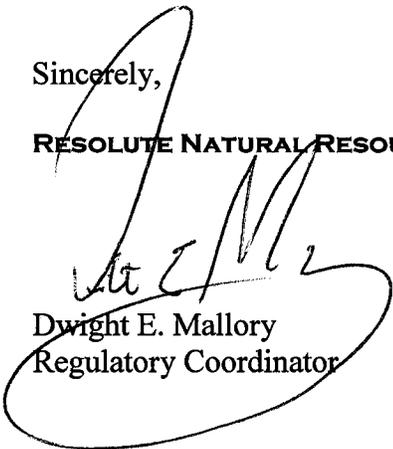
Necessary Resources

A copy of Resolute’s Surety Performance Bond for all UIC wells operated by Resolute in the Aneth Unit is included as Attachment 1 (d).

Description of Business

Resolute Natural Resources Company (Resolute) is an independent oil and gas exploration and production company that owns a majority working interest in and is the operator of the Aneth Unit. The proposed Aneth Unit C-314 LDVL SWD Class IID saltwater disposal well will be used for noncommercial disposal of produced water derived from various producing wells in the Aneth Unit.

Resolute appreciates your assistance in preparing this permit application and we look forward to moving forward quickly with this project in order to maximize recovery of oil at the Aneth Unit. Please call me with any questions or comments.

Sincerely,
RESOLUTE NATURAL RESOURCES COMPANY

Dwight E. Mallory
Regulatory Coordinator

Cc: Jeff Brown, USBLM

ATTACHMENT 1
US BLM FORM 3160-3 APD

ATTACHMENT 2
STATE OF UTAH UIC FORM 1

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

UIC FORM 1

APPLICATION FOR INJECTION WELL

| | | |
|---|--------------------------------|--|
| Name of Operator Resolute Natural Resources Company | Utah Account Number N 2700 | Well Name and Number C-314 LDVL |
| Address of Operator 1675 Broadway #1950 CITY Denver STATE CO ZIP 80202 | Phone Number (303) 534-4600 | API Number 43-037-31851 |
| Location of Well Footage : 2160' FSL and 1760' FEL County : San Juan | | Field or Unit Name Aneth Unit |
| QQ, Section, Township, Range: NWSE 14 40S 23E State : UTAH | | Lease Designation and Number 8910077380 |

Is this application for expansion of an existing project? Yes No

| | | | |
|-------------------------------------|--------------------|---|-----------------------------|
| Will the proposed well be used for: | Enhanced Recovery? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | Disposal? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| | Storage? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

Is this application for a new well to be drilled? Yes No

If this application is for an existing well, has a casing test been performed? Yes No
Date of test: _____

Proposed injection interval: from 7,100 to 7,600

Proposed maximum injection: rate 10,000 bpd pressure 5,950 psig

Proposed injection zone contains oil , gas , and / or fresh water within 1/2 mile of the well.

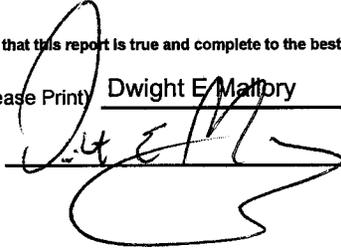
List of attachments: US BLM Form 3160-3 APD, Surety Performance Bond, Aneth Unit C-314 LDVL AOR Map and Tabulated Well Data, References, Produced Water Analysis

**ATTACH ADDITIONAL INFORMATION AS REQUIRED BY CURRENT
UTAH OIL AND GAS CONSERVATION GENERAL RULES**

I hereby certify that this report is true and complete to the best of my knowledge.

Name (Please Print) Dwight E Mallory

Title Regulatory Coordinator

Signature 

Date 5/1/2006

ATTACHMENT 2 (a)

MAP OF THE ANETH UNIT C-314 LDVL WELL AND AREA OF REVIEW

ATTACHMENT 2 (b)
TABULATED WELL DATA WITHIN THE AOR

**TABLE I
WELL DATA AND CORRECTIVE ACTION PLAN
WELLS LOCATED WITHIN THE AREA OF REVIEW
Resolute Natural Resources Company Aneth Unit C314NE SWD**

| API Number | Well Name | Location | | | | Type | Status | Operator | Date Drilled | Producing Formation | Select Formation Tops | | | | | | | | Total Drilled Depth | Corrective Action & Comments | | | | |
|--------------|--------------------------|----------|-----|-----|-----|----------------------|-----------|----------------------------|--------------|---------------------|-----------------------|--------|-----------|----------|--------|----------|---------|---------|---------------------|------------------------------|--------------|------|------|--|
| | | QTR | SEC | TWN | RNG | | | | | | Navajo | Chinle | Shinarump | Moenkopi | Cutler | DeChelly | Hermosa | Paradox | | | Desert Creek | | | |
| 430371603400 | C411 | SWSE | 11 | 40S | 23E | Oil Well | Shut In | Resolute Natural Resources | 7/29/1957 | DSCR | | 1985 | 2757 | 2829 | 3070 | | 5012 | 5697 | | 6169 | | | | |
| 430373139100 | CHIEFTAIN FED 1 | NESW | 11 | 40S | 23E | Dry Hole | P&A | CHIEFTAIN INTL INC | 3/26/1988 | | | | | | | 3826 | | | 5938 | | | | | |
| 430371603700 | MESA 2 (ANTH D311) | NESE | 11 | 40S | 23E | Oil Well | P&A | Resolute Natural Resources | 12/16/1957 | DSCR | 1272 | 2150 | 2930 | 3020 | | 3230 | 5211 | | | | 0 | | | |
| 430371582200 | A412 | SWSW | 12 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 6/3/1957 | DSCR | | 1785 | 2565 | 2685 | 2785 | | | | 5816 | | 5816 | | | |
| 430373153700 | B412 | SESW | 12 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 1/23/1991 | DSCR | | | | | | | | | | 5858 | 5990 | | | |
| 430373011900 | A113 | NWNW | 13 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 9/12/1973 | DSCR | | | 2432 | 2602 | | 2720 | 4616 | | | | 5644 | 5835 | | |
| 430371582100 | A213 | SWNW | 13 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 8/8/1957 | DSCR | | 1540 | 2338 | 2442 | 2580 | 2630 | 4568 | 5575 | | | | 5575 | | |
| 430373029900 | A313 | NWSW | 13 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 9/5/1976 | DSCR | 302 | 1135 | | | | 2670 | 4520 | | | | 5627 | 5790 | | |
| 430371582300 | A413 | SWSW | 13 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 10/29/1957 | DSCR | | 1560 | 2355 | 2432 | 2545 | | 4562 | 5577 | | | | 5577 | | |
| 430371582400 | B113 | NENW | 13 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 10/18/1957 | DSCR | | 1625 | 2388 | 2531 | 2622 | | | | 5653 | | | 5761 | | |
| 430371582500 | B213 | SESW | 13 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 2/23/1959 | IS-DC | | 1640 | 2431 | 2570 | 2620 | | 4578 | 5673 | | | | 5868 | | |
| 430371582600 | B313 | NESW | 13 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 12/6/1957 | DSCR | | 1580 | 2390 | 2495 | 2622 | | | | 5625 | 5644 | | 6740 | | |
| 430373029700 | B413 | SESW | 13 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 8/12/1976 | DSCR | 740 | 1610 | | | | 2735 | 4630 | | | 5664 | | 5845 | | |
| 430371582700 | C113 | NWNE | 13 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 9/29/1957 | IS-DC | | 1603 | 2275 | 2460 | 2628 | | 4612 | 5623 | | | | 5770 | | |
| 430373017300 | C213 | SWNE | 13 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 6/18/1974 | DSCR | | | | | | 2780 | 4506 | | | | 5722 | 5927 | | |
| 430371582800 | C313 | NWSE | 13 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 9/3/1957 | PRDX | | 1623 | 2418 | 2497 | 2614 | | 4646 | 5673 | 5684 | | | 5885 | | |
| 430373107600 | C313SE | C-SE | 13 | 40S | 23E | Oil Well | P&A | Resolute Natural Resources | 11/10/1984 | IS-DC | | 1616 | | | | 2740 | 4660 | | | 5681 | | | | |
| 430373029800 | C413 | SWSE | 13 | 40S | 23E | Oil Well | TA | Resolute Natural Resources | 8/14/1976 | DSCR | 755 | 1610 | | | | 2710 | 4640 | | | 5670 | | 5879 | | |
| 430371603000 | A214 | SWNW | 14 | 40S | 23E | Oil Well | TA | Resolute Natural Resources | 10/30/1957 | DSCR | | 1680 | 2457 | 2306 | 2778 | | | | | | | 4678 | 5790 | |
| 430373063400 | ANETH U A114 | NWNW | 14 | 40S | 23E | Oil Well | P&A | Resolute Natural Resources | 4/25/1981 | DSCR | 690 | 1316 | | | | 2686 | 4600 | | | 5608 | | | | |
| 430371603100 | ARROWHEAD 8 (A414) | SWSW | 14 | 40S | 23E | Oil Well | P&A | Resolute Natural Resources | 2/22/1958 | DSCR | 1663 | | 2440 | 2552 | | 2762 | 4670 | | | | | 5755 | | |
| 430371603200 | B114 | NENW | 14 | 40S | 23E | Water Injector | Shut In | Resolute Natural Resources | 9/13/1957 | DSCR | | 1558 | | | 3192 | | 4623 | 5252 | | | | 5713 | | |
| 430373063500 | B214 | SESW | 14 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 3/6/1981 | DSCR | 960 | 1452 | | | | 2662 | 4828 | | | 5790 | | 5972 | | |
| 430371627300 | B314 | NESW | 14 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 3/8/1957 | PRDX | | 1630 | 2410 | | 3535 | | 4625 | 5600 | | | | 5762 | | |
| 430373063600 | C114 | NWNE | 14 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 3/25/1981 | DSCR | 794 | 1462 | | | | 2527 | 4650 | | | 5712 | | 5861 | | |
| 430371603300 | C214 | SWNE | 14 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 5/13/1957 | PRDX | | | 2473 | | | 2684 | 4680 | 5355 | | | | 5865 | | |
| 430373063700 | C314 | NWSE | 14 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 4/16/1981 | DSCR | 798 | 1416 | | | | 2786 | 4640 | | | 5664 | | 5835 | | |
| 430371603500 | C414 | SWSE | 14 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 7/31/1957 | PRDX | | | | | | | 4598 | 5557 | | | | 5743 | | |
| 430371627700 | D114 | NENE | 14 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 10/7/1956 | PRDX | | | 2473 | | | | 4680 | 5355 | | | | 5806 | | |
| 430373063800 | D214 | SENE | 14 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 3/12/1981 | DSCR | 714 | 1412 | | | | 2468 | 4563 | | | 5638 | | 5781 | | |
| 430371603800 | D314 | NESE | 14 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 6/24/1957 | PRDX | | 1635 | 2413 | | 2550 | | 4628 | 5340 | | | | 5794 | | |
| 430373063900 | D414 | SESE | 14 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 4/6/1981 | DSCR | 738 | 1355 | | | | 2712 | 4584 | | | 5602 | | 5787 | | |
| 430371033800 | FEDERAL 1 | NESE | 15 | 40S | 23E | Dry Hole | P&A | Resolute Natural Resources | 5/20/1957 | | | 1842 | 2623 | 2703 | 2810 | 2936 | 4868 | | | | | 6072 | | |
| 430373076600 | FEDERAL 2 | NENE | 15 | 40S | 23E | Dry Hole | P&A | Resolute Natural Resources | 2/21/1982 | | 714 | | | | | 2447 | 4475 | | | | | 5603 | | |
| 430371627100 | A W RICE 2 (ANETH B-123) | NENW | 23 | 40S | 23E | Water Injection Well | Active | Resolute Natural Resources | 11/5/1957 | PRDX | | 1650 | 2430 | 2514 | 2650 | | 4734 | 5340 | | | | 5733 | | |
| 430371627600 | A W RICE 3 (ANETH C-223) | SWNE | 23 | 40S | 23E | Water Injection Well | Active | Resolute Natural Resources | 1/10/1958 | PRDX | | 1597 | 2391 | | 2592 | | 4683 | 5298 | | | | 5712 | | |
| 430371603600 | AW RICE 1 (D123) | NENE | 23 | 40S | 23E | Oil Well | Producing | Resolute Natural Resources | 9/26/1957 | DSCR | | 1525 | 2328 | 2397 | 3448 | | | | | 5238 | | 5662 | | |
| 430371627000 | A124 | NWNW | 24 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 7/18/1958 | PRDX | | 1583 | 2380 | 2450 | 2561 | | 2664 | 4575 | 5588 | | | 5712 | | |
| 430371627500 | C124 | NWNE | 24 | 40S | 23E | Water Injector | Active | Resolute Natural Resources | 12/6/1956 | PRDX | | 1510 | 2289 | | | 2516 | 4643 | 5664 | | | | 5953 | | |

ATTACHMENT 2 (c)

REFERENCES

REFERENCES

- Howells, L, 1990, Base of Moderately Saline Ground Water in San Juan County, Utah: Utah Department of Natural Resources Technical Publication No. 94, 35 p.
- Spangler, LE, 1992, Records of Wells in Sandstone and Alluvial Aquifers and Chemical Data for Water from Selected Wells in the Navajo Aquifer in the Vicinity of the Greater Aneth Oil Field, San Juan County, Utah: US Geological Survey Open File Report 92-124, 52 p.
- Spangler, LE, Naftz, DL, and Peterman, ZE, 1995, Hydrology of the Aquifer System in Mesozoic and Upper Paleozoic Formations and Use of Geochemical Techniques to Identify Sources of Salinity to the Navajo Aquifer in the Vicinity of the Greater Aneth Oil Field, San Juan County, Utah: Draft US Geological Survey Water-Resources Investigations Report 95-XXXX, 148 p.
- Uribe & Associates, 1992, Preliminary Evaluation of Potential Impacts of Abandoned Wells on Groundwater Quality in the Aneth Oil Field Area, San Juan County, Utah: Prepared for the UIC Section, Water Management Division, US Environmental Protection Agency Region IX.

ATTACHMENT 2 (d)

ANALYSIS OF PRODUCED WATER TO BE INJECTED

Rocky Mountain Region
 1675 Broadway, Suite 1500
 Denver, CO 80202
 (303) 573-2772

Lab Team Leader - Sheila Hernandez
 (432) 495-7240

Water Analysis Report by Baker Petrolite

Hernandez

| | | | |
|---------------------|--------------------------|------------------|-------------------------------|
| Company: | RESOLUTE OIL COMPANY | Sales RDT: | 44200 |
| Region: | ROCKY MOUNTAINS | Account Manager: | ALLAN MASHBURN (435) 828-3351 |
| Area: | FARMINGTON, NM | Sample #: | 221770 |
| Lease/Platform: | ANETH UNIT | Analysis ID #: | 51801 |
| Entity (or well #): | WATER PLANT | Analysis Cost: | \$40.00 |
| Formation: | UNKNOWN | | |
| Sample Point: | INJECTION PUMP DISCHARGE | | |

| Summary | | Analysis of Sample 221770 @ 75 °F | | | | | |
|----------------------------|--------------|-----------------------------------|---------|--------|----------------|---------|---------|
| Sampling Date: | 5/12/05 | Anions | mg/l | meq/l | Cations | mg/l | meq/l |
| Analysis Date: | 5/31/05 | Chloride: | 66413.0 | 1563. | Sodium: | 25485.9 | 1107.71 |
| Analyst: | STACEY SMITH | Bicarbonate: | 177.0 | 2.9 | Magnesium: | 1466.0 | 120.6 |
| TDS (mg/l or g/m3): | 91010.2 | Carbonate: | 0.0 | 0. | Calcium: | 6813.0 | 339.97 |
| Density (g/cm3, tonne/m3): | 1.064 | Sulfate: | 962.0 | 20.03 | Strontium: | 231.0 | 5.27 |
| Anion/Cation Ratio: | 1 | Phosphate: | | | Barium: | 0.3 | 0. |
| Carbon Dioxide: | | Borate: | | | Iron: | 5.0 | 0.18 |
| Oxygen: | | Silicate: | | | Potassium: | 477.0 | 12.2 |
| Comments: | | Hydrogen Sulfide: | | 10 PPM | Aluminum: | | |
| | | pH at time of sampling: | | 7 | Chromium: | | |
| | | pH at time of analysis: | | 6.98 | Copper: | | |
| | | pH used in Calculation: | | 7 | Lead: | | |
| | | | | | Manganese: | | |
| | | | | | Nickel: | | |

| Conditions | | Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl | | | | | | | | | | |
|------------|--------------|---|--------|---|--------|-----------------------------|--------|-----------------------------|--------|--------------------------|--------|-----------------------|
| Temp | Gauge Press. | Calcite CaCO ₃ | | Gypsum CaSO ₄ ·2H ₂ O | | Anhydrite CaSO ₄ | | Celestite SrSO ₄ | | Barite BaSO ₄ | | CO ₂ Press |
| | | Index | Amount | Index | Amount | Index | Amount | Index | Amount | Index | Amount | |
| °F | psi | | | | | | | | | | | psi |
| 80 | 0 | 0.89 | 13.14 | -0.17 | 0.00 | -0.20 | 0.00 | 0.14 | 36.86 | 0.36 | 0.00 | 0.13 |
| 100 | 0 | 0.76 | 15.06 | -0.21 | 0.00 | -0.18 | 0.00 | 0.13 | 35.26 | 0.18 | 0.00 | 0.17 |
| 120 | 0 | 0.83 | 17.31 | -0.24 | 0.00 | -0.13 | 0.00 | 0.14 | 36.22 | 0.03 | 0.00 | 0.22 |
| 140 | 0 | 0.90 | 19.55 | -0.26 | 0.00 | -0.05 | 0.00 | 0.15 | 39.42 | -0.10 | 0.00 | 0.28 |

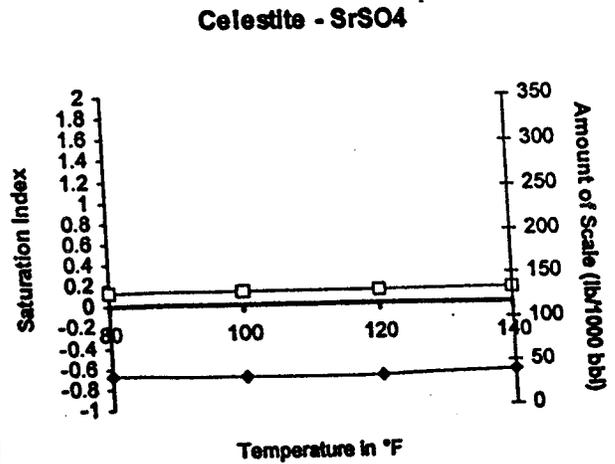
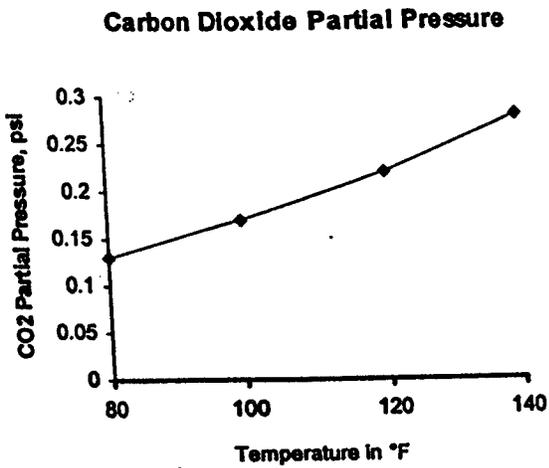
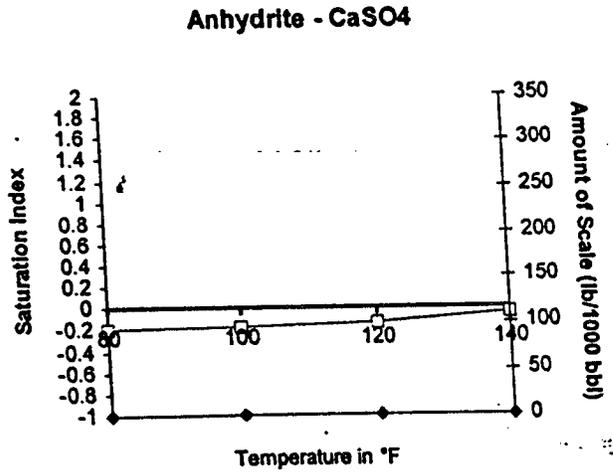
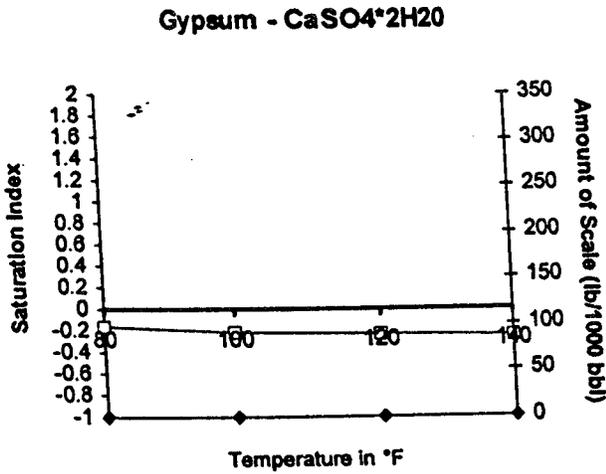
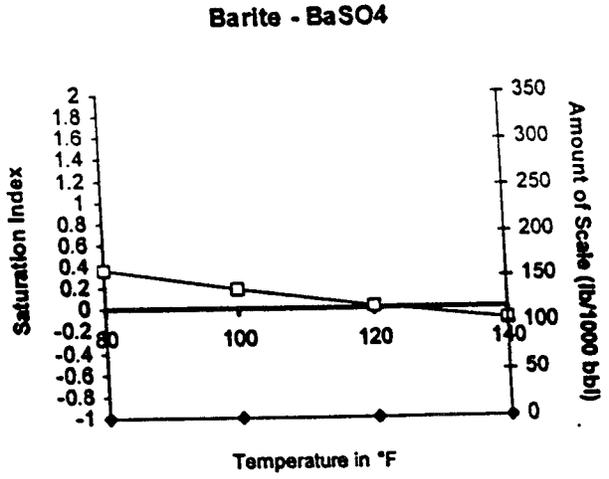
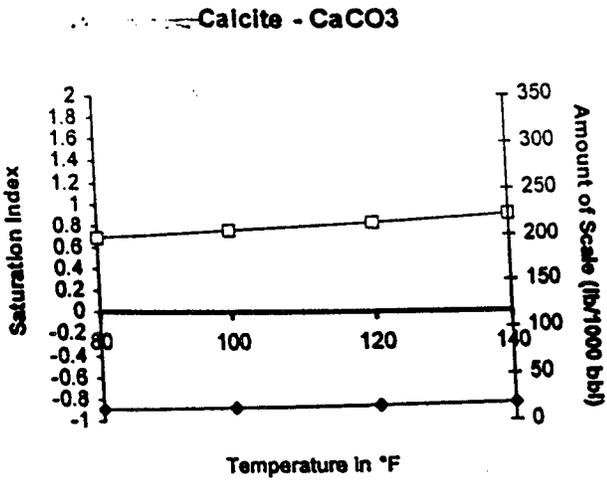
Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Scale Predictions from Baker Petrolite

Analysis of Sample 221770 @ 75 °F for RESOLUTE OIL COMPANY, 8/31/05



ATTACHMENT 1 (d)
SURETY PERFORMANCE BOND

S U R E T Y P E R F O R M A N C E B O N D

U.S. Environmental Protection Agency
Underground Injection Control
Financial Responsibility Requirement

BOND COVERS THE PLUGGING OF INJECTION WELLS

Date bond executed: December 02, 2004

Effective date: December 02, 2004

Principal: Resolute Natural Resources Company
(Legal name of owner or operator)

1675 Broadway, Suite 1950, Denver Colorado 80202
(Business address of owner or operator)

Type of organization: Corporation
(Individual, joint venture,
partnership, or corporation)

State of incorporation: Delaware

Surety(ies): U.S. Specialty Insurance Company
(Name)

13403 Northwest Freeway, Houston, Texas 77040
(Business Address)

EPA identification number, name, address, and plugging and abandonment amount(s) for each injection well guaranteed by this bond. (Indicate plugging and abandonment amounts for each well. Attach separate list if necessary.)

| <u>Injection Well Information</u> | <u>Plugging & Abandonment Amount</u> |
|-----------------------------------|--|
| See Attached Schedule A | |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Total penal sum of bond: \$ 3,425,000.00

Surety's bond number: B001252

KNOW ALL PERSONS BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto are firmly bound to the U.S. Environmental Protection Agency (hereinafter called EPA), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS said Principal is required, under the Underground Injection Control Regulations, as amended, to have a permit or comply with provisions to operate under rule for each injection well identified above, and

WHEREAS said Principal is required to provide financial assurance for plugging and abandonment as a condition of the permit or approval to operate under rule, and

WHEREAS said Principal shall establish a standby trust fund as is required when a surety bond is used to provide such financial assurance;

NOW, THEREFORE, the conditions of this obligation are such that if the Principal shall faithfully perform plugging and abandonment, whenever required to do so, of each injection well for which this bond guarantees plugging and abandonment, in accordance with the plugging and abandonment plan and other requirements of the permit or provisions for operating under rule and other requirements of the permit or provisions for operating under rule as may be amended, pursuant to all applicable laws, statutes, rules and regulations, as such laws, statutes, rules, and regulations may be amended,

Or, if the Principal shall provide alternate financial assurance as specified in Subpart F of 40 CFR 144, and obtain the EPA Regional Administrator's written approval of such assurance, within 90 days after the date of notice of cancellation is received by both the Principal and the EPA Regional Administrator(s) from the Surety(ies), then this obligation shall be null and void. Otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above.

Upon notification by an EPA Regional Administrator that the Principal has been found in violation of the plugging and abandonment requirements of 40 CFR 144, for an injection well which this bond guarantees performances of plugging and abandonment, the Surety(ies) shall either perform plugging and abandonment in accordance with the plugging and abandonment plan and other permit requirements or provisions for operating under rule and other requirements or place the amount for plugging and abandonment into standby trust fund as directed by the EPA Regional Administrator.

Upon notification by an EPA Regional Administrator that the Principal has failed to provide alternate financial assurance as specified in Subpart F of 40 CFR 144, and obtain written approval of such assurance from the EPA Regional Administrator(s) during the 90 days following receipt by both the Principal and the EPA Regional Administrator(s) of a notice of cancellation of the bond, the Surety(ies) shall place funds in the amount guaranteed for the injection well(s) into the standby trust fund as

directed by the EPA Regional Administrator.

The Surety(ies) hereby waive(s) notification of amendments to plugging and abandonment plans, permits, applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its (their) obligation on this bond.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) here under exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice by certified mail to the owner or operator and to the EPA Regional Administrator(s) for the Region(s) in which the injection well(s) is (are) located, provided, however, that cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the EPA Regional Administrator(s), as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies); provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond by the EPA Regional Administrator(s) of the EPA Region(s) in which the bonded injection well(s) is (are) located.

(The following paragraph is an optional rider that may be included but is not required.)

Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new plugging and abandonment amount, provided that the penal sum does not increase by more than 20% in any one year, and no decrease in the penal sum takes place without the written permission of the EPA Regional Administrator(s).

In WITNESS WHEREOF, The Principal and Surety(ies) have executed this Performance Bond and have affixed their seals on the date set forth above.

The persons whose signature appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies) and that the wording on this surety bond is identical to the wording specified in 40 CFR 144.70(c) as such regulation was constituted on the date this bond was executed.

PRINCIPAL:

Resolute Natural Resources Company
(Name)

1675 Broadway, Suite 1950, Denver Colorado 80202
(Address)

Janet Pasque
(Signature(s))

Janet Pasque
(Name(s))

Vice President
(Title(s))

Corporate Seal

Delaware

State of Incorporation

\$ 68,500.00
Bond Premium

CORPORATE SURETY(IES):

U.S. Specialty Insurance Company
(Name)

13403 Northwest Freeway, Houston, Texas 77040
(Address)

W. Russell Brown, Jr.
(Signature(s))

W. Russell Brown, Jr.
(Name(s))

Attorney-in-Fact
(Title(s))

Corporate Seal

Texas

State of Incorporation

\$ 3,425,000.00
Liability Limit

(For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.)

Schedule A

| <i>Operator</i> | <i>Field</i> | <i>Well Number</i> | <i>Qtr/Qtr</i> | <i>Section</i> | <i>Twnshp</i> | <i>Range</i> | <i>State</i> | <i>Lease Number</i> | <i>API Number</i> | <i>Owner</i> |
|---------------------------|--------------|--------------------|----------------|----------------|---------------|--------------|--------------|---------------------|-------------------|-----------------------------|
| Texaco Expl. & Prod. Inc. | ANETH | B312 | NESW | 12 | 40S | 23E | UTAH | SL070968A | 430371627200S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | C312 | SWSE | 12 | 40S | 23E | UTAH | SL070968A | 430373011200S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | D212 | SENE | 12 | 40S | 23E | UTAH | SL070968A | 430371627800S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | D412 | SESE | 12 | 40S | 23E | UTAH | SL070968A | 430373004900S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | E116 | NWNW | 16 | 40S | 24E | UTAH | ML3156 | 430371583200S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | E117 | NWNW | 17 | 40S | 24E | UTAH | I149IND8835 | 430371604900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E118 | NWNW | 18 | 40S | 24E | UTAH | SL067807 | 430371541300S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | E119 | NWNW | 19 | 40S | 24E | UTAH | I149IND8836 | 430371628000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E120 | NWNW | 20 | 40S | 24E | UTAH | I149IND8836 | 430371605000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E121 | NWNW | 21 | 40S | 24E | UTAH | I149IND8836 | 430371605100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E122 | NWNW | 22 | 40S | 24E | UTAH | I149IND8836 | 430373021500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E126 | NWNW | 26 | 40S | 24E | UTAH | I149IND8838 | 430371605400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E128 | NWNW | 28 | 40S | 24E | UTAH | 14206032056 | 430371622200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E129 | NWNW | 29 | 40S | 24E | UTAH | 14206034030A | 430371605500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E136 | NWNW | 36 | 40S | 24E | UTAH | 14206035444 | 430371548500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E213 | SWNW | 13 | 40S | 24E | UTAH | I149IND8837 | 430371593800S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E214 | SWNW | 14 | 40S | 24E | UTAH | I149IND8837 | 430371593900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E218 | SWNW | 18 | 40S | 24E | UTAH | SL067807 | 430373138500S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | E307 | NWSW | 7 | 40S | 24E | UTAH | SL067807 | 430371541200S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | E308 | NWSW | 8 | 40S | 24E | UTAH | I149IND8834 | 430371606000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E315 | NWSW | 15 | 40S | 24E | UTAH | I149IND8834 | 430373021300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E316 | NWSW | 16 | 40S | 24E | UTAH | ML3156 | 430373009400S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | E317 | NWSW | 17 | 40S | 24E | UTAH | I149IND8835 | 430371606200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E318 | NWSW | 18 | 40S | 24E | UTAH | I149IND8835 | 430371606300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E320 | NWSW | 20 | 40S | 24E | UTAH | I149IND8836 | 430371606500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E321 | NWSW | 21 | 40S | 24E | UTAH | I149IND8836 | 430371606600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E322 | NWSW | 22 | 40S | 24E | UTAH | I149IND8836 | 430371606700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E323 | NWSW | 23 | 40S | 24E | UTAH | I149IND8838 | 430371606800S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E324 | NWSW | 24 | 40S | 24E | UTAH | I149IND8838 | 430371606900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E325 | NWSW | 25 | 40S | 24E | UTAH | I149IND8838 | 430371607000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E326 | NWSW | 26 | 40S | 24E | UTAH | I149IND8838 | 430371607100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E407 | SWSW | 7 | 40S | 24E | UTAH | SL067807 | 430373138600S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | E411 | SWSW | 11 | 40S | 24E | UTAH | I149IND8837 | 430371594000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E413 | SWSW | 13 | 40S | 24E | UTAH | I149IND8837 | 430371594100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | E414 | SWSW | 14 | 40S | 24E | UTAH | I149IND8837 | 430371642100S1 | Navajo Tribal Trust Land |

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|---------------------------|-------|-------|------|----|-----|-----|------|--------------|----------------|-----------------------------|
| Texaco Expl. & Prod. Inc. | ANETH | F114 | NENW | 14 | 40S | 24E | UTAH | I149IND8837 | 430371642200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F115 | NENW | 15 | 40S | 24E | UTAH | I149IND8834 | 430371607400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F116 | NENW | 16 | 40S | 24E | UTAH | ML3156 | 430371628500S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | F118 | NENW | 18 | 40S | 24E | UTAH | SL067807 | 430373015500S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | F123 | NENW | 23 | 40S | 24E | UTAH | I149IND8838 | 430373023500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F208 | SESW | 8 | 40S | 24E | UTAH | I149IND8834 | 430371607600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F217 | SESW | 17 | 40S | 24E | UTAH | I149IND8835 | 430371628600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F218 | SESW | 18 | 40S | 24E | UTAH | I149IND8835 | 430371628700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F219 | SESW | 19 | 40S | 24E | UTAH | I149IND8836 | 430371607700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F220 | SESW | 20 | 40S | 24E | UTAH | I149IND8836 | 430371628800S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F221 | SESW | 21 | 40S | 24E | UTAH | I149IND8836 | 430371607800S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F222 | SESW | 22 | 40S | 24E | UTAH | I149IND8836 | 430373037300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F223 | SESW | 23 | 40S | 24E | UTAH | I149IND8838 | 430371607900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F224 | SESW | 24 | 40S | 24E | UTAH | I149IND8838 | 430371628900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F225 | SESW | 25 | 40S | 25E | UTAH | I149IND8838 | 430371608001S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F226 | SESW | 26 | 40S | 24E | UTAH | I149IND8838 | 430371629000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F229 | SESW | 29 | 40S | 24E | UTAH | 14206034030A | 430371629200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F235 | SESW | 35 | 40S | 24E | UTAH | 14206032059 | 430371629300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F236 | SESW | 36 | 40S | 24E | UTAH | 14206035444 | 430371629400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F314 | NESW | 14 | 40S | 24E | UTAH | I149IND8837 | 430371594200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F315 | NESW | 15 | 40S | 24E | UTAH | I149IND8834 | 430371629600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F316 | NESW | 16 | 40S | 24E | UTAH | ML3156 | 430371629700S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | F407 | SESW | 7 | 40S | 24E | UTAH | SL067807 | 430371541500S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | F408 | SESW | 8 | 40S | 24E | UTAH | I149IND8834 | 430371629800S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F409 | SESW | 9 | 40S | 24E | UTAH | I149IND8834 | 430371608200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F416 | SESW | 16 | 40S | 24E | UTAH | ML3156 | 430373033300S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | F417 | SESW | 17 | 40S | 24E | UTAH | I149IND8835 | 430371629900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F418 | SESW | 18 | 40S | 24E | UTAH | I149IND8835 | 430371508300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F420 | SESW | 20 | 40S | 24E | UTAH | I149IND8836 | 430371630000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F421 | SESW | 21 | 40S | 24E | UTAH | I149IND8836 | 430371608400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F422 | SESW | 22 | 40S | 24E | UTAH | I149IND8836 | 430371608500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F423 | SESW | 23 | 40S | 24E | UTAH | I149IND8838 | 430371608600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F424 | SESW | 24 | 40S | 24E | UTAH | I149IND8838 | 430371608700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | F425 | SESW | 25 | 40S | 24E | UTAH | I149IND8838 | 430371630100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G116 | NWNE | 16 | 40S | 24E | UTAH | ML3156 | 430373034400S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | G117 | NWNE | 17 | 40S | 24E | UTAH | I149IND8835 | 430371608900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G118 | NWNE | 18 | 40S | 24E | UTAH | I149IND8835 | 430371609000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G119 | NWNE | 19 | 40S | 24E | UTAH | I149IND8836 | 430371609100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G120 | NWNE | 20 | 40S | 24E | UTAH | I149IND8833 | 430371609200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G121X | NWNE | 21 | 40S | 24E | UTAH | I149IND8836 | 430373033500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G122 | NWNE | 22 | 40S | 24E | UTAH | I149IND8836 | 430373042500S1 | Navajo Tribal Trust Land |

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|---------------------------|-------|-------|------|----|-----|-----|------|--------------|----------------|-----------------------------|
| Texaco Expl. & Prod. Inc. | ANETH | G123 | NWNE | 23 | 40S | 24E | UTAH | I149IND8838 | 430371630600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G125 | NWNE | 25 | 40S | 24E | UTAH | I149IND8838 | 430371609501S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G126X | NWNE | 26 | 40S | 24E | UTAH | I149IND8838 | 430373037200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G127 | NWNE | 27 | 40S | 24E | UTAH | 14206032056 | 430371630700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G128 | NWNE | 28 | 40S | 24E | UTAH | 14206032056 | 430371622400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G129 | NWNE | 29 | 40S | 24E | UTAH | 14206034030A | 430371609700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G136 | NWNE | 36 | 40S | 24E | UTAH | 14206035443 | 430371548600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G307 | NWSE | 7 | 40S | 24E | UTAH | SL067807 | 430371610000S1 | NTT Land (surface only) |
| Texaco Expl. & Prod. Inc. | ANETH | G308 | NWSE | 8 | 40S | 24E | UTAH | I149IND8833 | 430371610100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G316 | NWSE | 16 | 40S | 24E | UTAH | ML3156 | 430373010700S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | G317 | NWSE | 17 | 40S | 24E | UTAH | I149IND8835 | 430371610300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G318 | NWSE | 18 | 40S | 24E | UTAH | I149IND8835 | 430371610400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G319 | NWSE | 19 | 40S | 24E | UTAH | I149IND8836 | 430371630900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G320 | NWSE | 20 | 40S | 24E | UTAH | I149IND8836 | 430371610500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G321X | NWSE | 21 | 40S | 24E | UTAH | I149IND8836 | 430373009500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G322X | NWSE | 22 | 40S | 24E | UTAH | I149IND8836 | 430372023100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G324 | NWSE | 24 | 40S | 24E | UTAH | I149IND8838 | 430371611100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G326 | NWSE | 26 | 40S | 24E | UTAH | I149IND8838 | 430371611300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G411 | SWSE | 11 | 40S | 24E | UTAH | I149IND8837 | 430371594401S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G414 | SWSE | 14 | 40S | 24E | UTAH | I149IND8837 | 430371594500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | G415 | SWSE | 15 | 40S | 24E | UTAH | I149IND8834 | 430371611600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H122 | NENE | 22 | 40S | 24E | UTAH | I149IND8836 | 430371617700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H208 | SENE | 8 | 40S | 24E | UTAH | I149IND8834 | 430371611900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H216 | SENE | 16 | 40S | 24E | UTAH | ML3156 | 430371631200S1 | NTT Land (exchange w/ Utah) |
| Texaco Expl. & Prod. Inc. | ANETH | H217 | SENE | 17 | 40S | 24E | UTAH | I149IND8833 | 430371631300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H218 | SENE | 18 | 40S | 24E | UTAH | I149IND8835 | 430371612000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H219 | SENE | 19 | 40S | 24E | UTAH | I149IND8836 | 430371612100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H220 | SENE | 20 | 40S | 24E | UTAH | I149IND8833 | 430371631400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H221 | SENE | 21 | 40S | 24E | UTAH | I149IND8836 | 430371612200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H222 | SENE | 22 | 40S | 24E | UTAH | I149IND8836 | 430373024200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H223 | SENE | 23 | 40S | 24E | UTAH | I149IND8838 | 430371612300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H225 | SENE | 25 | 40S | 24E | UTAH | I149IND8838 | 430371612400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H226 | SENE | 26 | 40S | 24E | UTAH | I149IND8838 | 430371631600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H227 | SENE | 27 | 40S | 24E | UTAH | 14206032056 | 430371631700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H229 | SENE | 29 | 40S | 24E | UTAH | 14206034030A | 430371631800S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H234 | SENE | 34 | 40S | 24E | UTAH | 14206032056 | 430371631900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H235 | SENE | 35 | 40S | 24E | UTAH | 14206032059 | 430371632000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H314X | NESE | 14 | 40S | 24E | UTAH | I149IND8837 | 430373138100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H315 | NESE | 15 | 40S | 24E | UTAH | I149IND8834 | 430373031200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H407 | SESE | 7 | 40S | 24E | UTAH | I149IND8835 | 430371632200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H408 | SESE | 8 | 40S | 24E | UTAH | I149IND8833 | 430371632300S1 | Navajo Tribal Trust Land |

| | | | | | | | | | | |
|---------------------------|-------|------|------|----|-----|-----|------|--------------|----------------|--------------------------|
| Texaco Expl. & Prod. Inc. | ANETH | H416 | SESE | 16 | 40S | 24E | UTAH | I149IND8834 | 430372023000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H417 | SESE | 17 | 40S | 24E | UTAH | I149IND8833 | 430371632600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H418 | SESE | 18 | 40S | 24E | UTAH | I149IND8835 | 430371632700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H420 | SESE | 20 | 40S | 24E | UTAH | I149IND8836 | 430371632900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H421 | SESE | 21 | 40S | 24E | UTAH | I149IND8836 | 430371633000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H423 | SESE | 23 | 40S | 24E | UTAH | I149IND8838 | 430371612801S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H424 | SESE | 24 | 40S | 24E | UTAH | I149IND8838 | 430371633100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H425 | SESE | 25 | 40S | 24E | UTAH | I149IND8838 | 430371612900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H426 | SESE | 26 | 40S | 24E | UTAH | I149IND8838 | 430371633200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | H427 | SESE | 27 | 40S | 24E | UTAH | 14206032056 | 430371633300S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | J130 | NWNW | 30 | 40S | 25E | UTAH | I149IND8839A | 430371613200S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | J131 | NWNW | 31 | 40S | 25E | UTAH | 1420603372A | 430371594600S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | J330 | NWSW | 30 | 40S | 25E | UTAH | I149IND8839 | 430371613400S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | K230 | SESW | 30 | 40S | 25E | UTAH | I149IND8839A | 430371613500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | K231 | SESW | 31 | 40S | 25E | UTAH | 1420603372A | 430371633500S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | K430 | SESW | 30 | 40S | 25E | UTAH | I149IND8839A | 430371613700S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | L330 | NWSE | 30 | 40S | 25E | UTAH | I149IND8839A | 430371613900S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | L419 | SWSE | 19 | 40S | 25E | UTAH | I149IND8839A | 430371614000S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | M230 | SENE | 30 | 40S | 25E | UTAH | I149IND8839A | 430371614100S1 | Navajo Tribal Trust Land |
| Texaco Expl. & Prod. Inc. | ANETH | M430 | SESE | 30 | 40S | 25E | UTAH | I149IND8839A | 430371633700S1 | Navajo Tribal Trust Land |

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.

POWER OF ATTORNEY

PA001252

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 13th of December, 2004.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



Edward H. Ellis, Jr., Executive Vice President

State of Texas

County of Harris ss:

On this 13th of December, 2004 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

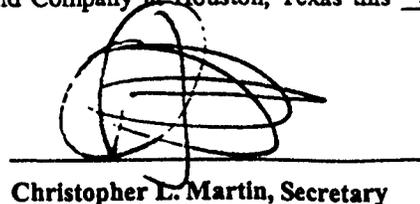


Sherrri Gibson, Notary Public
My commission expires 10-17-15

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 2nd day of December, 2004.

Corporate Seal


Christopher L. Martin, Secretary

Bond No. B001252R12-20-04

SURETY RIDER

To be attached to and form a part of Bond No. B001252 on behalf of Resolute Natural Resources Company, as principal and executed by U.S. Specialty Insurance Company, as surety.

Effective date of bond: December 2, 2004
Effective date of change: December 2, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The Principal's name has changed from:

Resolute Natural Resources Company

TO:

**Resolute Natural Resources Company and
Resolute Aneth, LLC**

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: December 20, 2004

Resolute Natural
Resources Company
Name of Principal

Janet W. Pogue
Signature

Janet W. Pogue, Vice President
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

PA001252R12-20-04

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

as true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

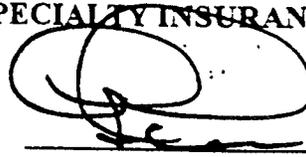
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating hereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 13th of December, 2004.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



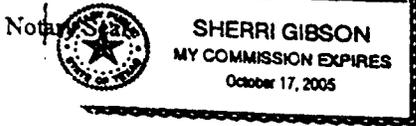
Edward H. Ellis, Jr., Executive Vice President

State of Texas

County of Harris

ss:

On this 13th of December, 2004 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



 , Notary Public
My commission expires 10-17-15

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 20th day of December, 2004.

Corporate Seal


Christopher L. Martin, Secretary

RESOLUTE
NATURAL RESOURCES

Janet W. Pasque
Vice President
303.534.4600 ext 140
jpasque@mrc.net

January 21, 2005

David Albright
Manager, Ground Water Office
US EPA Region IX, Mail Code: WTR-9
75 Hawthorne Street
San Francisco, CA 94105

Jim Walker
US EPA Region IX
c/o BLM Farmington Field Office
1235 La Plata Highway
Farmington, NM 87401

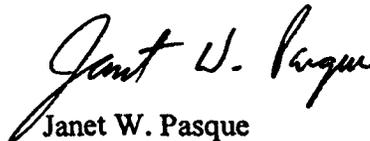
Re: Original Standby Trust Agreement
Pursuant to Surety Bond Number B001252

Dear Gentlemen:

Resolute Natural Resources Company purchased ChevronTexaco's interest in the Greater Aneth Field area on November 30, 2004. Enclosed for each of your files is an original Standby Trust Agreement. I believe this now finalizes the documentation required to transfer the operations for the underground injection wells. We appreciate your patience as we worked our way through the process. If you require additional information regarding this matter, please contact me at 303 534-4600 x140.

Very truly yours,

RESOLUTE NATURAL RESOURCES COMPANY


Janet W. Pasque
Vice President

Enclosures

S T A N D B Y T R U S T A G R E E M E N T

U.S. Environmental Protection Agency
Underground Injection Control
Financial Responsibility Requirement

TRUST AGREEMENT, the "Agreement," entered into as of

1/20/2005
(date.)

by and between Resolute Natural Resources Company, a Delaware corporation, the "Grantor," and U.S. Bank National Association, a national banking association, the "Trustee."

WHEREAS, the United States Environmental Protection Agency, "EPA," an agency of the United States Government, has established certain regulations applicable to the Grantor, requiring that an owner or operator of an injection well shall provide assurance that funds will be available when needed for plugging and abandonment of the injection well, and

WHEREAS, the Grantor has elected to obtain a surety bond and establish a standby trust to provide all or part of such financial assurance for the facility(ies) identified herein, and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.

(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

(c) "Facility" or "activity" means any underground injection well or any other facility or activity that is subject to regulation under the Underground Injection Control Program.

Section 2. Identification of Facilities and Cost Estimates. This Agreement pertains to the facilities and cost estimates identified in Schedule A (attached). (Schedule A lists, for each facility, the EPA identification number, name, address, and the current plugging and abandonment cost estimate, or portions thereof, for which financial assurance is demonstrated.)

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of EPA. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached

hereto. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by EPA.

Section 4. Payment for Plugging and Abandonment. The Trustee shall make payments from the Fund as the EPA Regional Administrator shall direct, in writing, to provide for the payment of the costs of plugging and abandonment of the injection wells covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the EPA Regional Administrator from the Fund for plugging and abandonment expenditures in such amounts as the EPA Regional Administrator shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the EPA Regional Administrator specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund. Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

(a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 USC 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;

(b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and

(c) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and

(b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee, shall be paid from the Fund.

Section 10. Annual Valuation. Commencing after initial funding of the trust, the Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the appropriate EPA Regional Administrator a statement confirming the value of the Trust. Any securities in the Fund shall be valued at the market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the EPA Regional Administrator shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the EPA Regional Administrator, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instruction by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A, or such other designees as the Grantor may designate by amendment to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the EPA Regional Administrator to the Trustee shall be in writing, signed by the EPA Regional Administrators of the Regions in which the facilities are located, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a

termination of the authority of any person to act on behalf of the Grantor or EPA hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or EPA, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the appropriate EPA Regional Administrator, or by the Trustee and the appropriate EPA Regional Administrator if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the EPA Regional Administrator, or by the Trustee and the EPA Regional Administrator if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the EPA Regional Administrator issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or by the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of Colorado.

Section 19. Interpretation. As used in this Agreement, words in singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect interpretation or the legal efficacy of this Agreement.

IN WITNESS WHEREOF, the parties below have caused this Agreement to be executed by their respective officers duly authorized and the corporate seals to be hereunto affixed and attested as of the date first above written.

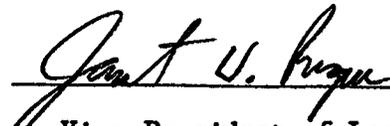
Resolute Natural Resources Company, as Grantor

By: _____


Theodore Gazulis

Chief Financial Officer

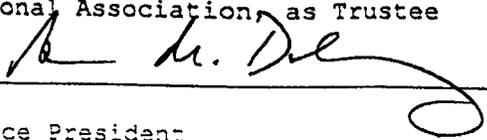
Attest: _____


Vice President of Land

(Title)

U.S. Bank National Association, as Trustee

By:



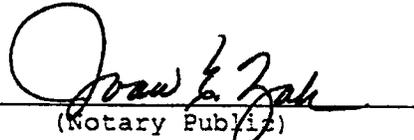
Vice President

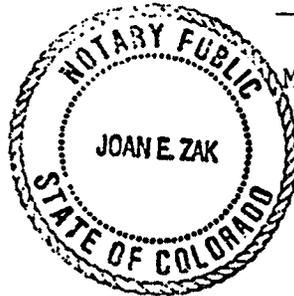
CERTIFICATE OF ACKNOWLEDGMENT
FOR
STANDBY TRUST FUND AGREEMENT

STATE OF COLORADO

COUNTY OF DENVER

On this 19th day of January, 2005, before me personally came Theodore Gazulis to me known, who, being by me duly sworn, did depose and say that he resides at 106 Howard Drive, Tiburon CA 94920; that he is Vice President and Chief Financial Officer of Resolute Natural Resources Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.


(Notary Public)



My commission expires: 2/8/08

(Seal)

E X H I B I T A

As referenced in Section 14 of this Standby Trust Agreement, all orders, requests, and instruction by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in this Exhibit A, or such other designees as the Grantor may designate by amendment to Exhibit A.

Designated persons and their capacities as corporate officers:

| | |
|--------------------|--|
| Theodore Gazulis | Vice President and Chief Financial Officer |
| Nicholas J. Sutton | Chief Executive Officer |
| James M. Piccone | President and General Counsel |
| Janet W. Pasque | Vice President |

SCHEDULE A (as referenced in the trust agreement dated _____ between Resolute Natural Resources Company (the "Grantor") and U.S. Bank National Association (the "Trustee"))

Identification of Facilities and Cost Estimates

For all properties:

Name of facility: Aneth Unit

Address of facility: PO Box 800, Montezuma Creek, UT 84534

| API Number | Well Number | Qtr/Qtr | Section | Twnshp | Range | State | P+A cost (\$) |
|----------------|-------------|---------|---------|--------|-------|-------|---------------|
| 430371627200S1 | B312 | NESW | 12 | 40S | 23E | UTAH | 25,000 |
| 430373011200S1 | C312 | SWSE | 12 | 40S | 23E | UTAH | 25,000 |
| 430371627800S1 | D212 | SENE | 12 | 40S | 23E | UTAH | 25,000 |
| 430373004900S1 | D412 | SESE | 12 | 40S | 23E | UTAH | 25,000 |
| 430371583200S1 | E116 | NWNW | 16 | 40S | 24E | UTAH | 25,000 |
| 430371604900S1 | E117 | NWNW | 17 | 40S | 24E | UTAH | 25,000 |
| 430371541300S1 | E118 | NWNW | 18 | 40S | 24E | UTAH | 25,000 |
| 430371628000S1 | E119 | NWNW | 19 | 40S | 24E | UTAH | 25,000 |
| 430371605000S1 | E120 | NWNW | 20 | 40S | 24E | UTAH | 25,000 |
| 430371605100S1 | E121 | NWNW | 21 | 40S | 24E | UTAH | 25,000 |
| 430373021500S1 | E122 | NWNW | 22 | 40S | 24E | UTAH | 25,000 |
| 430371605400S1 | E126 | NWNW | 26 | 40S | 24E | UTAH | 25,000 |
| 430371622200S1 | E128 | NWNW | 28 | 40S | 24E | UTAH | 25,000 |
| 430371605500S1 | E129 | NWNW | 29 | 40S | 24E | UTAH | 25,000 |
| 430371548500S1 | E136 | NWNW | 36 | 40S | 24E | UTAH | 25,000 |
| 430371593800S1 | E213 | SWNW | 13 | 40S | 24E | UTAH | 25,000 |
| 430371593900S1 | E214 | SWNW | 14 | 40S | 24E | UTAH | 25,000 |
| 430373138500S1 | E218 | SWNW | 18 | 40S | 24E | UTAH | 25,000 |
| 430371541200S1 | E307 | NWSW | 7 | 40S | 24E | UTAH | 25,000 |
| 430371606000S1 | E308 | NWSW | 8 | 40S | 24E | UTAH | 25,000 |
| 430373021300S1 | E315 | NWSW | 15 | 40S | 24E | UTAH | 25,000 |
| 430373009400S1 | E316 | NWSW | 16 | 40S | 24E | UTAH | 25,000 |
| 430371606200S1 | E317 | NWSW | 17 | 40S | 24E | UTAH | 25,000 |
| 430371606300S1 | E318 | NWSW | 18 | 40S | 24E | UTAH | 25,000 |
| 430371606500S1 | E320 | NWSW | 20 | 40S | 24E | UTAH | 25,000 |
| 430371606600S1 | E321 | NWSW | 21 | 40S | 24E | UTAH | 25,000 |
| 430371606700S1 | E322 | NWSW | 22 | 40S | 24E | UTAH | 25,000 |
| 430371606800S1 | E323 | NWSW | 23 | 40S | 24E | UTAH | 25,000 |
| 430371606900S1 | E324 | NWSW | 24 | 40S | 24E | UTAH | 25,000 |
| 430371607000S1 | E325 | NWSW | 25 | 40S | 24E | UTAH | 25,000 |
| 430371607100S1 | E326 | NWSW | 26 | 40S | 24E | UTAH | 25,000 |
| 430373138600S1 | E407 | SWSW | 7 | 40S | 24E | UTAH | 25,000 |
| 430371594000S1 | E411 | SWSW | 11 | 40S | 24E | UTAH | 25,000 |
| 430371594100S1 | E413 | SWSW | 13 | 40S | 24E | UTAH | 25,000 |
| 430371642100S1 | E414 | SWSW | 14 | 40S | 24E | UTAH | 25,000 |
| 430371642200S1 | F114 | NENW | 14 | 40S | 24E | UTAH | 25,000 |
| 430371607400S1 | F115 | NENW | 15 | 40S | 24E | UTAH | 25,000 |
| 430371628500S1 | F116 | NENW | 16 | 40S | 24E | UTAH | 25,000 |
| 430373015500S1 | F118 | NENW | 18 | 40S | 24E | UTAH | 25,000 |
| 430373023500S1 | F123 | NENW | 23 | 40S | 24E | UTAH | 25,000 |
| 430371607600S1 | F208 | SENW | 8 | 40S | 24E | UTAH | 25,000 |
| 430371628600S1 | F217 | SENW | 17 | 40S | 24E | UTAH | 25,000 |
| 430371628700S1 | F218 | SENW | 18 | 40S | 24E | UTAH | 25,000 |
| 430371607700S1 | F219 | SENW | 19 | 40S | 24E | UTAH | 25,000 |
| 430371628800S1 | F220 | SENW | 20 | 40S | 24E | UTAH | 25,000 |

SCHEDULE A (as referenced in the trust agreement dated _____ between Resolute Natural Resources Company (the "Grantor") and U.S. Bank National Association (the "Trustee"))

Identification of Facilities and Cost Estimates

For all properties:

Name of facility: Aneth Unit
 Address of facility: PO Box 800, Montezuma Creek, UT 84534

| API Number | Well Number | Qtr/Qtr | Section | Twnshp | Range | State | P+A cost (\$) |
|----------------|-------------|---------|---------|--------|-------|-------|---------------|
| 4303716079C0S1 | F221 | SE | 21 | 40S | 24E | UTAH | 25,000 |
| 4303730373C0S1 | F222 | SE | 22 | 40S | 24E | UTAH | 25,000 |
| 4303716079C0S1 | F223 | SE | 23 | 40S | 24E | UTAH | 25,000 |
| 430371628900S1 | F224 | SE | 24 | 40S | 24E | UTAH | 25,000 |
| 430371608001S1 | F225 | SE | 25 | 40S | 25E | UTAH | 25,000 |
| 430371629000S1 | F226 | SE | 26 | 40S | 24E | UTAH | 25,000 |
| 430371629200S1 | F229 | SE | 29 | 40S | 24E | UTAH | 25,000 |
| 430371629300S1 | F235 | SE | 35 | 40S | 24E | UTAH | 25,000 |
| 430371629400S1 | F236 | SE | 36 | 40S | 24E | UTAH | 25,000 |
| 430371594200S1 | F314 | NE | 14 | 40S | 24E | UTAH | 25,000 |
| 430371629600S1 | F315 | NE | 15 | 40S | 24E | UTAH | 25,000 |
| 430371629700S1 | F316 | NE | 16 | 40S | 24E | UTAH | 25,000 |
| 430371541500S1 | F407 | SE | 7 | 40S | 24E | UTAH | 25,000 |
| 430371629800S1 | F408 | SE | 8 | 40S | 24E | UTAH | 25,000 |
| 430371608200S1 | F409 | SE | 9 | 40S | 24E | UTAH | 25,000 |
| 4303730333C0S1 | F416 | SE | 16 | 40S | 24E | UTAH | 25,000 |
| 430371629900S1 | F417 | SE | 17 | 40S | 24E | UTAH | 25,000 |
| 430371508300S1 | F418 | SE | 18 | 40S | 24E | UTAH | 25,000 |
| 430371630000S1 | F420 | SE | 20 | 40S | 24E | UTAH | 25,000 |
| 430371608400S1 | F421 | SE | 21 | 40S | 24E | UTAH | 25,000 |
| 430371608500S1 | F422 | SE | 22 | 40S | 24E | UTAH | 25,000 |
| 430371608600S1 | F423 | SE | 23 | 40S | 24E | UTAH | 25,000 |
| 430371608700S1 | F424 | SE | 24 | 40S | 24E | UTAH | 25,000 |
| 430371630100S1 | F425 | SE | 25 | 40S | 24E | UTAH | 25,000 |
| 430373034400S1 | G116 | NW | 16 | 40S | 24E | UTAH | 25,000 |
| 430371608900S1 | G117 | NW | 17 | 40S | 24E | UTAH | 25,000 |
| 430371609000S1 | G118 | NW | 18 | 40S | 24E | UTAH | 25,000 |
| 430371609100S1 | G119 | NW | 19 | 40S | 24E | UTAH | 25,000 |
| 430371609200S1 | G120 | NW | 20 | 40S | 24E | UTAH | 25,000 |
| 430373033500S1 | G121X | NW | 21 | 40S | 24E | UTAH | 25,000 |
| 430373042500S1 | G122 | NW | 22 | 40S | 24E | UTAH | 25,000 |
| 430371630600S1 | G123 | NW | 23 | 40S | 24E | UTAH | 25,000 |
| 430371609501S1 | G125 | NW | 25 | 40S | 24E | UTAH | 25,000 |
| 430373037200S1 | G126X | NW | 26 | 40S | 24E | UTAH | 25,000 |
| 430371630700S1 | G127 | NW | 27 | 40S | 24E | UTAH | 25,000 |
| 430371622400S1 | G128 | NW | 28 | 40S | 24E | UTAH | 25,000 |
| 430371609700S1 | G129 | NW | 29 | 40S | 24E | UTAH | 25,000 |
| 430371548600S1 | G136 | NW | 36 | 40S | 24E | UTAH | 25,000 |
| 430371610000S1 | G307 | NW | 7 | 40S | 24E | UTAH | 25,000 |
| 430371610100S1 | G308 | NW | 8 | 40S | 24E | UTAH | 25,000 |
| 430373010700S1 | G316 | NW | 16 | 40S | 24E | UTAH | 25,000 |
| 430371610300S1 | G317 | NW | 17 | 40S | 24E | UTAH | 25,000 |
| 430371610400S1 | G318 | NW | 18 | 40S | 24E | UTAH | 25,000 |
| 430371630900S1 | G319 | NW | 19 | 40S | 24E | UTAH | 25,000 |
| 430371610500S1 | G320 | NW | 20 | 40S | 24E | UTAH | 25,000 |
| 430373009500S1 | G321X | NW | 21 | 40S | 24E | UTAH | 25,000 |

SCHEDULE A (as referenced in the trust agreement dated _____ between Resolute Natural Resources Company (the "Grantor") and U.S. Bank National Association (the "Trustee"))

Identification of Facilities and Cost Estimates

For all properties:

Name of facility: Aneth Unit
 Address of facility: PO Box 800, Montezuma Creek, UT 84534

| API Number | Well Number | Qtr/Qtr | Section | Twnshp | Range | State | P+A cost (\$) |
|----------------|-------------|---------|---------|--------|-------|-------|---------------|
| 430372023100S1 | G322X | NWSE | 22 | 40S | 24E | UTAH | 25,000 |
| 430371611100S1 | G324 | NWSE | 24 | 40S | 24E | UTAH | 25,000 |
| 430371611300S1 | G326 | NWSE | 26 | 40S | 24E | UTAH | 25,000 |
| 430371594401S1 | G411 | SWSE | 11 | 40S | 24E | UTAH | 25,000 |
| 430371594500S1 | G414 | SWSE | 14 | 40S | 24E | UTAH | 25,000 |
| 430371611600S1 | G415 | SWSE | 15 | 40S | 24E | UTAH | 25,000 |
| 430371617700S1 | H122 | NENE | 22 | 40S | 24E | UTAH | 25,000 |
| 430371611900S1 | H208 | SENE | 8 | 40S | 24E | UTAH | 25,000 |
| 430371631200S1 | H216 | SENE | 16 | 40S | 24E | UTAH | 25,000 |
| 430371631300S1 | H217 | SENE | 17 | 40S | 24E | UTAH | 25,000 |
| 430371612000S1 | H218 | SENE | 18 | 40S | 24E | UTAH | 25,000 |
| 430371612100S1 | H219 | SENE | 19 | 40S | 24E | UTAH | 25,000 |
| 430371631400S1 | H220 | SENE | 20 | 40S | 24E | UTAH | 25,000 |
| 430371612200S1 | H221 | SENE | 21 | 40S | 24E | UTAH | 25,000 |
| 430373024200S1 | H222 | SENE | 22 | 40S | 24E | UTAH | 25,000 |
| 430371612300S1 | H223 | SENE | 23 | 40S | 24E | UTAH | 25,000 |
| 430371612400S1 | H225 | SENE | 25 | 40S | 24E | UTAH | 25,000 |
| 430371631600S1 | H226 | SENE | 26 | 40S | 24E | UTAH | 25,000 |
| 430371631700S1 | H227 | SENE | 27 | 40S | 24E | UTAH | 25,000 |
| 430371631800S1 | H229 | SENE | 29 | 40S | 24E | UTAH | 25,000 |
| 430371631900S1 | H234 | SENE | 34 | 40S | 24E | UTAH | 25,000 |
| 430371632000S1 | H235 | SENE | 35 | 40S | 24E | UTAH | 25,000 |
| 430373138100S1 | H314X | NESE | 14 | 40S | 24E | UTAH | 25,000 |
| 430373031200S1 | H315 | NESE | 15 | 40S | 24E | UTAH | 25,000 |
| 430371632200S1 | H407 | SESE | 7 | 40S | 24E | UTAH | 25,000 |
| 430371632300S1 | H408 | SESE | 8 | 40S | 24E | UTAH | 25,000 |
| 430372023000S1 | H416 | SESE | 16 | 40S | 24E | UTAH | 25,000 |
| 430371632600S1 | H417 | SESE | 17 | 40S | 24E | UTAH | 25,000 |
| 430371632700S1 | H418 | SESE | 18 | 40S | 24E | UTAH | 25,000 |
| 430371632900S1 | H420 | SESE | 20 | 40S | 24E | UTAH | 25,000 |
| 430371633000S1 | H421 | SESE | 21 | 40S | 24E | UTAH | 25,000 |
| 430371612801S1 | H423 | SESE | 23 | 40S | 24E | UTAH | 25,000 |
| 430371633100S1 | H424 | SESE | 24 | 40S | 24E | UTAH | 25,000 |
| 430371612900S1 | H425 | SESE | 25 | 40S | 24E | UTAH | 25,000 |
| 430371633200S1 | H426 | SESE | 26 | 40S | 24E | UTAH | 25,000 |
| 430371633300S1 | H427 | SESE | 27 | 40S | 24E | UTAH | 25,000 |
| 430371613200S1 | J130 | NWNW | 30 | 40S | 25E | UTAH | 25,000 |
| 430371594600S1 | J131 | NWNW | 31 | 40S | 25E | UTAH | 25,000 |
| 430371613400S1 | J330 | NWSW | 30 | 40S | 25E | UTAH | 25,000 |
| 430371613500S1 | K230 | SENW | 30 | 40S | 25E | UTAH | 25,000 |
| 430371633500S1 | K231 | SENW | 31 | 40S | 25E | UTAH | 25,000 |
| 430371613700S1 | K430 | SESW | 30 | 40S | 25E | UTAH | 25,000 |
| 430371613900S1 | L330 | NWSE | 30 | 40S | 25E | UTAH | 25,000 |
| 430371614000S1 | L419 | SWSE | 19 | 40S | 25E | UTAH | 25,000 |
| 430371614100S1 | M230 | SENE | 30 | 40S | 25E | UTAH | 25,000 |
| 430371633700S1 | M430 | SESE | 30 | 40S | 25E | UTAH | 25,000 |

Bond No. B001252R05-02-06

SURETY RIDER

To be attached to and form a part of Bond No. B001252 on behalf of Resolute Natural Resources Company and Resolute Aneth, LLC as Principal and executed by U.S. Specialty Insurance Company⁰ as Surety.

Effective date of Bond: December 2, 2004

Effective date of change: May 2, 2006

In consideration of the mutual agreement herein contained, the Principal and the Surety hereby consent to the following changes:

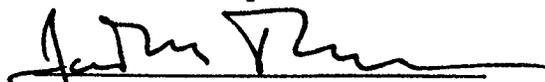
- 1) The Total Penal Sum of Bond is hereby changed from \$3,425,000.00 to \$10,816,000.00; and
- 2) Schedule A is hereby deleted in its entirety and replaced by Schedule A – Revised May 2, 2006.

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS 2nd day of May, 2006

RESOLUTE NATURAL RESOURCES CO.

Name of Principal

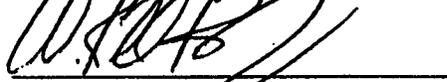

Signature

JAMES PICCONE, PRESIDENT

Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety


Signature

W. Russell Brown, Jr. Attorney-in-Fact

Name and title of person
executing for Surety

AMETH UNIT IN THE GREATER AMETH FUND

100 Covered Investors

Table with columns: Fund Name, Class, Shares, Net Asset Value, and various performance metrics. Includes sub-sections for 100 Covered Investors and 100 Uncovered Investors.

| RATHERFORD UNIT IN GREATER ANETH FIELD | | | | | | | | | | | |
|--|----------------|---------|-----------|----------|-----------|-----------|----|----|--------|-----|-----------------|
| 79 Operated Injectors | | | | | | | | | | | |
| RATHERFORD UNIT 2W44 | 43037183600S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | SE | 2 41S | 23E | 0810FSL 0510FEL |
| RATHERFORD UNIT 13W42 | 430371584100S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 11 41S | 23E | 2260FSL 4817FWL |
| RATHERFORD UNIT 13W11 | 430371584300S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | NW | 12 41S | 23E | 0878FNL 4620FEL |
| RATHERFORD UNIT 12W13 | 430371640400S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | SW | 12 41S | 23E | 1660FSL 4620FEL |
| RATHERFORD UNIT 12W22 | 430371584501S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NW | 12 41S | 23E | 1820FNL 2085FWL |
| RATHERFORD UNIT 12W24 | 430373115101S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | SW | 12 41S | 23E | 0775FNL 1080FWL |
| RATHERFORD UNIT 12W31 | 430371584700S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | NE | 12 41S | 23E | 0681FNL 1081FEL |
| RATHERFORD UNIT 12W33 | 430371584800S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | SE | 12 41S | 23E | 1658FSL 3300FEL |
| RATHERFORD UNIT 12W42 | 430371866000S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 12 41S | 23E | 3275FSL 0882FEL |
| RATHERFORD UNIT 13W11 | 430373115201S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | NW | 13 41S | 23E | 0500FNL 0660FWL |
| RATHERFORD UNIT 13W13 | 430371585100S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | SW | 13 41S | 23E | 1960FSL 4620FEL |
| RATHERFORD UNIT 13W13 | 430371585100S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NW | 13 41S | 23E | 1968FNL 3300FEL |
| RATHERFORD UNIT 13W22 | 430371585200S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | SW | 13 41S | 23E | 0860FNL 3300FEL |
| RATHERFORD UNIT 13W24 | 430371585300S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | SE | 13 41S | 23E | 1970FNL 1079FEL |
| RATHERFORD UNIT 13W33 | 430371585501S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | SE | 13 41S | 23E | 0683FSL 0850FEL |
| RATHERFORD UNIT 13W44 | 430371640700S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 13 41S | 23E | 0754FNL 1604FEL |
| RATHERFORD UNIT 14W42 | 430373171700S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | NE | 14 41S | 23E | 0787FNL 653FEL |
| RATHERFORD UNIT 14W42 | 430371586001S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 14 41S | 23E | 1980FNL 510FWL |
| RATHERFORD UNIT 17W12 | 430371572801S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NW | 17 41S | 24E | 0810FSL 0510FWL |
| RATHERFORD UNIT 17W14 | 430371572700S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SW | 17 41S | 24E | 0510FNL 1630FWL |
| RATHERFORD UNIT 17W21 | 430371841801S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 17 41S | 24E | 1880FNL 1080FWL |
| RATHERFORD UNIT 17W23 | 430371572801S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SW | 17 41S | 24E | 0850FSL 1880FEL |
| RATHERFORD UNIT 17W34 | 430371573000S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SE | 17 41S | 24E | 1900FSL 0660FEL |
| RATHERFORD UNIT 17W43 | 430371841701S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 18 41S | 24E | 2023FSL 0851FEL |
| RATHERFORD UNIT 18-438 | 430373171801S1 | Active | 14-20-803 | NN29400C | 5/18/1995 | Injection | SW | NW | 18 41S | 24E | 1900FNL 580FWL |
| RATHERFORD UNIT 18W12 | 430373115301S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SW | 18 41S | 24E | 0810FSL 0800FWL |
| RATHERFORD UNIT 18W14 | 430371573501S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 18 41S | 24E | 080FNL 1882FWL |
| RATHERFORD UNIT 18W21 | 430371641801S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NE | 18 41S | 24E | 2140FNL 1830FEL |
| RATHERFORD UNIT 18W32 | 430371573001S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SE | 18 41S | 24E | 780FSL 1880FEL |
| RATHERFORD UNIT 18W34 | 430371573701S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NW | 19 41S | 24E | 1900FNL 0600FWL |
| RATHERFORD UNIT 19-12 | 430371573901S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NE | 19 41S | 24E | 2717FNL 2802FEL |
| RATHERFORD UNIT 19-32 | 430371574301S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SE | 19 41S | 24E | 1080FSL 1980FEL |
| RATHERFORD UNIT 19-34 | 430371574801S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NW | 20 41S | 24E | 0709FNL 0748FEL |
| RATHERFORD UNIT 20-12 | 430371574701S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SW | 20 41S | 24E | 0860FSL 0880FEL |
| RATHERFORD UNIT 20-14 | 430371574001S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NE | 20 41S | 24E | 0037FNL 0035FWL |
| RATHERFORD UNIT 20-32 | 430371575001S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SE | 20 41S | 24E | 0774FNL 0817FWL |
| RATHERFORD UNIT 20-34 | 430371575001S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 20 41S | 24E | 2628FSL 1412FWL |
| RATHERFORD UNIT 20-87 | 430373159000S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 20 41S | 24E | 0880FNL 1880FWL |
| RATHERFORD UNIT 20W21 | 430371642300S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 20 41S | 24E | 2080FSL 2120FWL |
| RATHERFORD UNIT 20W23 | 430371574800S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | SW | 20 41S | 24E | 0880FNL 0880FEL |
| RATHERFORD UNIT 20W41 | 430371575100S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NE | 20 41S | 24E | 1880FNL 0660FWL |
| RATHERFORD UNIT 18W12 | 430371572000S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NW | 18 41S | 24E | 0660FNL 1880FWL |
| RATHERFORD UNIT 18W21 | 430371841400S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SW | 18 41S | 24E | 1080FSL 1980FWL |
| RATHERFORD UNIT 18W23 | 430371572201S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 18 41S | 24E | 2140FSL 0820FEL |
| RATHERFORD UNIT 18W43 | 430371641501S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SW | 21 41S | 24E | 0880FNL 0480FWL |
| RATHERFORD UNIT 21-14 | 430371575301S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SW | 21 41S | 24E | 2560FSL 1325FWL |
| RATHERFORD UNIT 21-67 | 430373175301S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 21 41S | 24E | 0880FNL 2030FWL |
| RATHERFORD UNIT 6W14 | 430371642501S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 8 41S | 24E | 0880FNL 0880FWL |
| RATHERFORD UNIT 7W12 | 430371598400S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 7 41S | 24E | 2140FNL 0585FWL |
| RATHERFORD UNIT 7W14 | 430371598300S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 7 41S | 24E | 1085FSL 0880FWL |
| RATHERFORD UNIT 7W21 | 430371839400S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 7 41S | 24E | 0710FNL 1820FWL |
| RATHERFORD UNIT 7W34 | 430371598000S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SE | 7 41S | 24E | 0710FSL 2003FEL |
| RATHERFORD UNIT 7W43 | 430371839500S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 7 41S | 24E | 2110FSL 0880FEL |
| RATHERFORD UNIT 8W14 | 430371598200S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NE | 8 41S | 24E | 0745FSL 0575FWL |
| RATHERFORD UNIT 20-12 | 430371533701S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NW | 20 41S | 24E | 2870FNL 1422FWL |
| RATHERFORD UNIT 20-32 | 430371533901S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NE | 20 41S | 24E | 0804FNL 0885FWL |
| RATHERFORD UNIT 20W21 | 430371643100S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 20 41S | 24E | 0887FNL 2122FWL |
| RATHERFORD UNIT 20W41 | 430371643100S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NE | 20 41S | 24E | 0657FNL 0591FEL |
| RATHERFORD UNIT 20-12 | 430371533801S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | SE | 20 41S | 24E | 2121FNL 0823FWL |
| RATHERFORD UNIT 9W23 | 430371839800S1 | Active | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | SE | 9 41S | 24E | 1980FNL 1980FWL |
| RATHERFORD UNIT 1W24 | 430371583900S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 1 41S | 23E | 0651FSL 3300FEL |
| RATHERFORD UNIT 11W44 | 430371584200S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | SE | 11 41S | 23E | 0880FSL 0558FEL |
| RATHERFORD UNIT 12W44A | 430373154300S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 12 41S | 23E | 0772FSL 0807FEL |
| RATHERFORD UNIT 13W42 | 430371584700S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 13 41S | 23E | 2130FNL 0585FEL |
| RATHERFORD UNIT 24W31 | 430371586200S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NW | NE | 24 41S | 24E | 0580FNL 1830FEL |
| RATHERFORD UNIT 24W42 | 430371586300S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | NE | 24 41S | 24E | 1080FNL 0860FEL |
| RATHERFORD UNIT 17W41 | 430371573100S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NE | 17 41S | 24E | 0810FNL 0510FEL |
| RATHERFORD UNIT 18W23 | 430373024400S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SW | 18 41S | 24E | 2385FSL 2040FWL |
| RATHERFORD UNIT 19W23 | 430371574100S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 19 41S | 24E | 0880FNL 1880FWL |
| RATHERFORD UNIT 19W43 | 430371574200S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SW | 19 41S | 24E | 2080FNL 1880FWL |
| RATHERFORD UNIT 18W14 | 430371842000S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | SE | SE | 19 41S | 24E | 1980FSL 0780FEL |
| RATHERFORD UNIT 20W43 | 430371843400S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 20 41S | 24E | 0880FNL 0880FWL |
| RATHERFORD UNIT 30W41 | 430371534300S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NE | 30 41S | 24E | 0880FNL 2022FWL |
| RATHERFORD UNIT 28W21 | 430371843100S1 | Shut-in | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NW | 28 41S | 24E | 1830FNL 2030FEL |
| RATHERFORD UNIT 17W32 | 430371572900S1 | TA'd | 14-20-803 | NN29500C | 5/18/1995 | Injection | SW | NE | 17 41S | 24E | 0880FNL 0880FEL |
| RATHERFORD UNIT 18W41 | 430371573800S1 | TA'd | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | NE | 18 41S | 24E | 2070FSL 0810FEL |
| RATHERFORD UNIT 20W43 | 430371842400S1 | TA'd | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 20 41S | 24E | 1980FSL 0550FEL |
| RATHERFORD UNIT 10W43 | 430371840300S1 | TA'd | 14-20-803 | NN29500C | 5/18/1995 | Injection | NE | SE | 10 41S | 24E | 1980FSL 0550FEL |

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be It Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

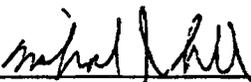
Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be It Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 19th day of January, 2006.

Corporate Seal

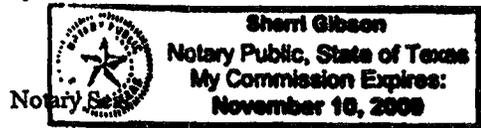
U. S. SPECIALTY INSURANCE COMPANY
By


Michael J. Schell, President

State of Texas

County of Harris ss:

On this 19th day of January, 2006 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

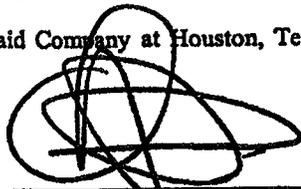



Sherri Gibson, Notary Public
My commission expires 11-10-09

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 2nd day of May, 2006.

Corporate Seal


Christopher L. Martin, Secretary

RESOLUTE
NATURAL RESOURCES

Janet W. Pasque
Vice President
303.534.4600 ext 140
jpasque@rnrc.net

January 3, 2005

David Albright
Manager, Ground Water Office
US EPA Region IX, Mail Code: WTR-9
75 Hawthorne Street
San Francisco. CA 94105

Re: Original Surety Performance Bond Number B001252

Dear Mr. Albright:

Resolute Natural Resources Company purchased ChevronTexaco's interest in the Greater Aneth Field area on November 30, 2004. Enclosed is the original Surety Performance Bond in the amount of \$3,425,000 for your files. Jim Walker in the Farmington office advised me that you are to receive this original bond for the underground injection control. We are in the process of preparing the Trust Agreement. Once we have this in our possession I will be certain you receive a copy of it as well. If you require additional information regarding this matter, please contact me at 303 534-4600 x140.

Very truly yours,

RESOLUTE NATURAL RESOURCES COMPANY


Janet W. Pasque
Vice President

Enclosures

ATTACHMENT 1 (e)
OPERATOR CERTIFICATION

RESIGNATION OF UNIT OPERATOR

Aneth Unit Area

County of San Juan

State of Utah

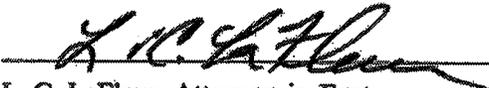
Unit Agreement No. 14-08-0001 7738

Under and pursuant to the provisions of Section 5 of the Unit Agreement for the Development and Operation of the Aneth Unit Area, San Juan County, Utah,

Chevron U.S.A. Inc. the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of a successor Unit Operator.

EXECUTED with effect as aforesaid the 30th day of November, 2004.

Chevron U.S.A. Inc.


L. C. LaFleur, Attorney-in-Fact

DESIGNATION OF
SUCCESSOR UNIT OPERATOR

Aneth Unit Area

County of San Juan

State of Utah

Unit Agreement No. 14-08-0001 7738

THIS INDENTURE, dated as of the 30th day of November, 2004, by and between Resolute Natural Resources Company, hereinafter designated as "First Party," and the owners of unitized working interests, hereinafter designated as "Second Parties,"

WITNESSETH:

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, on the 29th day of August, 1961, approved a Unit Agreement for the Aneth Unit Area, wherein Chevron U.S.A. Inc. is designated as Unit Operator, and

WHEREAS said, Chevron U.S.A Inc. has resigned as such Operator and the designation of a successor Unit Operator is now required pursuant to the terms thereon; and

WHEREAS the First Party has been and hereby is designated by Second Parties as Unit Operator, and said First Party desires to assume all the rights, duties and obligations of Unit Operator under the said Unit Agreement:

NOW, THEREFORE, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the Aneth Unit Agreement, and the Second Parties covenant and agree that, effective upon approval of this indenture by the Chief, Branch of Fluid Minerals, Bureau of Land Management, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Unit Agreement; said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said Unit Agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth.

FIRST PARTY

Resolute Natural Resources Company

BY *Janet Pasque*

Name: *Janet Pasque*

Title: *Vice President*

SECOND PARTIES

Chevron U.S.A. Inc.

BY *L. C. LaFleur*
L. C. LaFleur, Attorney-in-Fact

Execution Date: November 30, 2004

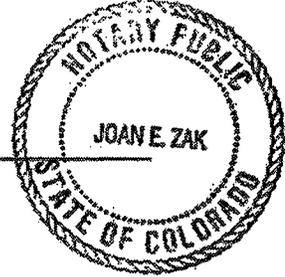
CORPORATE ACKNOWLEDGEMENT

STATE OF Texas)
)SS.
COUNTY OF Harris)

The foregoing instrument was acknowledged before me this 30th day of November, 2004, by Janet Pasque, as Vice President of Resolute Natural Resources Company, a Delaware corporation, on behalf of said corporation.

WITNESS my hand and official seal.
My commission expires 2/8/08

Joane Zak
Notary Public

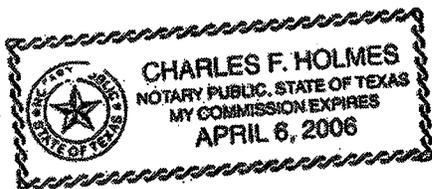


CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS)
)SS.
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 30th day of November, 2004, by L. C. LaFleur, as Attorney-in-Fact of Chevron U.S.A. Inc., a Pennsylvania corporation, on behalf of said corporation.

WITNESS my hand and official seal.



Charles F. Holmes

Notary Public

61 S. Hidden View Cr.
The Woodlands, TX 77381

UIC INJECTION PERMIT APPLICATION ANALYSIS FORM

WELL NAME: C-314 LDVL SWD

API #: 43037????? **31851**

| | Completed Items, Needed Items, & Comments |
|--|---|
| <p>R649-5-2. Requirements For Class II Injection Wells Including Water Disposal, Storage And Enhanced Recovery Wells.</p> <p>1. Injection wells shall be completed, equipped, operated, and maintained in a manner that will prevent pollution and damage to any USDW, or other resources and will confine injected fluids to the interval approved.</p> <p>2. The application for an injection well shall include a properly completed UIC Form 1 and the following:</p> <p>2.1. A plat showing the location of the injection well, all abandoned or active wells within a one-half mile radius of the proposed well, and the surface owner and the operator of any lands or producing leases, respectively, within a one-half mile radius of the proposed injection well.</p> <p>2.2. Copies of electrical or radioactive logs, including gamma ray logs, for the proposed well run prior to the installation of casing and indicating resistivity, spontaneous potential, caliper, and porosity.</p> <p>2.3. A copy of a cement bond or comparable log run for the proposed injection well after casing was set and cemented.</p> <p>2.4. Copies of logs already on file with the division should be referenced, but need not be refiled.</p> <p>2.5. A description of the casing or proposed casing program of the injection well and of the proposed method for testing the casing before use of the well.</p> <p>2.6. A statement as to the type of fluid to be used for injection, its source and estimated amounts to be injected daily.</p> <p>2.7. Standard laboratory analyses of (1) the fluid to be injected, (2) the fluid in the formation into which the fluid is being injected, and (3) the compatibility of the fluids.</p> <p>2.8. The proposed average and maximum injection pressures.</p> <p>2.9. Evidence and data to support a finding that the proposed injection well will not initiate fractures through the overlying strata or a confining interval that could enable the injected fluid or formation fluid to enter the fresh water strata.</p> <p>2.10. Appropriate geological data on the injection interval and confining beds, and nearby Underground Sources of Drinking Water, including the geologic name, lithologic description, thickness, depth, water quality, and lateral extent; also information relative to geologic structure near the proposed well which may effect the conveyance and/or storage of the injected fluids.</p> <p>2.11. A review of the mechanical condition of each well within a one-half mile radius of the proposed injection well to assure that no conduit exists that could enable fluids to migrate up or down the wellbore and enter improper intervals.</p> <p>2.12. An affidavit certifying that a copy of the application has been provided to all operators, owners and surface owners within a one-half mile radius of the proposed injection well.</p> <p>2.13. Any other additional information that the board or division may determine is necessary to adequately review the application.</p> | <p align="center">Completed Items, Needed Items, & Comments</p> <p>1. O.K.</p> <p>2. UIC Form 1 lacks API number. <i>OK 5/11/06</i></p> <p>2.1 The plat is incomplete for operator within 1/2 mile radius.</p> <p>2.2 The well is not drilled yet so no logs have been generated.</p> <p>2.3 The well is not drilled yet so no logs have been generated.</p> <p>2.4 The well is not drilled yet so no logs have been generated.</p> <p>2.5 That information has not been tendered yet.</p> <p>2.6 O.K.</p> <p>2.7 An analysis of the injectate has been tendered but, since the well has not been drilled, they don't have an analysis of the connate water, much less a compatibility study.</p> <p>2.8 O.K. To be modified by SRT data.</p> <p>2.9 Step rate test (SRT) is planned.</p> <p>2.10 No data tendered yet other than reservoir parameters and an identification of the USDWs in the area and a list of the wells in the greater AOR, including some completion data.</p> <p>2.11 No performed yet.</p> <p>2.12 Not tendered yet.</p> <p>2.13 O.K.</p> |

OTHER COMMENTS AND OBSERVATIONS: The deficiencies involving items 2, 2.1 and 2.12 are fatal flaws and will need to be cured prior to any additional processing of this application. The other deficiencies will need to be cured before we can issue a permit.

Reviewed by: Christopher J. Kierst Date: 6/21/06