

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: I-149-IND-8836	6. SURFACE: Indian
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Navajo	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER SWD _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: Aneth Unit	
2. NAME OF OPERATOR: Resolute Natural Resources			9. WELL NAME and NUMBER: E-221SE LDVL	
3. ADDRESS OF OPERATOR: 1675 Broadway, #1950 CITY Denver STATE CO ZIP 80202			PHONE NUMBER: (303) 534-4600	
4. LOCATION OF WELL (FOOTAGES) 651666X 4128690Y 37.294308 -109.288921			10. FIELD AND POOL, OR WILDCAT: Greater Aneth, LLDL 365	
AT SURFACE: 2,438' FSL and 1,587 FWL			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 21 40S 24E S	
AT PROPOSED PRODUCING ZONE: Multi-lateral completion; See attached drilling program for BHLs				
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 3.5 Miles North of Montezuma Creek, UT			12. COUNTY: San Juan	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 2,438	16. NUMBER OF ACRES IN LEASE: 2,398	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 664	19. PROPOSED DEPTH: 7,500	20. BOND DESCRIPTION: B001252		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4580 KB	22. APPROXIMATE DATE WORK WILL START: 10/1/2008	23. ESTIMATED DURATION: 120 days		

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
20"	13 3/8" C-75 68	90	pea gravel w/cmt cap 108 cf 1.17 cu ft/sk 15.6 ppg
16 3/4"	11 3/4" J-55 47	1,300	Cls "G" 1010 cf 1.14 cu ft/sk 15.8 ppg
9 1/2"	7 5/8" L80/P110 33.7/26.4	7,500	Cls "G" 1313 cf 1.14 cu ft/sk 15.8 ppg
<p>Approved by the Utah Division of Oil, Gas and Mining</p> <p><i>Federal Approval of this Action is Necessary</i></p>			

25. ATTACHMENTS

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

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

NAME (PLEASE PRINT) Dwight Mallory 303-573-4886 x1165 TITLE EH&S Coordinator

SIGNATURE [Signature] DATE 11/14/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-037-31882

LAT # 1 652699X
4129400Y
37.300534
-109.277124

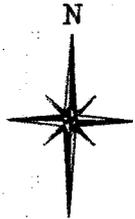
LAT # 2 650463X
4128529Y
37.293054
APPROVAL: 109.302518

LAT # 3 652812X
4128289Y
37.290505
-109.276081

LAT # 4 649579X
4129309Y
37.300226
-109.312335

RECEIVED
JAN 17 2008
DIV. OF OIL, GAS & MINING

R. 24 E.



SCALE: 1" = 1000'

T. 40 S.

ANETH UNIT E221SE

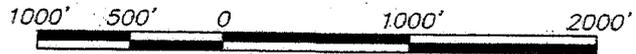
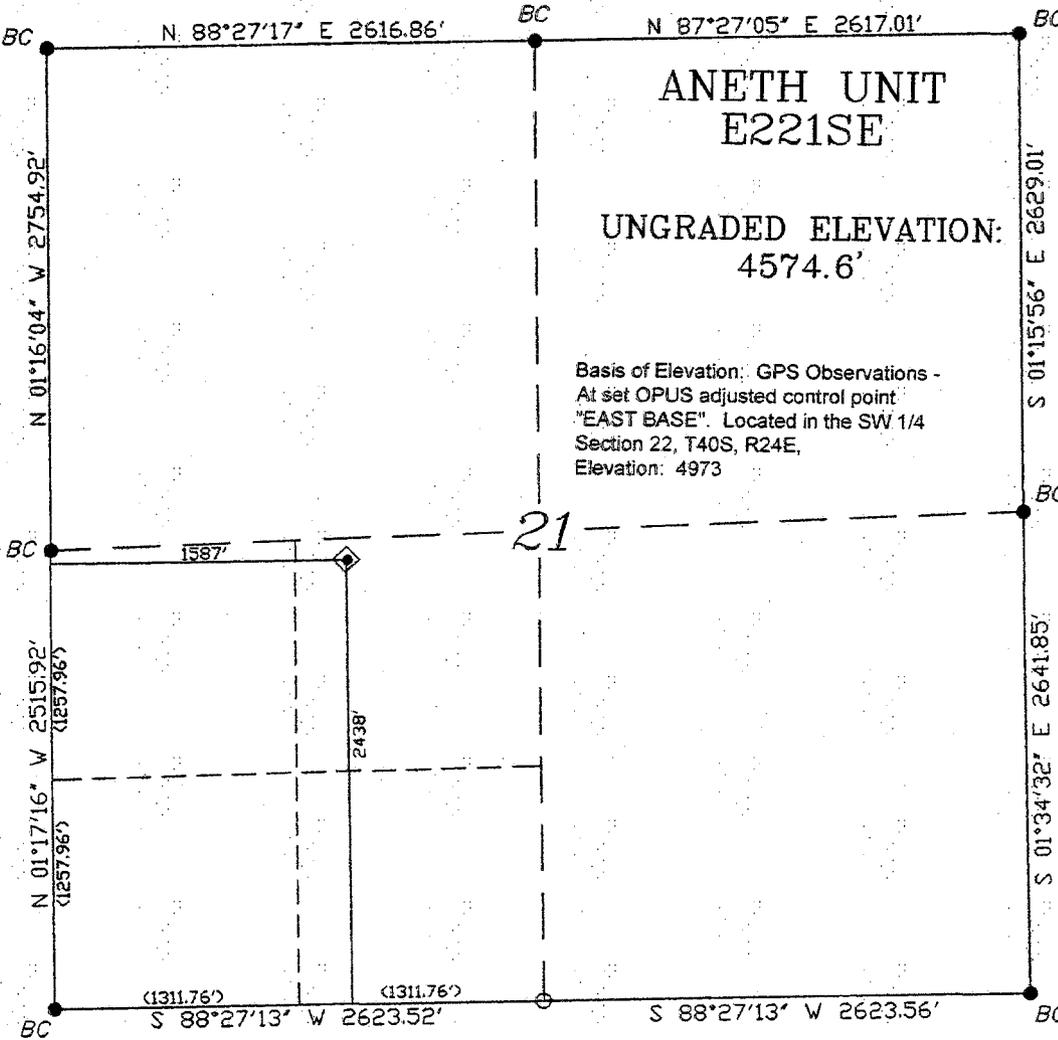
UNGRADED ELEVATION:
4574.6'

Basis of Elevation: GPS Observations -
At set OPUS adjusted control point
"EAST BASE". Located in the SW 1/4
Section 22, T40S, R24E,
Elevation: 4973

LATITUDE (NAD 27)
NORTH 37.294245 DEG.
LONGITUDE (NAD 27)
WEST 109.288882 DEG.

NORTHING
236110.81
EASTING
2643169.55

DATUM
UTAH SP SOUTH (1927)



SURVEYOR'S STATEMENT:

I, Marshall W. Lindeen, of Farmington, New Mexico, hereby state: This map was made from notes taken during an actual survey under my direct supervision on NOVEMBER 15, 2007, and it correctly shows the location of ANETH UNIT E221SE.

NOTES

- ◆ PROPOSED WELL LOCATION
- FOUND MOUNUMENT
- CALCULATED POSITION

UTAH PLS No. 6217687

EXHIBIT A

PLAT OF PROPOSED LOCATION FOR RESOLUTE NATURAL RESOURCES COMPANY



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

SCALE: 1" = 1000'

JOB No. 7865

DATE: 11/16/07

2438' F/SL & 1587' FWL, SECTION 21,
T. 40 S, R. 24 E, SALT LAKE MERIDIAN
SAN JUAN COUNTY, UTAH

Resolute Natural Resources Company

Drilling Program - Aneth Unit E-221SE LDVL

Project Overview

The target formation for the proposed E-221SE LDVL is the Mississippian Leadville formation. The purpose for the proposed well is to complete a Class IID salt water disposal well for disposal of oilfield brine from Resolute's oil wells in the Greater Aneth Area. A vertical well will be drilled to TD in the Leadville and a full suite of logs will be run. Resolute will then drill up to four open-hole laterals ranging from 2,600 to 4,000 feet in horizontal displacement at varying azimuths to maximize reservoir exposure and thus disposal capability.

Well Location

Surface Location: 2,438' FSL and 1,587' FWL
Sec. 21-T40S-R24E
San Juan County, Utah

Surface Elevation - GL: 4,575'

Proposed Depth: 7,500'

Bottom Hole Location: Lateral #1: 554' FNL and 247' FEL
Sec. 21-T40S-R24E
X: 2646619 Y: 238412
Proposed Depth: 6,927'

Lateral #2: 1980' FSL and 2371' FEL
Sec. 20-T40S-R24E
X: 2639215 Y: 235666
Proposed Depth: 6,909'

Lateral #3: 1,053' FSL and 33' FWL
Sec. 22-T40S-R24E
X: 2646899 Y: 234739
Proposed Depth: 6,840'

Lateral #4: 683' FNL and 51' FWL
Sec. 20-T40S-R24E
X: 2641535 Y: 238283
Proposed Depth: 6,921'

Anticipated Geologic Markers

1) Navajo	700'	6) Desert Creek IA	5,367'
2) Chinle	1,300'	7) Top Salt	5,586'
3) Upper Ismay	5,195'	8) Base Salt	6,210'
4) Lower Ismay	5,285'	9) Upper Leadville	6,555'
5) Gothic Shale	5,353'	10) Lower Leadville	6,790'

Target Formation

The target formation for the Aneth Unit E-221SE LDVL is the Mississippian Leadville formation. The Leadville includes an upper member composed of lime mudstone and lime wackestone and a lower member comprising very fine- to fine-crystalline dolostone. The proposed completion zone is within the crystalline dolostone lower member, the top of which is projected to be present in the proposed well at a depth of 6,790 feet.

Anticipated Water, Oil, Gas and Mineral Resources

The principal underground sources of drinking water USDW in the Greater Aneth area include the Entrada Sandstone, Navajo Sandstone, and Wingate Sandstone, which collectively comprise the Navajo aquifer. The projected top of the Navajo in the proposed well is at a depth of 700 feet. The overlying Morrison aquifer and isolated Dakota and Alluvial aquifers may also be present. The top of the Chinle formation separates the fresh water aquifers above from non-usable saline ground water aquifers below and is generally accepted as the base of fresh water in the Greater Aneth area. The top of the Chinle formation is projected at a depth of 1,300 feet below ground level in the proposed well.

Intermediate casing in the proposed well will be set and cemented from surface through the top of the Chinle to protect the USDW above. Resolute has submitted, under separate cover, an application for a Class IID Underground Injection Control (UIC) permit to the United States Environmental Protection Agency (USEPA) and the Navajo Nation Environmental Protection Agency (NNEPA). Construction and operation of the proposed well will be subject to the requirements of a UIC permit(s) issued by these agencies and the applicable requirements of 40 CFR, Parts 144, 146 and 147, which are designed to protect current and future USDW.

Potential oil, gas and mineral resources to be encountered include the Ismay and Desert Creek zones of the Paradox formation, which are the primary hydrocarbon reservoirs in the southern Paradox Basin. The Mississippian Leadville formation also acts as a reservoir for hydrocarbons, as well as CO₂ in certain areas of the Paradox Basin. However, flow testing and fluid analyses conducted in the C-113 LDVL well, drilled by Resolute in 2006 and located approximately 3 miles northwest of the proposed well, indicate that economically producible quantities of hydrocarbons or CO₂ were not present in the Leadville.

Production casing in the proposed well will be cemented from TD to surface in 2 stages in order to prevent communication of the target injection zone with the Ismay and Desert Creek zones. Fluid analysis and flow testing similar to that conducted in the C-113 LDVL well will be conducted on the proposed well and the results will be provided prior to its conversion to injection.

Anticipated Reservoir Pressures and Temperatures

The reservoir pressure in the target Leadville formation is anticipated to be at a normal pressure gradient with a bottom hole pressure of 3,200 psi at 7,400 feet and a bottom hole temperature of 150° F. The Ismay and Desert Creek zones are expected to be abnormally pressured as a result of the ongoing waterflood in the Aneth Unit. Current pressures are 3,000 to 3,200 psi at 5,500 to 5,700 feet. Two offset injection wells will be shut-in as soon as the well is spud to allow pressure within the reservoir to dissipate. Drilling mud weight will also be raised to maintain a slightly overbalanced system while the Ismay and Desert Creek intervals are exposed.

Anticipated Drilling Hazards

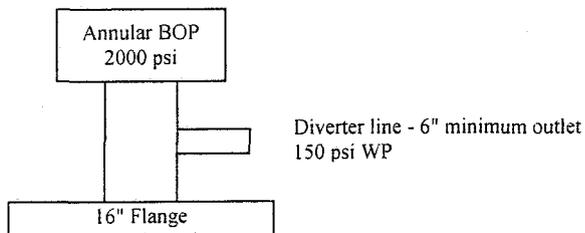
In addition to the general hazards listed in the table below: Hydrogen sulfide (H₂S) in excess of 100 ppm is anticipated in the Desert Creek zone. Potential for exposure to H₂S near areas of fluid breakout (i.e. flowline, shaker, floor connections, etc.) will be minimized by having an overbalanced mud system. An H₂S Drilling Operations Plan has been developed and is attached to this drilling plan.

Potential Hazards	Preventive/Corrective Measures
Water flow between ±700' and ±1,300'	Have conductor set, increase mud weight and use diverter to divert flow from around substructure to pit
Pressure kick when drilling into the Desert Creek formation.	Maintain mud weight to avoid kick around. 10.6 #/gal minimum and possibly 13.7 #/gal will be required
Corrosion from H ₂ S in Desert Creek	A thin coating amine will be run as a corrosion inhibitor to protect downhole equipment
Possible differential sticking from nearby production from Desert Creek	If sticking occurs, consider using spotting acid to break free
Low fracture gradient	Use two stage cement job on long string
Paradox Salt	Use salt saturated mud and cement appropriate to cover the salt interval along with casing designed with a 1.25 design factor for collapse

Well Pressure Control Equipment and Procedures:

Blowout preventer equipment (BOPE) as discussed below will be installed and tested prior to drilling of the surface casing shoe and for each subsequent phase of drilling operations. Accumulators will be tested for pre-charge pressure and for holding pressure on the manifold prior to connection to the stack. Annular BOPs will be tested on nipple up and every 7 days thereafter, first to 200 psi, to simulate field well control situations, and then to the rated working pressure. Each test will be held for 15 minutes. The choke manifold will be operated and circulated through for kill rate pressures with each change of bottom hole assembly (BHA), but at least daily, using 2 slow pump rates, one at idle and one 10 strokes above that. All BOPE testing will be recorded and a copy of the pressure charts maintained with the tour sheet or drilling log.

Conductor Pipe Diverter System



A diverter system as illustrated above will be installed to control well flows encountered at relatively shallow depths from ±90 to ±1,300 feet. The diverter system includes a conductor pipe, 2,000 psi annular preventer and 6 inch minimum diameter diverter line. The diverter line is kept open so that flow can be immediately diverted by shutting the preventer. All diverter lines will be securely staked and will be straight lines or will use tee blocks or are targeted with running tees. All diverter line valves and other components will be 150 psi minimum working pressure.

Drilling Fluids

Drilling fluids as specified below will be used to maintain well control during drilling. Sufficient quantities of drilling fluids will be kept onsite and tests to determine density, viscosity, gel strength, filtration, and pH will be performed daily.

- 1) Conductor and Surface Casing
 Depth: 80' to ±1,300'
 Bit Size: 20"/14 3/4"
 Mud Type: FW/Spud mud
 Hole Volume: 280 bbls
 Pit Volume: 500 bbls

	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

- 2) Vertical Well Bore
 Depth: ±1,300' to ±2,500'
 Bit Size: 9 1/2"
 Mud Type: FW/gel/PHPA
 Hole Volume: 300 bbls
 Pit Volume: 500 bbls

	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

- 3) Vertical Well Bore
 Depth: ±2,500' to ±4,600'
 Bit Size: 9 1/2"
 Mud Type: LSND
 Hole Volume: 400 bbls
 Pit Volume: 500 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

- 4) Vertical Well Bore
 Depth: ±4,600' to TD
 Bit Size: 9 ½"
 Mud Type: LSND/Salt Gel Mud
 Hole Volume: 650 bbls
 Pit Volume: 500 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

- 5) Horizontal Laterals
 Depth: ±7,500' to TD
 Bit Size: 6 ½"
 Mud Type: CaCO3 brine
 Hole Volume: 350 bbls
 Pit Volume: 500 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

Casing and Cement

- 1) Surface Casing: 0' to ±90'
 Size/Grade: 13 3/8" 68# C-75
 Cement: Pack with pea gravel down backside and leave good cap of cement.
- 2) Intermediate Casing: 0' to ±1,300'
 Size/Grade: 11 ¾" 47# J-55 STC, Stage tool @ 650'
 Cement: 1st Lead - 50/50 Class 'G'/Poz, 3% sodium metasilicate, 5pps kolite, 0.25 pps celloflake, 0.8 D111
 1st Tail - Class 'G' neat w/ 2% CaCl2, 0.25 celloflake
 2nd Lead - 50/50 Class 'G'/Poz, 3% sodium metasilicate, 5pps kolite, 0.25 pps celloflake, 0.8 D111
 2nd Tail - Class 'G' neat w/ 2% CaCl2, 0.25 celloflake
- 3) Production Casing: 0' to TD – Vertical Hole
 Casing: 7 5/8" 33.7# S95 and 26.4# P-110 and L-80 LTC, Stage tool @ ±3,200'

Cement:

1st Stage-Lead: 50/50 Class 'G'/Poz, 3% D79, 3.0 pps D42, 0.25 pps D29

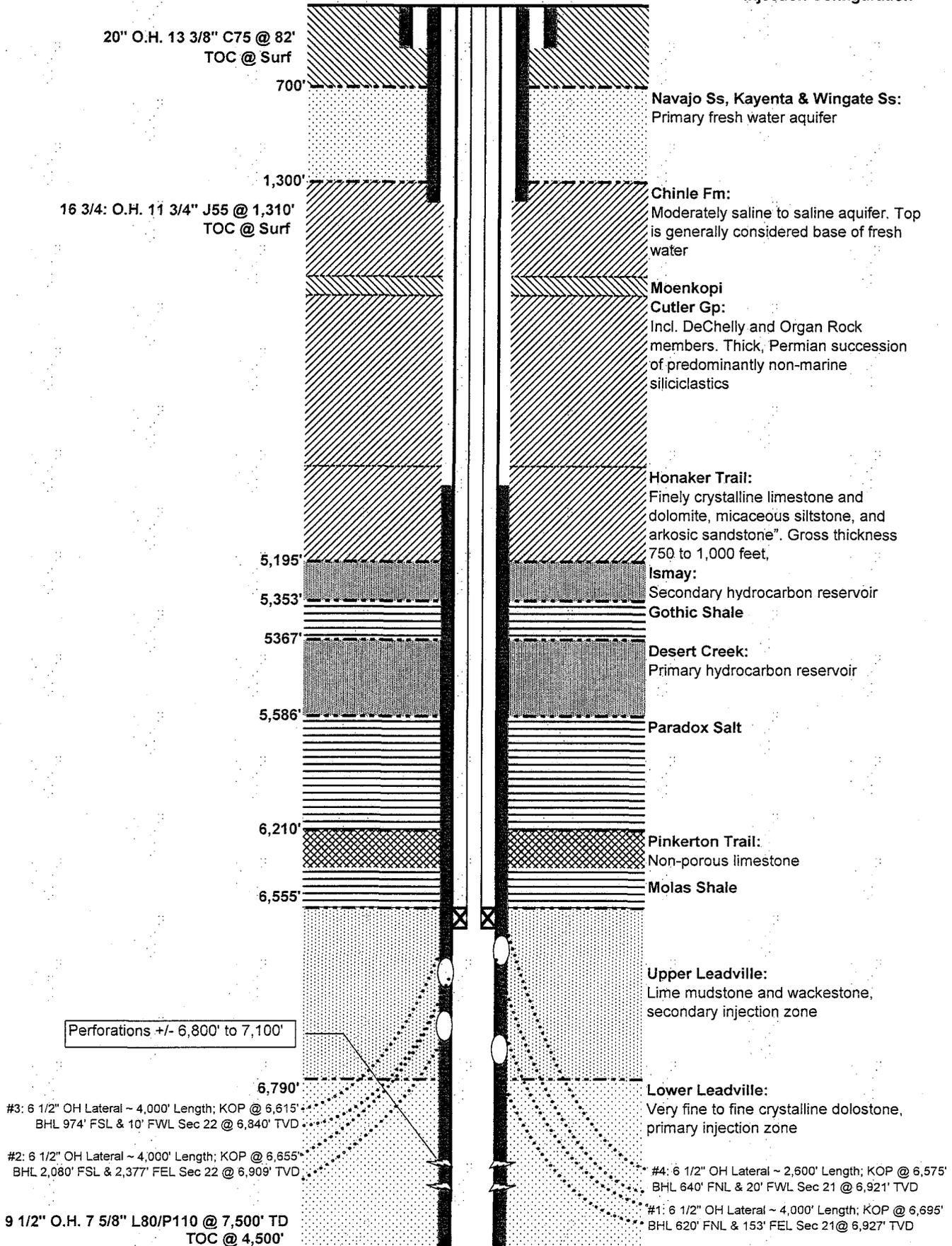
1st Stage-Tail: Class 'G' with 0.8% D156, 0.2% D65, 5 pps D42

2nd Stage-Lead: 50/50 Class 'G'/Poz, 3% D79, 3.0 pps D42, 0.25 pps D29

2nd Stage-Tail: Class 'G' with 0.8% D156, 0.2% D65, 5 pps D42

Logging

Logging of the vertical well bore will include Induction or Laterlog, Density/Neutron, Sonic (possible Dipole). No logs will be run into horizontal laterals.



RESOLUTE
NATURAL RESOURCES

**ANETH UNIT E-221SE LDVL
H₂S DRILLING OPERATIONS PLAN**

Introduction

The equipment and procedures contained in the Drilling Program and H₂S Drilling Operations Plan are intended to comply with applicable regulations and industry standards designed to protect Resolute's employees and contractors, as well as members of the public. No variance is permitted from any of the requirements prescribed herein without prior approval from the BLM Farmington Field Office and Resolute Drilling Superintendent.

General Requirements

- 1) A copy of the H₂S Drilling Operations Plan shall be available during operations at the wellsite, beginning when drilling reaches a depth of 500 feet above, or 3 days prior to penetrating (whichever comes first) the top of the Desert Creek.
- 2) Initial H₂S training shall be completed and all H₂S related safety equipment shall be installed, tested, and operational when drilling reaches a depth of 500 feet above, or 3 days prior to penetrating (whichever comes first) the top of the Desert Creek.

Location Requirements

- 1) Primary and secondary means of egress shall be established as dictated by prevailing winds and terrain. If an alternate road is not practical, a clearly marked footpath shall be provided to a safe area. The purpose of such an alternate escape route is only to provide a primary and secondary means of egress to a safe area.
 - a) The primary and secondary escape routes shall be kept passable at all times.
- 2) Two briefing areas shall be designated for assembly of personnel during emergency conditions. Briefing areas are located a minimum of 150 feet from the well bore and 1 of the briefing areas will be upwind of the well at all times.

Personnel Training

- 1) All personnel who will be working at the wellsite will be trained in H₂S contingency procedures in accordance with the general training requirements outlined in the American Petroleum Institute's Recommended Practice 49 for Safe Drilling of Wells Containing Hydrogen Sulfide, Section 2.
- 2) In addition to the requirements of API RP-49, an initial training session and weekly H₂S and well control drills for all personnel in each working crew shall be conducted.
 - a) The initial training session for each well shall include a review of the site specific Drilling Operations Plan and the Public Protection Plan.
 - b) All training sessions and drills shall be recorded on the driller's log or its equivalent.

Designated Safety Responsibility

- 1) The Driller for each tower or shift is primarily responsible for the overall operation of the on-site safety and training programs.

H₂S Detection and Monitoring

- 1) An H₂S detection and monitoring system that automatically activates visible and audible alarms when the ambient air concentration of H₂S reaches the threshold limits of 10 PPM and 15 PPM in air shall be installed on the drilling rig at a minimum of 3 sensing points as follows:
 - a) Mud tanks or shale shaker
 - b) Rig floor
 - c) Bell nipple
- 2) The sensors shall have a rapid response time and be capable of sensing a minimum of 10 PPM of H₂S in ambient air.
- 3) The detection system shall be installed, calibrated, tested, and maintained in accordance with the manufacturer's recommendations and all tests of the H₂S monitoring system shall be recorded on the driller's log.

Signage and Wind Direction Indicators

- 1) Danger or caution signs shall be displayed at each location access point.
 - a) Signs shall be painted a high-visibility red, black and white, or yellow with black lettering.
 - b) The signs shall be legible and large enough to be read by all persons entering the well site and be placed a minimum of 200 feet but no more than 500 feet from the well site and at a location which allows vehicles to turn around at a safe distance prior to reaching the site.
 - c) The sign(s) shall read: **DANGER - POISON GAS - HYDROGEN SULFIDE**
Do Not Approach If Red Flag is Flying
 - d) Where appropriate, bilingual or multilingual danger signs shall be used.
- 2) When H₂S is detected in excess of 10 PPM at any detection point, red flags shall be displayed at the wellsite.
- 3) All signs and, when appropriate, flags shall be visible to all personnel approaching the location under normal lighting and weather conditions.
- 4) Equipment to indicate wind direction installed at prominent locations and visible at all times.

- a) At least 2 such wind direction indicators shall be located at separate elevations (i.e., near ground level, rig floor, and/or treetop height).
 - i) At least 1 wind direction indicator shall be clearly visible from all principal working areas at all times so that wind direction can be easily determined.

Personnel Protection

- 1) Proper respiratory protection equipment shall be readily accessible to all essential personnel on the drill site and all essential personnel must be properly trained in the use of such equipment.
 - a) Escape and pressure-demand type working equipment shall be provided for essential personnel in the H₂S environment to maintain or regain control of the well. For pressure-demand type working equipment those essential personnel shall be able to obtain a continuous seal to the face with the equipment.
 - i) Storage and maintenance of protective breathing apparatus shall be planned to ensure that at least 1 working apparatus per person is readily available for all essential personnel.
 - b) Lightweight, escape- type, self-contained breathing apparatus with a minimum of 5-minute rated supply shall be readily accessible at a location for the derrickman and at any other location(s) where escape from an H₂S contaminated atmosphere could be difficult.
 - c) Respiratory protective equipment shall comply with the current American National Standards institute (ANSI) Standard Z.88.2-1980 "Practices for Respiratory Protection."
- 2) When H₂S is detected in excess of 10 PPM at any detection point, all non-essential personnel shall be moved to a safe area and essential personnel (i.e., those necessary to maintain control of the well) shall wear pressure-demand type protective breathing apparatus.
- 3) The following additional safety equipment shall be available for use:
 - a) Effective means of communication when using protective breathing apparatus;
 - b) Flare gun and flares to ignite the well if necessary; and
 - c) A telephone, radio, mobile phone, or any other device that provides communication from a safe area at the rig location.

Operating Procedures and Equipment

- 1) A flare system shall be designed and installed to safely gather and burn H₂S-bearing gas.
 - a) Flare line terminations shall be located as far from the operating site as feasible and in a manner to compensate for wind changes.
 - b) The flare line mouth shall be located not less than 150 feet from the wellbore.
 - c) Flare lines shall be straight unless targeted with running tees.

- d) The flare system shall be equipped with a suitable and safe means of ignition.
 - e) Portable SO₂ detection equipment shall be available for checking the SO₂ level in the flare impact area.
- 2) A remote controlled choke shall be installed for all H₂S drilling operations.
- 3) A pH of 10 or above in a fresh water-base mud system shall be maintained to control corrosion, H₂S gas returns to surface, and minimize sulfide stress cracking and embrittlement unless other formation conditions or mud types justify use of a lesser pH level.
- 4) Drilling mud containing H₂S gas shall be degassed in accordance with API's RP-49 § 5.14, at an optimum location for the rig configuration and gas shall be piped into the flare system.
- 5) Sufficient quantities of mud additives shall be maintained on location to scavenge and/or neutralize H₂S.
- 6) All equipment that has the potential to be exposed to H₂S shall be suitable for H₂S service. Equipment which shall meet these metallurgical standards include the drill string, casing, wellhead, blowout preventer assembly, casing head and spool, rotating head, kill lines, choke, choke manifold and lines, valves, mud-gas separators, drill-stem test tools, test units, tubing, flanges, and other related equipment.
- a) To minimize stress corrosion cracking and/or H₂S embrittlement, equipment shall be constructed of material whose metallurgical properties are chosen with consideration for both an H₂S working environment and the anticipated stress. The metallurgical properties of the materials used shall conform to the current National Association of Corrosion Engineers (NACE) Standard MR 0175-90, *Material Requirement, Sulfide Stress Cracking Resistant Metallic Material for Oil Field Equipment*. These properties include the grade of steel, the processing method (rolled, normalized, tempered, and/or quenched), and the resulting strength properties. The working environment considerations include the H₂S concentrations the well fluid pH, and the wellbore pressures and temperatures. Elastomers, packing, and similar inner parts exposed to H₂S shall be resistant at the maximum anticipated temperature of exposure.

Site Specific Information

The Drilling Superintendent, Drilling Engineer and Driller should continually review the general site map, site diagram and emergency phone list attached to the Drilling Program to ensure that the information provided is up to date, complete and correct. This information shall be available at the drill site throughout the duration of drilling operations.

Public Protection Plan

The calculated 100 PPM and 500 PPM radius of exposure (ROE) for the subject well are each less than 50 feet and do not include any occupied residence, school, church, park, school bus stop, place of business, or other areas where the public could reasonably be expected to frequent. The 100 PPM and 500 PPM ROE were determined as specified by Onshore Order No. 6 and the calculations are included below:

E-221SE and Offset Wells - Calculated ROE

Well	Test Date	H ₂ S PPM	H ₂ S Mole Fraction	OIL (bbl/day)	GAS (scf/day)	GOR (scf/bbl)	Q (scf/day)	100 ROE (feet)	500 ROE (feet)
E221	12/28/2007	5,000	0.0050	18	20,000	1,111	20,000	23.8	10.9
F321	12/28/2007	5,000	0.0050	7	17,000	2,429	17,000	21.5	9.8
G221X	10/9/2007	2,200	0.0022	6	1,000	167	1,000	2.2	1.0

E221SE 5,000 0.0050 18 2,429 43,722 38.9 17.8

100 PPM ROE = [(1.589)(H₂S)(Q)]^(0.6258)

500 PPM ROE = [(0.4546)(H₂S)(Q)]^(0.6258)

Where:

- (1) H₂S = Decimal equivalent of the mole fraction of H₂S in the gaseous mixture;
- (2) Q = Volume of gas available for escape in SCF per day (at 14.73 psia and 60°F)

Resolute Natural Resources Company

Surface Use Plan - Aneth Unit E-221SE LDVL

Well Location and Directions

From the intersection of Utah Hwy 163 and Utah Hwy 262, travel north approximately 2 miles. Then turn left and travel west 300 feet. Then turn right and travel north approximately $\frac{3}{4}$ mile to location.

(1) Existing Roads

The enclosed site maps show the location of existing roads that will be used to access the well location. The existing roads will be maintained to a standard at least equal to their present condition.

(2) Access Roads to Be Constructed and Reconstructed

No new access roads are to be constructed in connection with the drilling of the proposed well. As shown on the enclosed location cut and fill diagram, the well location will abut the North side of the existing access road. Alteration of the existing roads may include padding of surface pipelines where they are crossed by the access road.

(3) Location of Existing Wells

There are 21 existing oil wells and 25 existing water injection wells within a 1 mile radius of the proposed well surface location. There are also 9 plugged and abandoned wells. All of the existing oil wells and water injection wells are operated by Resolute under the Aneth Unit operating agreement. Water wells within a 1 mile radius include a Navajo Nation owned livestock water well (N15) and a well Resolute owned well (09-234). The N15 is completed at a total depth of 230 feet, while the 09-234 is completed at a total depth of 1,100 feet. The referenced wells are included on the enclosed site map.

(4) Location of Existing and/or Proposed Facilities

Facilities to be located on the well pad will include a booster pump and filter skid. An electrical power line and buried 4 inch high pressure injection line will ultimately be run to the location, but approval for these will be requested separately.

(5) Location and Type of Water Supply

Fresh water will be trucked from Resolute's pump station in Montezuma Creek, UT. Water at this location is sourced from 6 existing water wells (CUSA WW #s 15 – 20) completed in the alluvial aquifer beneath the San Juan River. Water usage from these wells is authorized by Navajo Department of Water Resources water use permits 06.0015 through 06.0020. If brine is needed, it will be trucked from Resolute's Aneth Unit water recycle facility, located in Section 22, T40S, R24E.

(6) Construction Materials

The drill site will be constructed from onsite soil. Topsoil and brush will be temporarily piled on the north and east sides of the location. Additional sand and gravel that may be necessary for padding of road pipeline crossings will be from an existing commercial source located off federal/tribal lands.

(7) Methods for Handling Waste disposal

Drill cuttings will be disposed in the reserve pit and buried onsite. Human waste will be disposed of in chemical toilets, which will be hauled to a state approved dump station. All trash will be placed in portable trash containers and hauled to the county landfill. No trash will be buried or burned.

(8) Ancillary Facilities

There will be no camps or airstrips constructed in association with the proposed well. Crew facilities for drilling, logging and other personnel will consist of trailers that will be temporarily located at the drill site.

(9) Well Site Layout

A survey plat, cut and fill cross section and proposed layout diagram are enclosed. The reserve pit will be lined with a 12-mil (minimum) thickness poly liner.

(10) Plans for Reclamation of the Surface

Upon completion of drilling, the reserve pit will be pumped dry and the well site will be cleared of all debris and other material not needed for ongoing operation of the well. The location will be back filled and areas not needed for ongoing operations will be restored to the native contours with reserved topsoil. The reclaimed areas will be reseeded as specified by the BLM Farmington Field Office. Sown areas will be lightly harrowed after seeding and covered with weed free mulch.

(11) Surface Ownership

The well location is located entirely on Navajo Tribal lands.

(12) Other Information

Resolute has previously submitted an application for a Class II UIC permit for this well to US EPA Region IX and Navajo Nation EPA.

A cultural resource survey of the site was completed by Complete Archeological Service Associates with a finding of No Historic Properties Affected. A copy of the survey report is attached.

(13) Representatives and Certification

Questions about the APD should be directed to:

Dwight Mallory
Environmental, Health and Safety Coordinator
1675 Broadway, Suite 1950
Denver, CO 80202
Phone 303-573-4886 X 1165

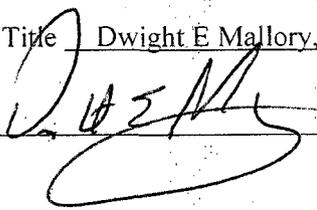
Resolute's Field Representative is:

Donnie Trimble
Drilling and Workover Superintendent
PO Drawer G
Cortez, CO 81321
Phone: 970-564-5200
Cell: 505-701-0028 or 970-739-8786

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

Date 1/11/2008

Name and Title Dwight E Mallory, EH&S Coordinator

Signature 

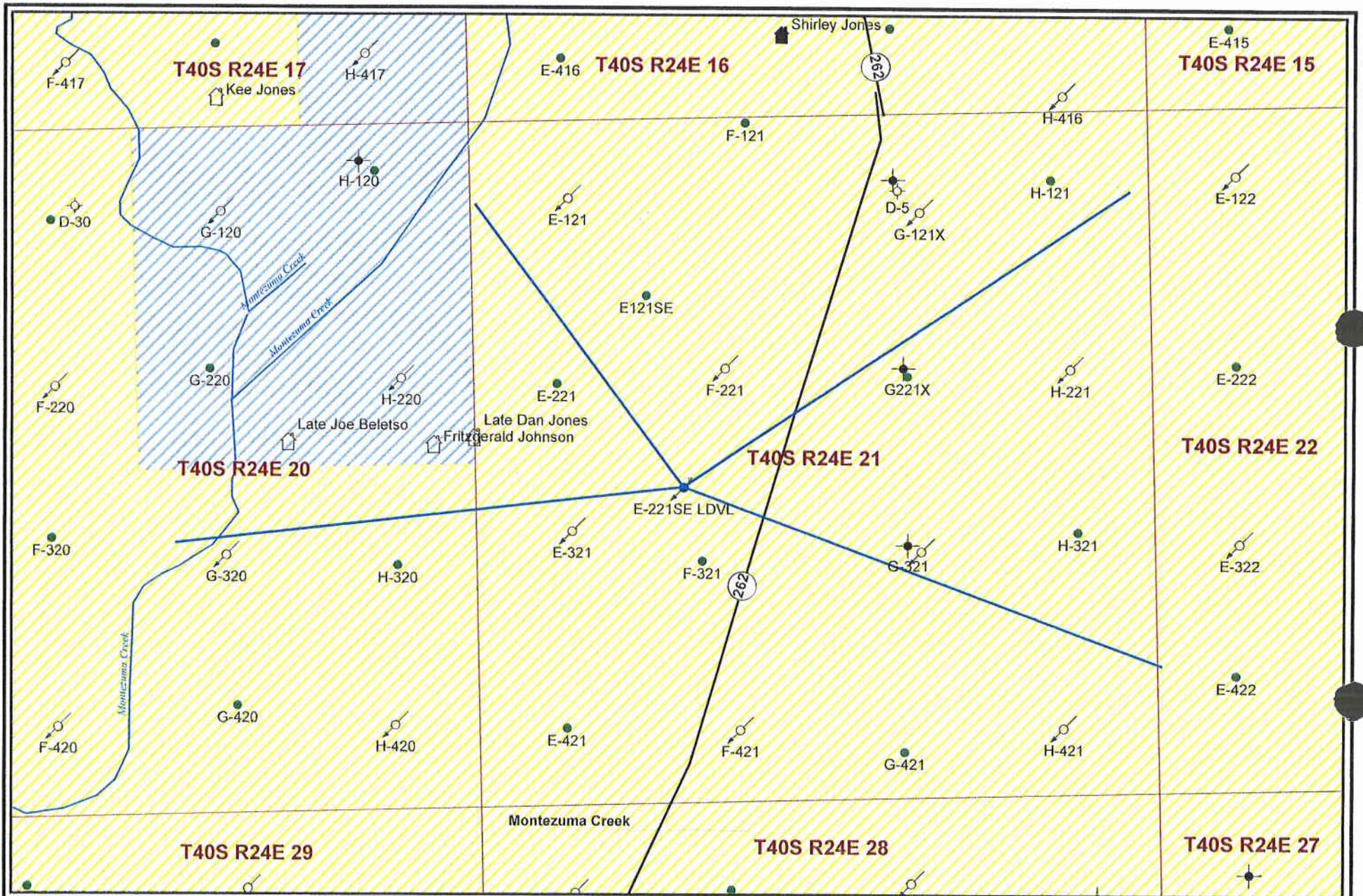


Aneth Unit E-221SE LDVL Proposed Location Map

- | | | | |
|---------------------|-----------------|-----------------------|--------------------|
| Aneth Unit Boundary | Dry Hole | Plugged and Abandoned | Private Water Well |
| Residence | Water Injector | Water Disposal Well | Public Water Well |
| Uninhabited | Oil Well | Water Service Well | Agricultural Well |
| | Industrial Well | | |



SCALE: 1:24,000



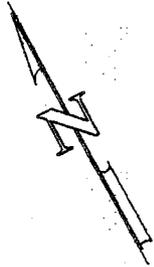
Proposed Water Disposal Well

Legend

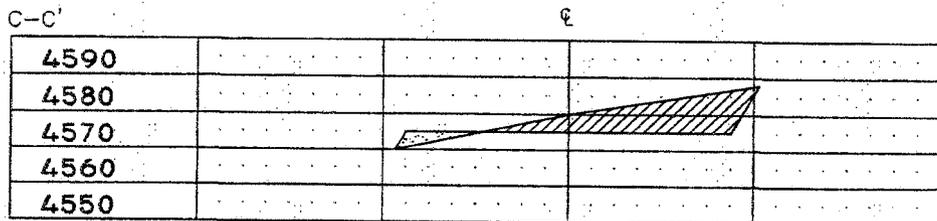
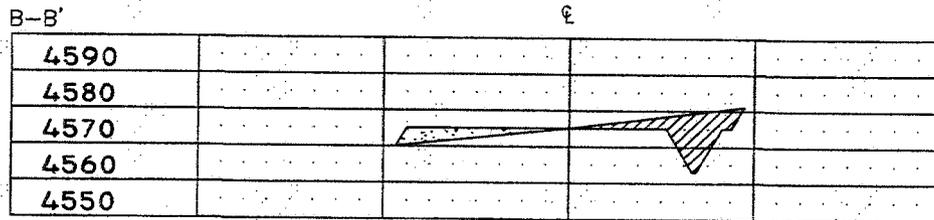
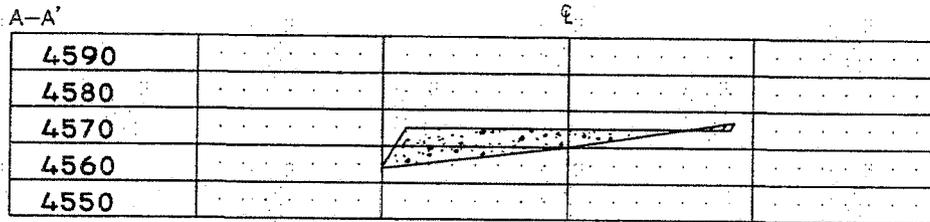
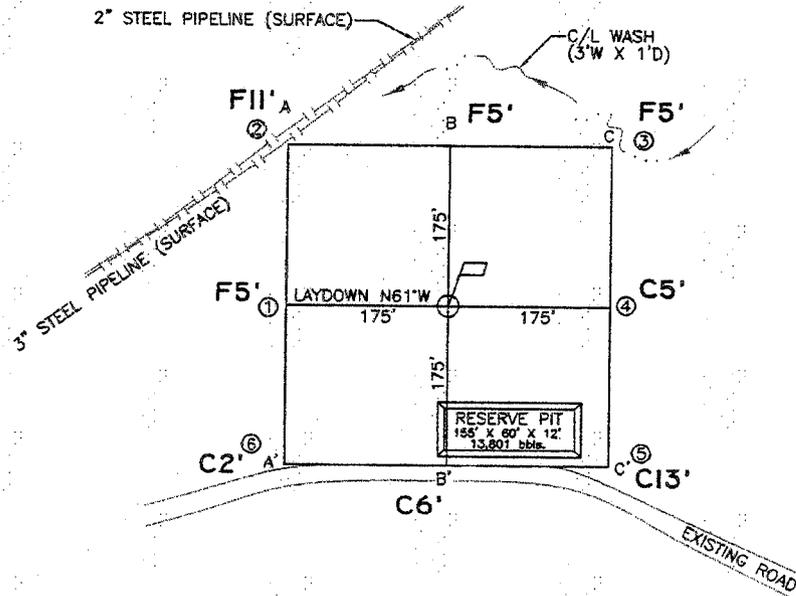
- | | | | | |
|------------------------|----------------------|--------------------|---------------|------------------------|
| Navajo Tribal Lands | Occupied Residence | DRY HOLE | OIL WELL | SERVICE WELL |
| Private/Allotted Lands | Uninhabited Dwelling | EOR INJECTION WELL | PA WELL | Proposed LLDL Laterals |
| State Lands | | | DISPOSAL WELL | |



BEFORE DIGGING
CALL FOR UTILITY
LINE LOCATION!



0 100 200
SCALE: 1"=200'



CROSS SECTIONS
HORIZONTAL: 1"=200'
VERTICAL: 1"=50'

EXHIBIT IA

RESOLUTE

NATURAL RESOURCES

LEASE: ANETH UNIT E22ISE

FOOTAGE: 2438' FSL, 1587' FWL

SEC. 21 TWN. 40 S RNG. 24 E S.L.M.

LATITUDE: N 37.294245° LONGITUDE: W 109.288882°

ELEVATION: 4574.6

SURVEYED: 11/15/07

REV. DATE:

APP. BY M.W.L.

DRAWN BY: H.S.

DATE DRAWN: 11/16/07

FILE NAME: 7865C02



P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505) 334-0408

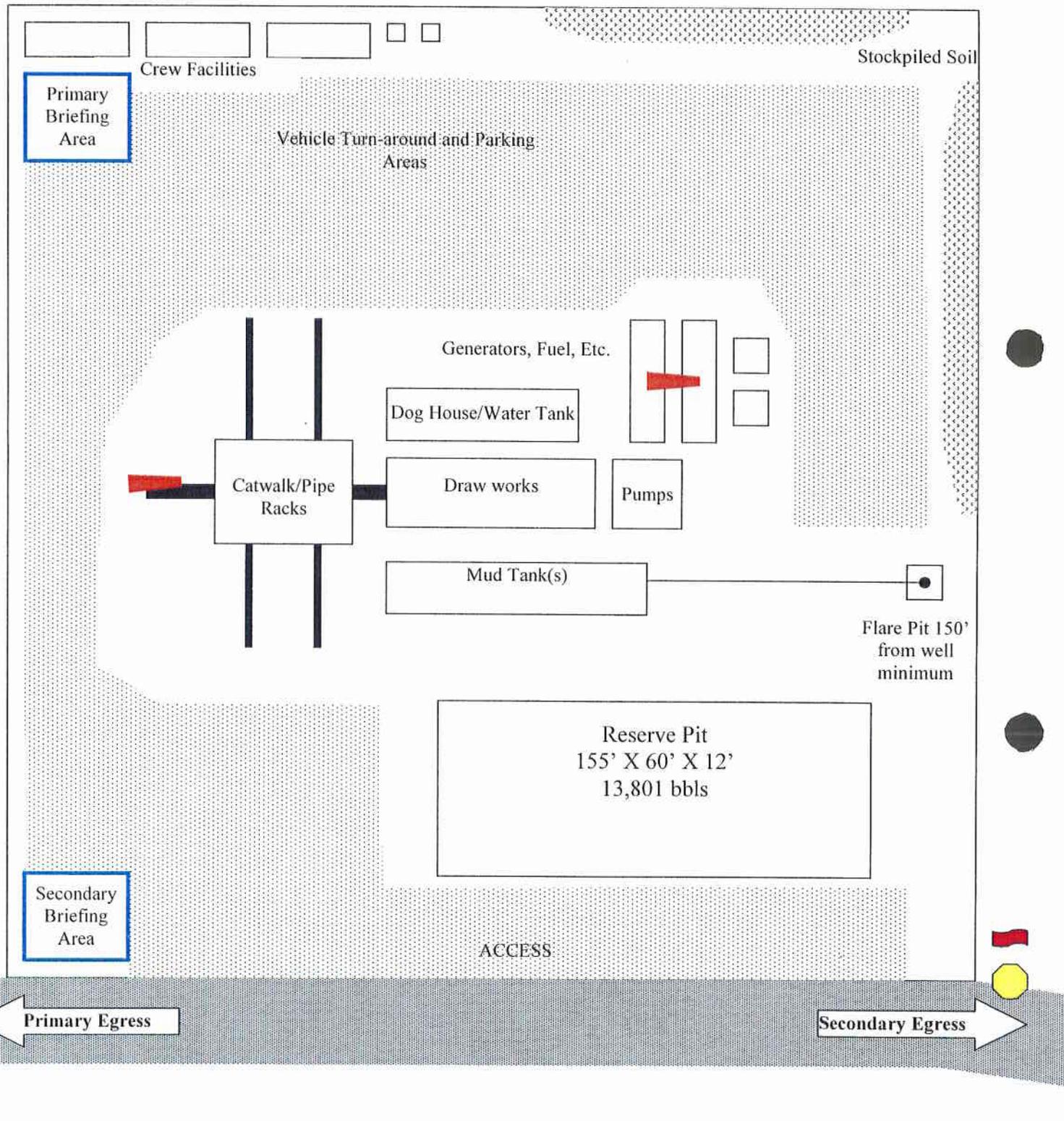
ATTACHMENT V
E-221SE LDVL Proposed Drilling Layout

Proposed Drill Site Layout
Aneth Unit E-221SE LDVL
2,438' FSL and 1,587' FWL
Sec. 21-T40S-R24E
San Juan County, Utah

Scale is Approximate: 1 Inch ≈ 50 feet

Prevailing Wind: WNW

- Windsock
- Warning Sign
- Warning Flag



ATTACHMENT VI
Cultural Resource Survey Report

CULTURAL RESOURCES COMPLIANCE FORM
THE NAVAJO NATION
HISTORIC PRESERVATION DEPARTMENT
PO BOX 4950
WINDOW ROCK, ARIZONA 86515

ROUTING: COPIES TO
UT SHPO
XX REAL PROPERTY MGT/330
 CASA

NNHPD NO. HPD-07-1127
 OTHER PROJECT NO.
CASA 07-123

PROJECT TITLE: Cultural Resource Inventory, Resolute Natural Resources, Aneth Unit E221SE Well Pad, Navajo Nation, Monument Creek Area, San Juan County, Utah

LEAD AGENCY: BIA/NR

SPONSOR: Dwight Mallory, Resolute Natural Resources, LLC., 1675 Broadway, Suite 1950, Denver, Colorado 80202

PROJECT DESCRIPTION: The proposed undertaking will involve the construction of a new well location. A 550-by-550-ft area was inventoried for a well pad measuring 350 by 350-ft. The area of effect is 2.81-acre. Access is by existing well field road. Ground disturbance will be intensive and extensive with the use of heavy equipment.

LAND STATUS: Tribal Trust

CHAPTER: Aneth

LOCATION: T40S, R24E - Sec. 21; Montezuma Creek Quadrangle, San Juan County, Utah SLPM

PROJECT ARCHAEOLOGIST: Laurens C. Hammack

NAVAJO ANTIQUITIES PERMIT NO.: B07667

DATE INSPECTED: 12/05/07

DATE OF REPORT: 12/06/07

TOTAL ACREAGE INSPECTED: 6.94-ac

METHOD OF INVESTIGATION: Class III pedestrian inventory with transects spaced 15 m apart.

LIST OF CULTURAL RESOURCES FOUND: None

LIST OF ELIGIBLE PROPERTIES: None

LIST OF NON-ELIGIBLE PROPERTIES: None

LIST OF ARCHAEOLOGICAL RESOURCES: None

EFFECT/CONDITIONS OF COMPLIANCE: No historic properties affected.

In the event of a discovery ["discovery" means any previously unidentified or incorrectly identified cultural resources including but not limited to archaeological deposits, human remains, or locations reportedly associated with Native American religious/traditional beliefs or practices], all operations in the immediate vicinity of the discovery must cease, and the Navajo Nation Historic Preservation Department must be notified at (928) 871-7148.

FORM PREPARED BY: Tamara Billie

FINALIZED: December 13, 2007

Notification to

Proceed Recommended:

Yes No

Conditions:

Yes No


 Alan S. Downer, Navajo Nation
 Historic Preservation Officer

12-14-07
 Date

Navajo Region Approval:

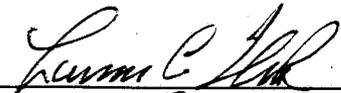
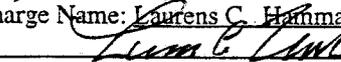
Yes No


 Acting Regional Director

12/27/07
 Date

DP 12/26/07

ARCHAEOLOGICAL INVENTORY REPORT DOCUMENTATION PAGE (HPD JAN/91)

1. HPD REPORT NO.	2. (FOR HPD USE ONLY)	3. RECIPIENTS ACCESSION NO.
4. TITLE OF REPORT: Cultural Resource Inventory, Resolute Natural Resources, Aneth Unit E221SE Well Pad, Navajo Nation, Montezuma Creek Area, San Juan County, Utah. Author (s): Laurens C. Hammack		5. FIELDWORK DATES December 5, 2007
7. CONSULTANT NAME AND ADDRESS: Gen'l Charge: Laurens C. Hammack Org. Name: Complete Archaeological Service Associates Org. Address: P.O. Box 1777, Cortez CO 81321 Phone: (970) 565-9229		6. REPORT DATE: December 6, 2007 8. PERMIT NO. B07667 9. CONSULTANT REPORT NO. CASA 07-123
10. SPONSOR NAME AND ADDRESS: Ind. Responsible: Dwight Mallory Org. Name: Resolute Natural Resources, LLC Org. Address: 1675 Broadway, Suite 1950 Denver, Colorado 80202 Phone: (303) 534 4600 Ext. 165		11. SPONSOR PROJECT NO. 12. AREA OF EFFECT: <u>2.812</u> ac AREA SURVEYED: <u>6.94</u> ac
13. LOCATION (MAP ATTACHED):		
a. Chapter: Aneth	e. Land Status: Tribal Trust	
b. Agency: Shiprock	f. UTM Center: Zone12, E 65167/N 4128700	
c. County: San Juan	g. Area: NW, NE, SW Section 21 , T40S, R24E, SLM, San Juan County, Utah	
d. State: Utah	h. 7.5' Map Name(s):Montezuma Creek, Utah 1988	
14. REPORT /X/ OR SUMMARY (REPORT ATTACHED) // OR PRELIMINARY REPORT //		
a. Description of Undertaking: The project consists of the construction of a new well location (E221SE) within Resolute Natural Resources LLC, Aneth Unit, north of Montezuma Creek, Utah. The project area is within an existing well field previously operated by Texaco, Inc. A 550-ft by 550-ft (6.94 acres) was inventoried for a well pad measuring 350-ft by 350-ft (2.812 acres). Access is by existing well field road with an existing pipeline bordering the north side of the pad		
b. Existing Data Review: NNHPD on 11/29/07 with no sites previously recorded within a 500-ft radius of the project area. The area has recently been subjected to large scale cultural resource inventories sponsored by Resolute Natural Resources, LLC (Bogges 2006a,b; Bernard and others 2006; Hammack 2006a,b).		
c. Area Environmental & Cultural Setting: At an elevation of 4574.6-ft. at the staked drill hole (2438-ft FSL, 1587-ft FWL), the well pad is located in a dunal area of northwest sloping sand with a vegetation of rabbitbrush, blackbrush, snakeweed, mormon tea, narrow-leaf yucca, prickly-pear cactus and grasses present. A small drainage circles around the eastern and northern portions of the pad. The south line of the staked pad borders an existing well field road and two surface pipeline are present along the north side of the pad. Cultural resources in the area consist of Anasazi habitations along the major water courses (San Juan River, Montezuma Creek) with Archaic lithic scatters in ridge top locations elsewhere. Navajo occupation appear to date to the mid-20th century.		
d. Field Methods. One person walking parallel 15 meter wide transects across the existing well pad and buffer zone		
15. CULTURAL RESOURCE FINDINGS: no cultural resources located		
a. Location/Identification of Each Resource:(above): n/a		
16. MANAGEMENT SUMMARY (RECOMMENDATIONS): A determination of "no historic properties affected" is recommended for Resolute Natural Resources, LLC proposed Aneth Unit E221SE well pad on Navajo Nation Lands at the locations described in this report.		
17. CERTIFICATION: SIGNATURE: 		DATE:12/06/07
General Charge Name: Laurens C. Hammack		
SIGNATURE: 		DATE:12/06/07
Direct Charge Name: Laurens C. Hammack		

Continuation Sheet:

14b Existing Data Review

References:

Bernard, Mary, Rena Martin, Clifford Werito, Richard Begay, Shane Wero, and Tyrone Trujillo

- 2006 Navajo Traditional Properties Study: A Cultural Resource Inventory for 3-D Aneth Seismic Survey near Montezuma Creek, Utah and A Cultural Resources Survey of a 14.74 mile Proposed CO₂ Line in the Aneth Coil Field, San Juan County, Utah. [Confidential Report], Dinétahdóó Cultural Resource Management, Window Rock.

Boggess, Douglas H.M.

- 2006a A Cultural Resource Survey of a 14.74-Mile Proposed CO₂ Line in the Aneth Oil Field, San Juan County, Utah. Lone Mountain Archaeological Services, Inc. Lone Mountain Report No. 856, Albuquerque.
- 2006b Cultural Resource Survey for the Aneth 3-D Seismic Survey Near Montezuma Creek, San Juan County, Utah Lone Mountain Archaeological Services, Inc. Lone Mountain Report No. 894, Albuquerque.

Hammack, Laurens C.

- 2006a Cultural Resource Inventory, Resolute Natural Resources Phase 2, West Half, Aneth Gathering System, Aneth Oil Field, San Juan County, Utah. CASA 06-87, Complete Archaeological Service Associates, Cortez.
- 2006b Cultural Resource Inventory, Resolute Natural Resources; Phase 3 Aneth Gathering System, Navajo Nation Lands, Aneth Oil Field, San Juan County, Utah. CASA 07-125, Complete Archaeological Service Associates, Cortez.

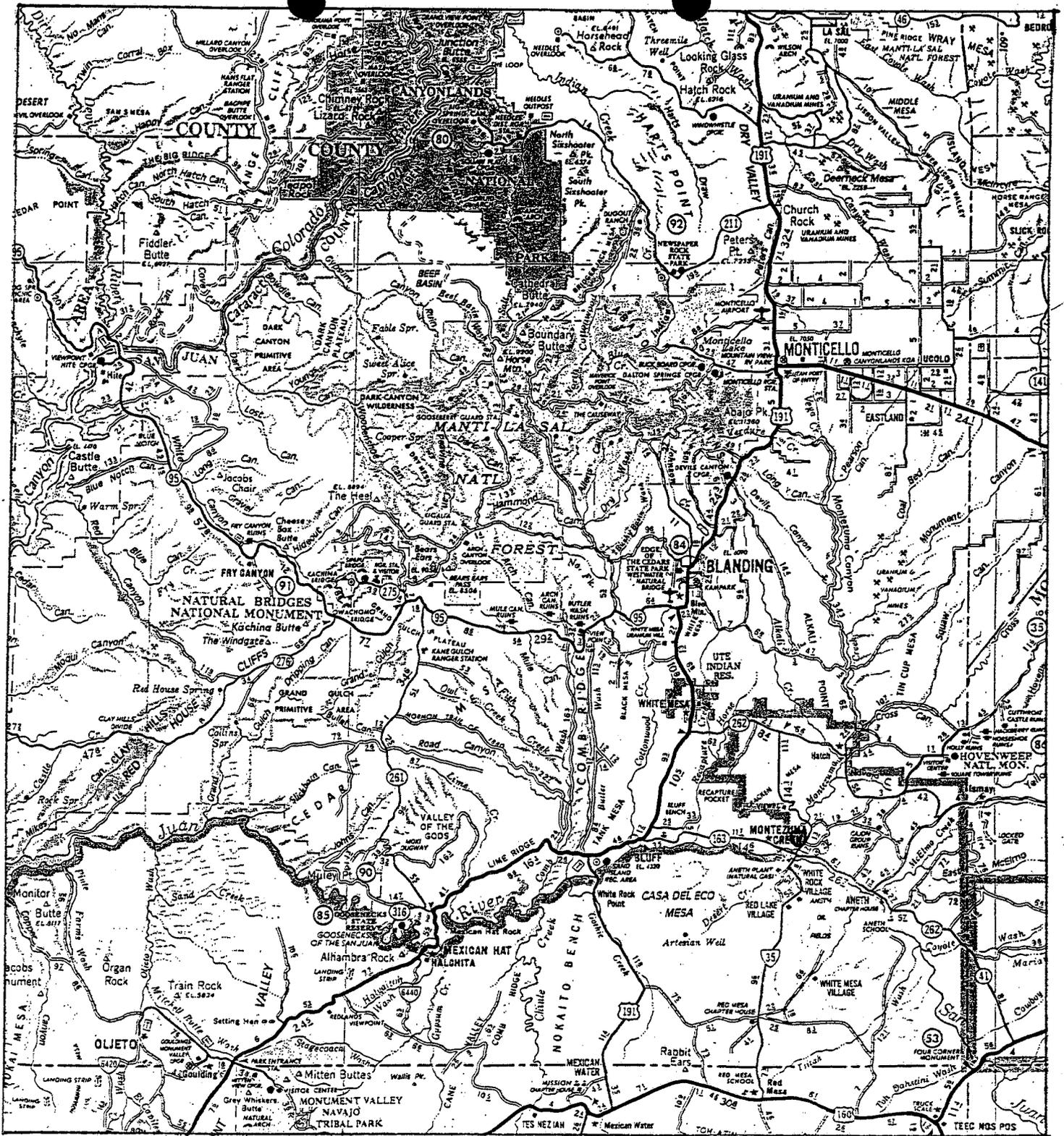


Figure 1. Project location map, southeastern Utah.

UTAH

MONTEZUMA CREEK, UTAH

PROVISIONAL EDITION 1989

QUADRANGLE LOCATION

37109-C3-TF-024

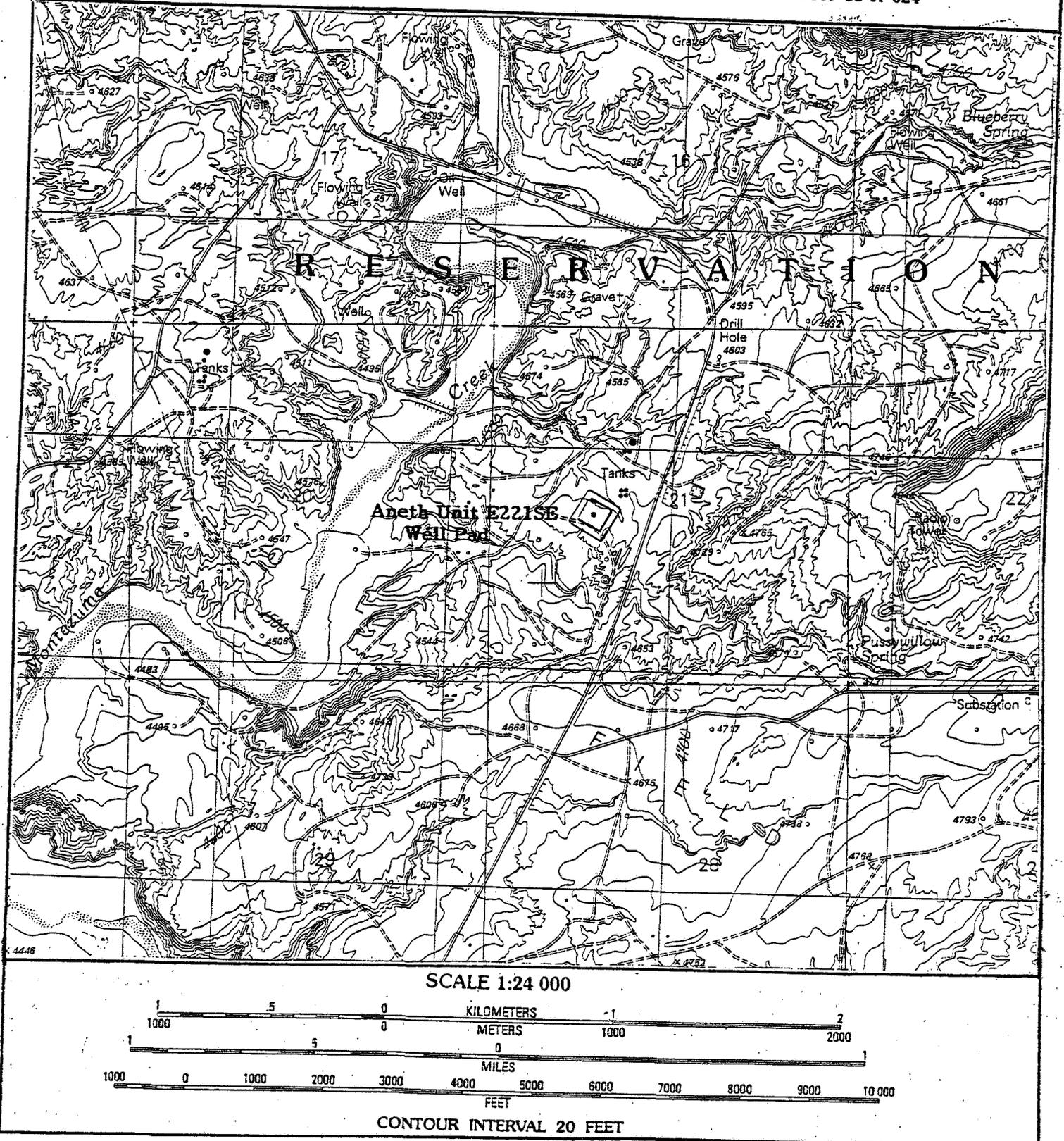
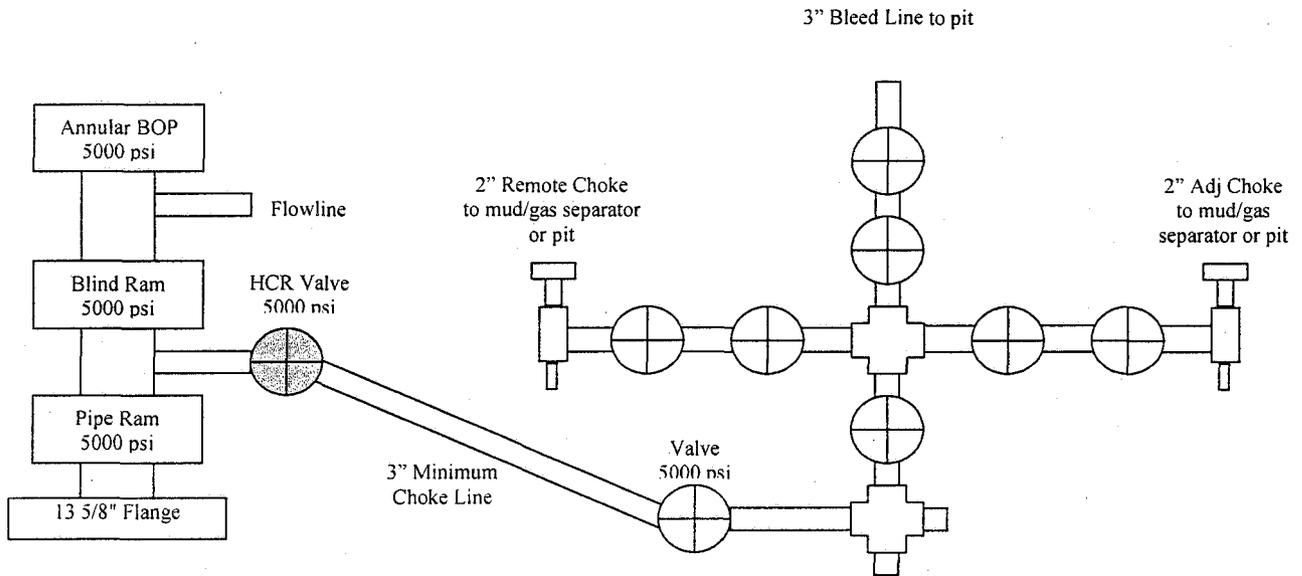


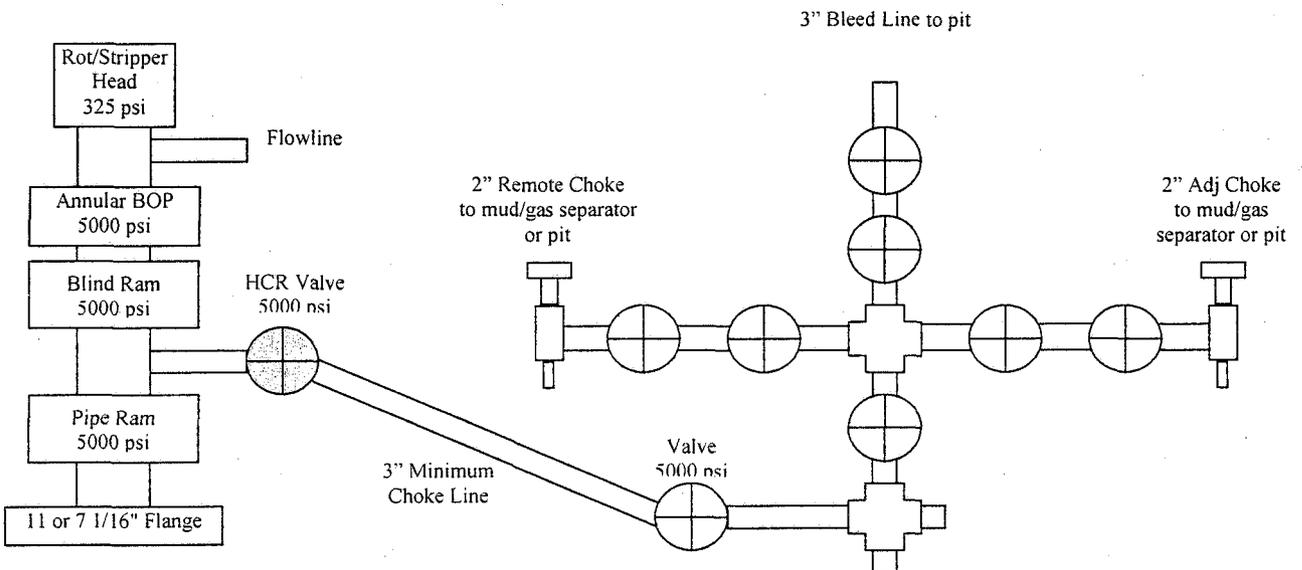
Figure 2. Survey location map, Resolute Natural Resources Aneth Unit E221SE well pad.

RSRA System w/HCR Valve and Choke Manifold



A Pipe Ram-Spool-Blind Ram-Annular Preventer (RSRA) system with HCR valve as illustrated above will be installed to control well flows encountered at depths from $\pm 1,300$ feet to $\pm 7,500$ TVD in the vertical well bore. This arrangement will allow for the well to be shut in and maintain access to well bore below the blind rams in the event killing the well is necessary. Full-opening, flanged valves will be used on all outlets, flowlines and the choke manifold. Kill and choke lines will be constructed as straight lines or will use tee blocks or running tees. Kill and choke lines will have minimum diameters of 2 and 3 inches respectively.

RSRA System w/Rotating Head, HCR Valve and Choke Manifold



A RSRA system with HCR valve and rotating head as illustrated above will be installed to control well flows encountered during drilling of the laterals at depths from $\pm 7,500$ feet to 11,500 feet MD. Full-opening, flanged valves will be used on all outlets, flowlines and the choke manifold. Kill and choke lines will be constructed as straight lines or will use tee blocks or running tees. Kill and choke lines will have minimum diameters of 2 and 3 inches respectively.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/17/2008

API NO. ASSIGNED: 43-037-31882

WELL NAME: E-221SE LDVL
 OPERATOR: RESOLUTE NATURAL (N2700)
 CONTACT: DWIGHT MALLORY

PHONE NUMBER: 303-534-4600

PROPOSED LOCATION:

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

NESW 21 400S 240E
 SURFACE: 2438 FSL 1587 FWL
 BOTTOM: 0554 FNL 0247 FEL
 COUNTY: SAN JUAN
 LATITUDE: 37.29431 LONGITUDE: -109.2889
 UTM SURF EASTINGS: 651666 NORTHINGS: 4128690
 FIELD NAME: GREATER ANETH (365)

LEASE TYPE: 2 - Indian
 LEASE NUMBER: 1-149-IND-8836
 SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: LDLL
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[2] Sta[] Fee[]
(No. B001252)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. NAVAJO)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

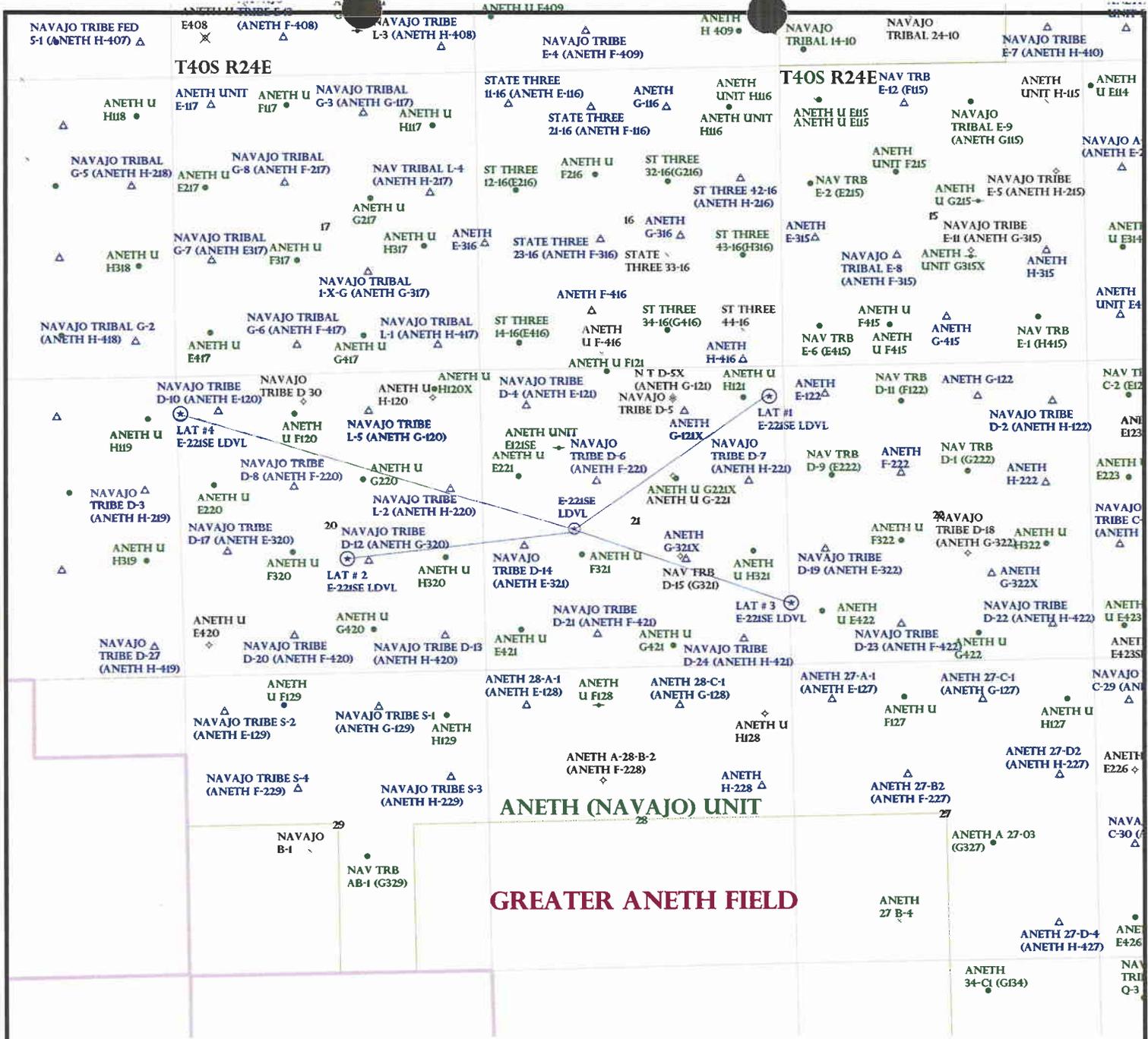
LOCATION AND SITING:

- R649-2-3.
Unit: * 1st well
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- ceding approval
 2- spacing strip
 3- THIS WELL IS BEING PERMITTED AS A PROPOSED INJECTION WELL. NO PRODUCTION WILL BE ALLOWED FROM THIS WELL BORE WITHOUT FURTHER APPROVAL FROM D.O.G.M.



OPERATOR: RESOLUTE NAT RES (N2700)
 SEC: 21 T.40S R. 24E
 FIELD: GREATER ANETH (281)
 COUNTY: SAN JUAN
 SPACING: INJ WELL

Field Status	Unit Status
ABANDONED	EXPLORATORY
ACTIVE	GAS STORAGE
COMBINED	NF PP OIL
INACTIVE	NF SECONDARY
PROPOSED	PENDING
STORAGE	PI OIL
TERMINATED	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



PREPARED BY: DIANA MASON
 DATE: 30-JANUARY-2008



JON M. HUNTSMAN, JR.
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

January 31, 2008

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

Re: E-221SE LDVL Well, Surface Location 2438' FSL, 1587' FWL, NE SW, Sec. 21, T. 40 South, R. 24 East, Bottom Locations: Lateral #1: 554' FNL, 247' FEL, NE NE, Sec. 21, T. 40 South, R. 24 East, Lateral #2: 1980' FSL, 2371' FEL, NW SE, Sec. 20, T. 40 South, R. 24 East, Lateral #3: 1,053' FSL, 33' FWL, SW SW, Sec. 22, T. 40 South, R. 23 East, Lateral #4: 683' FNL, 51' FWL, NW NW, Sec. 20, T. 40 South, R. 24 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 43-037-31882.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Resolute Natural Resources
 Well Name & Number E-221SE LDVL
 API Number: 43-037-31882
 Lease: I-149-IND-8836

Surface Location:	<u>NE SW</u>	Sec. <u>21</u>	T. <u>40 South</u>	R. <u>24 East</u>
Bottom Locations: Lateral 1:	<u>NE NE</u>	Sec. <u>21</u>	T. <u>40 South</u>	R. <u>24 East</u>
Lateral 2:	<u>NW SE</u>	Sec. <u>20</u>	T. <u>40 South</u>	R. <u>24 East</u>
Lateral 3:	<u>SW SW</u>	Sec. <u>22</u>	T. <u>40 South</u>	R. <u>24 East</u>
Lateral 4:	<u>NW NW</u>	Sec. <u>20</u>	T. <u>40 South</u>	R. <u>24 East</u>

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 Dustin Doucet at (801) 538-5281 (801) 733-0983 home

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.

5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

Page 2

43-037-31882

January 31, 2008

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
7. This well is being permitted as a proposed injection well. No production will be allowed from this well bore without further approval from Division of Oil, Gas & Mining.



JON M. HUNTSMAN, JR.
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

March 5, 2009

Kristy Graham
Resolute Natural Resources
1675 Broadway, #1950
Denver, CO 80202

Re: APD Rescinded – E-221SE LDVL, Sec. 21, T. 40S, R. 24E
San Juan, Utah API No. 43-037-31882

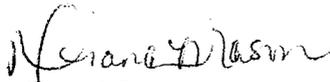
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 31, 2008. On March 4, 2009 you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 4, 2009.

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

