

**PUBLIC NOTICE OF ISSUANCE OF
AN UNDERGROUND INJECTION CONTROL (UIC) CLASS IID EMERGENCY
PERMIT AND DRAFT PERMIT TO
RESOLUTE NATURAL RESOURCES COMPANY**

Purpose of Public Notice

The U.S. Environmental Protection Agency Region IX (EPA) is providing notice of the issuance of an Emergency Underground Injection Control (UIC) Permit No. NN207000004. The permit was issued to Resolute Natural Resources Company on October 31, 2007 for the injection of produced water into the Aneth Unit C-113 LDVL (horizontal) Class II Disposal Well in the Mississippian Leadville formation. The well is located on the surface at 704 feet FNL and 1665 feet FEL of Section 13, Township 40S, Range 23E, San Juan County, Utah. Two of the four lateral boreholes (Nos. 2 and 3) drilled from the C-113 well vertical wellbore, partially underlie Navajo land (surface only) in Section 12, Township 40S, Range 23E and Section 7, Township 40S, Range 24E. Section 13 is federally owned land in its entirety, and the injection wells in that section are permitted and regulated by the State of Utah UIC program, including the vertical portion of the C-113 well and two of the lateral boreholes (Nos. 1 and 4) drilled from the C-113 wellbore. Consequently, EPA and the Utah UIC program (Utah Division of Oil Gas and Mining), as well as the Navajo Nation UIC program, are each issuing UIC permits for the C-113 well.

The company has submitted a complete permit application. The Emergency Permit was issued for a period of no more than 90 days.

In addition, with this notice EPA is concurrently soliciting public comments on its Draft UIC Permit No. NN207000002. EPA's Draft Permit contains the identical terms and conditions of operation as the Emergency Permit referenced above, and, if approved, would be issued for a period of ten (10) years and will be reviewed by EPA every five years.

The address of the applicant is:

**Patrick E. Flynn
Environmental Health & Safety Manager
Resolute Natural Resources Company
1675 Broadway, Suite 1950
Denver, Colorado 80202
Phone (303) 534-4600, ext. 145**

Background

EPA has completed its review of the application for an UIC permit for the Aneth Unit C-113 LDVL Class IID injection well, submitted by Resolute Natural Resources Company (Resolute). The applicant has applied for a permit to construct and operate the well with an average injection rate of 7,500 barrels per day, or 228,000 barrels per month at a maximum injection pressure of 4,000 psig.

The Applicant has also submitted a request for an Emergency Permit on the basis of the provisions at 40

CFR 144.34(a)(3), which authorize EPA to issue a temporary emergency Class II injection well permit when the Applicant demonstrates that failure to do so would cause a substantial delay in oil production. Resolute has presented an adequate demonstration that satisfies that requirement. EPA has made a determination to issue this permit as an Emergency Permit pending completion of the Part 124 permitting process. The Emergency Permit became effective October 31, 2007, but will automatically expire upon issuance or denial of the final permit or 90 days after issuance of the Emergency Permit, whichever date comes first.

The subject well was drilled and constructed and will be operated in a manner to minimize the potential for any well failure and migration of fluids into underground sources of drinking water (USDWs). The applicant has notified all interested parties within the one and one-quarter (1-1/4) mile radius Area of Review (AOR) and there are no drinking water wells in the AOR that will be impacted by injection in the Aneth Unit C-113 LDVL well.

The purpose of the well is to inject produced water, which is directly associated with the production of oil and natural gas from the Aneth Unit oil wells, into the Leadville Formation within the subsurface interval of 7,058 to 7,412 feet in depth. All of the Aneth Unit oil wells are completed in the Paradox Formation and are operated by Resolute. The maximum allowable injection pressure (MAIP) at the well head shall be calculated by multiplying the actual depth to the top of the injection interval by 1.0 psi/foot, less the hydrostatic pressure of injection fluid at that depth, but may be later revised based on results from an approved step-rate test. The maximum allowable pressure gradient of 1.0 psi/foot is based on the fracture gradient for the Paradox Formation in the Aneth Unit, which is known to exceed 1.0 psi/foot. The purpose of the MAIP is to avoid fracturing the Leadville Formation and the adjacent confining strata. The average permitted injection rate is 7,500 barrels per day and the maximum injection rate will not exceed 10,000 barrels per day, subject to the maximum allowable injection pressure of 3,800 psig.

The well was constructed in accordance with UIC regulatory requirements, has passed a mechanical integrity test (MIT) to the satisfaction of EPA, and will be required to pass a mechanical integrity test every three or five years thereafter, depending on the MIT test pressure. If the MIT test pressure applied is less than the maximum allowable injection pressure, the frequency of testing will be three years instead of five years. This purpose of the MIT is to ensure there are no significant leaks in the tubing, packer, or casing. Demonstrations of mechanical integrity will also be conducted within 30 days after any workovers or alterations of the wellbore and prior to resuming injection. Injection will not result in the movement of fluid into a USDW.

Demonstration of financial responsibility for plugging and abandonment of the well must be provided and approved prior to issuance of the final permit.

In addition to issuing the Emergency Permit, EPA has made a preliminary determination to approve this permit application. This action is being taken as provided by Part C of the Safe Drinking Water Act and pursuant to the Underground Injection Control Regulations, found in Title 40 of the Code of Federal Regulations (CFR) Parts 124, 144, 146, and 147.

Public Comments

All non-proprietary data submitted by the applicant, the Emergency Permit, and the Draft Permit prepared by EPA are contained in the administrative record for this injection well. This information, along with the Statement of Basis, the Emergency Permit, and the Draft Permit, are available for public inspection online at:

<http://www.epa.gov/region9/water/groundwater/uic-permits.html>, as well as at the locations listed below:

Farmington Public Library
2101 Farmington Ave
Farmington, NM 87401
Phone 505-599-1270

United States Environmental Protection Agency, Region IX
Ground Water Office, Mail Code WTR-9
75 Hawthorne Street
San Francisco, CA 94105-3901
Phone 415-972-3541 or e-mail: harper.jim@epa.gov

Public comments are encouraged and accepted, in writing, for a period of thirty (30) days after publication of the notice of preliminary decision on the permit application. A copy of the Emergency Permit, Draft Permit, and Statement of Basis may be requested by contacting Jim Harper at the above address or by telephone/e-mail.

A request for a public hearing may be made during the 30-day comment period. It should be in writing and should state the nature of the issues proposed to be raised at the hearing. A PUBLIC HEARING WILL BE HELD ONLY IF SIGNIFICANT INTEREST IS SHOWN.

Final Permit Decisions and Appeal Process

After the close of the public comment period, EPA will issue a final permit decision, and will notify all participants regarding this decision. The final decision may be to: issue, deny or modify the permit. The final decision shall become effective thirty (30) days after the final permit is issued, unless no participant requests a substantial change in the Draft Permit and no substantial changes are made to the Draft Permit, in which case the Draft Permit shall become the final permit, effective immediately upon issuance.

Within thirty (30) days after the final permit decision has been issued, any person who has filed comments on the Draft Permit; participated in a public hearing; or takes issue with any changes in the Draft Permit, may petition the EPA Water Division Director to review the permit decision. Participants are referred to the Safe Drinking Water Act for procedural requirements of the appeal process.