

**Colorado Oil and Gas Conservation Commission (COGCC)**

**Onsite Inspection Request Form**

(Effective for APDs submitted after February 15, 2005)

As the surface owner(s) where a proposed well is being drilled, I/we am/are requesting that the COGCC conduct an onsite inspection. I/we did not execute a surface use or other relevant agreement regarding the use of the surface for the proposed well. I/we understand that good faith consultation with the operator as required under COGCC Rule 306. is required to have occurred prior to making this request to the COGCC to conduct an onsite inspection, and that this onsite inspection request must be received by the COGCC within ten (10) business days of the first day of the Rule 306. consultation.

Surface Owner Contact Information:

Name: Roger Pontre Field  
Address: 395 S CR 319 IGNACIO CO 81137  
Telephone No. (970) 759 6164 Cell (970) 563-9003

Well Operator and Location Information:

Operator: CLM RIDGE  
Well Name: IGE 110  
Location: NE SE 17 33N 0W  
Quarter/Quarter Section-Township-Range

County: La. Platts  
First date Rule 306. consultation occurred: 2/22/06 Date

Proposed two (2) dates for the COGCC onsite consultation (must be within thirty (30) days of the request)  
1<sup>st</sup> date \_\_\_\_\_ 2<sup>nd</sup> date \_\_\_\_\_

I/we would prefer to have a representative of the appropriate Local Government (COGCC Local Governmental Designee) invited to attend the onsite inspection? \_\_\_\_\_yes\_\_\_\_\_no

Briefly describe the unresolved issues related to the proposed well: (The onsite inspection shall not address matters of surface owner compensation, property value, future use of the property or any private party contractual issues between the operator and the surface owner.)

HEALTH OF WIFE IMPACTED BY DIESEL EXHAUST  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature(s) \_\_\_\_\_ Date \_\_\_\_\_

**Please fax or first class mail this request for an onsite inspection to:**  
Colorado Oil and Gas Conservation Commission  
Attn: Permit Supervisor  
1120 Lincoln Street, Suite 801 Denver, CO 80203  
FAX (303) 894-2109

ENUSG 11, ORDER 156/157  
ON SITE

11/1/06 14:00

Received telephone call from Roger Porterfield. Elm Ridge has submitted an APD without surface use agreement. He would like to have an SUA. He is not against them drilling the well, he is concerned over the health of his wife who has emphysema. He is concerned that diesel smoke etc would exacerbate the problem. The well is the IGE 110, permit number 20064601. He said that Elm ridge was initially all for electrifying the well and putting them up in a hotel during drilling. He never heard back from them about getting electricity to the well from his property and then he received notice that they were bonding on and were also going to install a compressor station. He would like an onsite inspection. He would need a few days notice as he works 14 hrs/6 days/week and wife works 10 hrs/day 5 days/week.

OP 26625

Work (970) 759-6164  
Home (970) 563-9003

Lat 37.097823  
Lon -107.748990

11/1/06 14:40

Per Brad Cassidy with Elm Ridge, the negotiations have been going on for months and months. He got everything he asked for including hotel stay. He kept dragging his feet and they finally sent him paperwork with a deadline that if he did not return the paperwork by "x" date, they would send the APD in under bond.  
Cassidy (970) 385-7508.

Roger Porterfield - (970) 759-6164

- want anything understood for them, but not
- location where power would go - saw piece of paper showing property and it is. Level of detail ~~not~~ not sufficient
- Need to state will put things under the way they want. Did

→ 2 p.m. 3599 on 318 16 Nov 10, CO 81137

Elm Ridge → uses trucks, not pipeline  
Biggest concern is health of wife

Brad Cassidy - 2 p.m. 11/14

→ Brad Cassidy will be new for you

BRAD CASKY (970) 754-2036  
355-7508

LISTED  
ENGINEER. most prod 130 bbl/day huge, 1 truck/day  
most 25 bbl/day 1 truck/3-4 days

PIPELINE 1/2 MILE OF PIPE

Portofield property →

Trce would be Portofield SW corner

Finnerly Land Co

P.O. Box 2471

Durango

81302

Brad Casky → called to inquire about status. He stated  
Elm ridge would be willing to run pipeline to existing  
line to remove land.

FINNEY LAND CO.  
OIL & GAS CONSULTING

P.O. BOX 2471  
DURANGO, CO 81302  
PHONE (970) 259-5691  
FAX (970) 259-4279



February 8, 2007

William D. Bontrager  
1710 CR 121  
Hesperus, CO. 81326

RE: T.33N/R.8W., NMPM  
Section 17: SW/4SW/4  
La Plata County, Colorado  
IGE 110 Well  
1235' FSL & 1025 FWL'

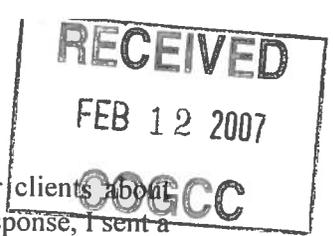
Dear Mr. Bontrager:

This letter is in response to your letter to Elm Ridge dated January 15, 2007 and the letter to me dated January 5, 2006 which I received January 8, 2007.

Elm Ridge agrees that the Harmon lease dated October 22, 1947 is the effective lease and was for a term of 10 years. The first production from this lease was in 1955 and makes this lease held by production. Attached is a copy of the Abbreviated Production Report evidencing the first date of production. It is only necessary to record a communitization agreement for a specific formation at the time the well is drilled.

Pertaining to the royalty issue, the Porterfields acquired  $\frac{1}{2}$  of the Harmon's interest which was  $\frac{1}{2}$  of the 40 acres; which gives them  $\frac{1}{4}$  of the minerals. Attached is a copy of the Oil and Gas Transfer Order which was signed by Mr. & Mrs. Porterfield and a Decks for Specified Owner Report showing their interest in each well.

In regards to your statement about your clients being willing to enter into an agreement, I tried to deal with your clients from February 22, 2006 to August 2, 2006 and could not come to an agreement. Because of the lack of response by your clients, we had no choice but to proceed under the terms of the Oil and Gas Lease and the rules and regulations of the Colorado Oil and Gas Conservation Commission (COGCC). During this process, we had an onsite with you, your clients, the COGCC, La Plata County and myself. During that meeting, it was determined that the only concern for the approval of the permit was to address the health concerns of your client that may be caused by water trucks driving in and out of the well location. This was addressed in the Elm Ridge Exploration IGE-110 Well Conditions of Approval letter sent by Steven R. Lindblom of the COGCC to your clients. The letter stated "In order to address health risk concerns related to diesel exhaust emissions, the Operator shall transport produced water from the IGE-110 Well via pipeline to the nearest existing produced water pipeline, provided agreement can be reached with the surface owner".



Pursuant to the letter from the COGCC, I called and left a message with your clients about obtaining a Pipeline Right-of-Way Agreement on December 28, 2007. After no response, I sent a letter, Pipeline Right-of-Way Agreement and a Side Letter to your clients dated January 12, 2007. I have not had a response from your clients regarding this matter.

Even though Elm Ridge is not required to do any more than what was stipulated by the COGCC, Elm Ridge is agreeable to doing some of the additional items that were requested by your clients, as follows:

1. Reshape the dam of the existing pond, East of the existing well pad, for the purpose of improving the capacity of the pond.
2. Gravel approximately 900 feet of the access road from the gate on CR 309A to the wellpad. In addition, Elm Ridge shall gravel the portion of the wellpad within the anchor pattern.
3. If requested by the Porterfields, Elm Ridge agrees to provide them with a motel room during construction, drilling and completion activities.
4. In the event that a pumping unit is necessary, Elm Ridge agrees to install an electric pumping unit, if your clients agree to grant La Plata Electric (LPEA) an easement in order to run power to the well pad at no additional cost. The route of the electric line shall be determined by LPEA.

In regards to the requests you made in your letter dated January 5, 2006 are as follows:

1. Your clients received a survey plat of the well pad during our first meeting on March 28, 2006. The plat is more than sufficient to construct the well pad and Elm Ridge will not provide a metes and bounds description of the well pad. If the proposed water pipeline is installed a metes and bounds description will be provided with the as-built survey of the pipeline.
2. There is no plan at this time to have a compressor on the well pad. In the event one becomes necessary, Elm Ridge will address how to power the compressor at that time.
3. Please find the enclosed Surface Damage Agreement & Release, Right-of-Way Agreement, Side Letter Agreement, Agreement for Use of Gas and Road agreement for crossing the well pad for the Harmon #1-A.
4. Elm Ridge, in its discretion, may use synthetic liners for any pits utilized; however, Elm Ridge shall remove said liners upon final reclamation of the site. The materials excavated to create the reserve pit shall be stock piled and stored on the location and will be used to close the reserve pit during reclamation.
5. As stated above, I tried to negotiate with your clients from February 22, 2006 to August 2, 2006 with no success. On August 2, 2006, I sent your clients a final offer and stated that if I did not receive the signed agreements by August 18, 2006, Elm Ridge would have no choice but to proceed with the drilling of the well under the bonding provisions of the Colorado Oil and Gas Conservation Commission. I never received the signed agreements from your clients. Therefore, Elm Ridge is not willing to pay any monetary compensation to your clients.

Elm Ridge will send your clients a letter giving them a 30 day notice before construction activities commence. At that time, Elm Ridge will need your clients to notify them so that arrangements can be made for a motel room, if necessary.

Elm Ridge has gone to great lengths to address your clients concerns. They will conduct the drilling and completion of this well as a prudent operator.

Sincerely,



C. Brad Caskey  
Agent for Elm Ridge Exploration Company, LLC.

cc: Steven R. Lindblom-COGCC  
James Clark,-Elm Ridge

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Mr. Brad Caskey  
Finney Land Company  
P.O. Box 2471  
Durango, CO 81302

RE: Elm Ridge Exploration IGE-110 Well Conditions of Approval

Mr. Caskey:

After review of the discussions at the November 14, 2006 Porterfield Onsite Inspection and consultation with the Director and staff, the Colorado Oil and Gas Conservation Commission (COGCC) staff will attach the following Condition of Approval to the Application for Permit to Drill for the IGE-110 Well in the Northeast Quarter of the Southeast Quarter of Section 17, Township 33 North, Range 8 West:

1. In order to address health risk concerns related to diesel exhaust emissions, the Operator shall transport produced water from the IGE-110 Well via pipeline to the nearest existing produced water pipeline, provided agreement can be reached with the surface owner.

Please be aware that Conditions of Approval regarding engineering or other considerations may also apply. These will be specified on the approved Application for Permit to Drill Form 2. If you have any questions, please contact me at the COGCC in Denver via e-mail ([steven.lindblom@state.co.us](mailto:steven.lindblom@state.co.us)) or by phone at 303-894-2100, extension 114.

Respectfully,

Steven R. Lindblom, P.G.  
Environmental Protection Specialist

cc: Roger Portfield- Landowner  
Jeremy Howard – La Plata County  
Dennis Ahlstrand – COGCC  
David Dillon – COGCC  
David Shelton – COGCC  
Mark Weems - COGCC



DEPARTMENT OF NATURAL  
RESOURCES  
Bill Owens, Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
www.oil-gas.state.co.us

## Memorandum

**To:** IGE 110 File  
**From:** Steven Lindblom – Onsite Inspection Specialist  
**CC:** Roger Porterfield  
Brad Caskey – Elm Ridge Exploration  
Jeremy Howard – La Plata County  
Mark Weems - COGCC  
David Dillon – COGCC  
  
**Date:** November 22, 2006  
**Re:** Porterfield – Elm Ridge Onsite Inspection IGE 110

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This Memorandum summarizes discussions and developments regarding Elm Ridge Exploration Well IGE 110 that occurred during the Porterfield Onsite Inspection in Section 17, Township 33N, Range 8W in Weld County between approximately 2:00 p.m. and 3:00 p.m. on November 14, 2006. Attendees included staff of the Colorado Oil and Gas Conservation Commission (COGCC), Elm Ridge Exploration (Elm Ridge), La Plata County staff, and the surface owner and his legal representative. A complete list of attendees and contact information is included with this Memorandum as Attachment 1.

After a brief overview of the onsite inspection policy, discussions focused on the proposed location of the IGE 110 well and the potential impacts of the well.

### PROPOSED WELL LOCATION

Mr. Brad Caskey with Elm Ridge and Jeremy Howard with La Plata County noted the location of the well on the existing Harmon #1A well pad and discussed the proposed extension of the pad. Howard noted that the minimal pad expansion was in line with the County's desire to limit surface impacts from oil and gas activities.

### CONCERNS

Mr. Bill Bontrager, Mr. Porterfield's attorney, mentioned that the surface use agreement that was signed between Elm Ridge and Mr. Porterfield for the Harmon #1A did not provide for placement of a second well on the property and would thus prevent Elm Ridge from drilling the IGE 110. COGCC staff and Mr. Caskey noted that neither was qualified to interpret the legal agreement and that such discussions should take place between Mr. Bontrager and Elm Ridge attorneys.

Mr. Porterfield confirmed that his primary concern related to the impacts of diesel exhaust from drilling and water hauling would exacerbate his wife's lung condition and would result in negative health impacts. He noted that prevailing wind direction, in conjunction with the location of the pad with respect to his residence, would drive emissions into his house.



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Mr. Caskey confirmed that Elm Ridge intended to truck produced water away from the location for disposal. COGCC requested that Elm Ridge identify the location of the nearest pipeline that could potentially be utilized.

COGCC staff noted that an assessment of health impacts from diesel exhaust would involve a number of factors, including wind direction, the expected volume of water and thus amount of vehicular traffic on site, and expected exhaust particulate concentration in the Porterfield residence. COGCC staff observed that this assessment would likely require consultation with an expert in the field.

#### CONCLUSION

Mr. Caskey agreed to provide the location of the nearest pipeline and an estimate of the volume of water expected from the IGE 110 well to evaluate comparative costs of water transportation between truck transport and pipeline construction. COGCC staff determined to begin an assessment of the potential health risks posed by diesel exhaust emissions. Mr. Bontrager stated that he would, in the next few days, consult with Elm Ridge regarding the proposed surface use agreement for the IGE 110 and the previously signed agreement for the Harmon #1A well.

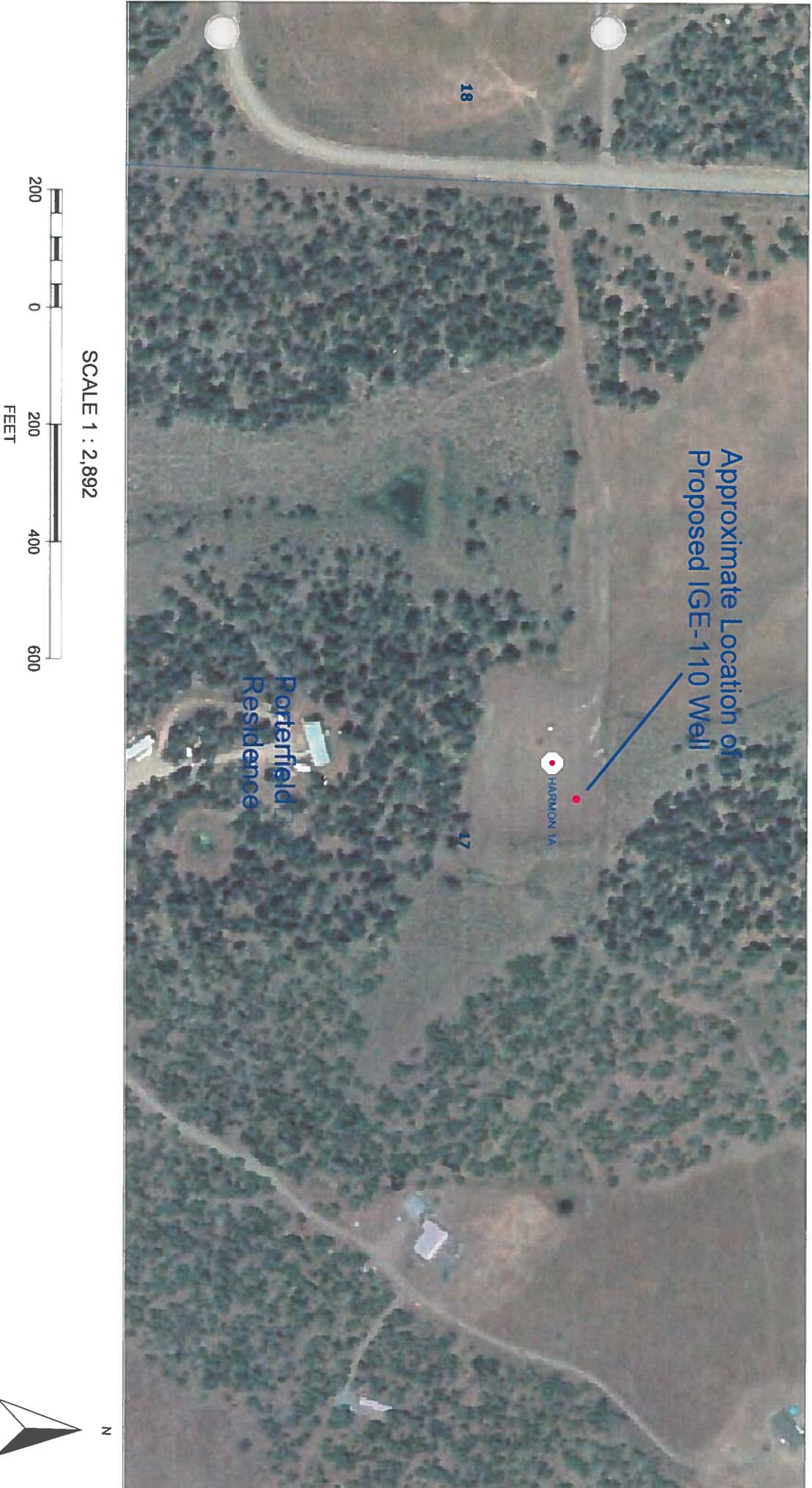


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## Attachment I Attendees and Contact Information

Name	Representing	Telephone Number
Steven Lindblom	COGCC	(303) 894-2100 x 114
Mark Weems	COGCC	(970) 259-4587
Bill Bontrager	Landowner	(970) 259-3384
Roger Porterfield	Landowner	(970) 563-9003
Brad Caskey	Elm Ridge	(970) 759-2036
Jeremy Howard	La Plata County	(970) 382-6262

# Approximate Location of IGE-110 and Porterfield Residence





# COGIS - WELL Information

Scout Card [Related](#) [Insp.](#) [MIT](#) [GIS](#) [Doc](#) [Wellbore](#) [Order](#)

Surface Location Data for API # 05-067-08182

Status: PR

Well Name/No: [HARMON #1A](#) (click well name for production)  
Operator: ELM RIDGE EXPLORATION CO LLC - 26625  
Status Date: 2/16/2004 Federal or State Lease #:  
County: LA PLATA #067 Location: SWSW 17 33N 8E  
Field: IGNACIO BLANCO - #38300 Elevation: 6,728 ft.  
Planned Location 1210 FSL 997 FWL Lat/Long: 37.099999/-107.746714 Lat/Long Calculate

**Wellbore Data for Sidetrack #00**

Status: PR 2/16/2004

Spud Date: 2/14/1999 Spud Date is: ACTUAL

**Wellbore Permit**

Permit #: 19981055 Expiration Date: 11/24/1999  
Prop Depth/Form: 8035 Surface Mineral Owner Same: N  
Mineral Owner: FEE Surface Owner: FEE  
Unit: Unit Number:

Formation and Spacing: Code: DKTA , Formation: DAKOTA , Order: 112-6 , Unit Acreage: 640, Drill Unit: ALL  
Formation and Spacing: Code: MVRD , Formation: MESAVERDE , Order: 112-46 , Unit Acreage: 320, Drill Unit:

**Wellbore Completed**

Completion Date: 5/11/1999  
Measured TD: 8135 Measured PB depth: 8035  
True Vertical TD: True Vertical PB depth:  
Log Types: DIL, CNL-FDC, CBL W/CCL  
Casing: String Type: SURF , Hole Size: 14.75, Size: 10.75, Top: 0, Depth: 456, Weight: 40.5  
Cement: Sacks: 420, Top: 0, Bottom: 456, Method Grade: CBL  
Casing: String Type: 1ST , Hole Size: 9.875, Size: 7.625, Top: 0, Depth: 3556, Weight: 26.4  
Cement: Sacks: 395, Top: 0, Bottom: 3556, Method Grade: CBL  
Casing: String Type: 1ST LINER , Hole Size: 6.75, Size: 5.5, Top: 3365, Depth: 8134, Weight: 1  
Cement: Sacks: 491, Top: 3365, Bottom: 8134, Method Grade: CBL

Formation	Log Top	Log Bottom	Cor
MESAVERDE	4910		N
POINT LOOKOUT	5520	5673	N
MANCOS	5673	6878	N
GALLUP	6878	7250	N
GREENHORN	7647		N
GRANEROS	7710		N
DAKOTA	7823		N

**Completed information for formation DKTA**

1st Production Date: 5/20/1999 Choke Size: 0.500  
Status Date: 2/16/2004 Hole Completion: N  
Commingled: N Production Method: FLOWING  
Formation Name: DAKOTA Status: PR  
Formation Treatment: FRAC W/21,877 GAL. 20# 60 QUALITY FOAM & 58000 # 20/40 OTTOWA SND. AIR 3 PSI, ISIP 4872 PSI  
Tubing Size: 2.0625 Tubing Setting Depth: 7962

Tubing Packer Depth:

Tubing Multiple Packer:

Open Hole Top:

Open Hole Bottom:

Initial Test Data:

Test Date: 5/11/1999

Test Method: FLOWING

Gas Disposal:

Test Type	Measure
BBLS_H2O	1
BBLS_OIL	0
CALC_BBLS_H2O	8
CALC_MCF_GAS	400
MCF_GAS	50

Perforation Data:

Interval Bottom: 8004 Interval Top: 7854  
 # of Holes: 104 Hole Size: 0.34

**Completed information for formation MVRD**

1st Production Date: 9/18/1999

Choke Size:

Status Date: 8/31/1999

Hole Completion: N

Commingled: N

Production Method: FLOWING

Formation Name: MESAVERDE

Status: PR

Formation Treatment: FRAC W/33380 GAL 60 QUALITY FOAM AND 71000# 20/40 OTTOWA SAND. AIR 48 ISIP 1426 PSI.

Tubing Size: 2.0625

Tubing Setting Depth: 5567

Tubing Packer Depth: 5706

Tubing Multiple Packer:

Open Hole Top:

Open Hole Bottom:

Initial Test Data:

Test Date: 8/31/1999

Test Method: FLOWING

Gas Disposal: SOLD

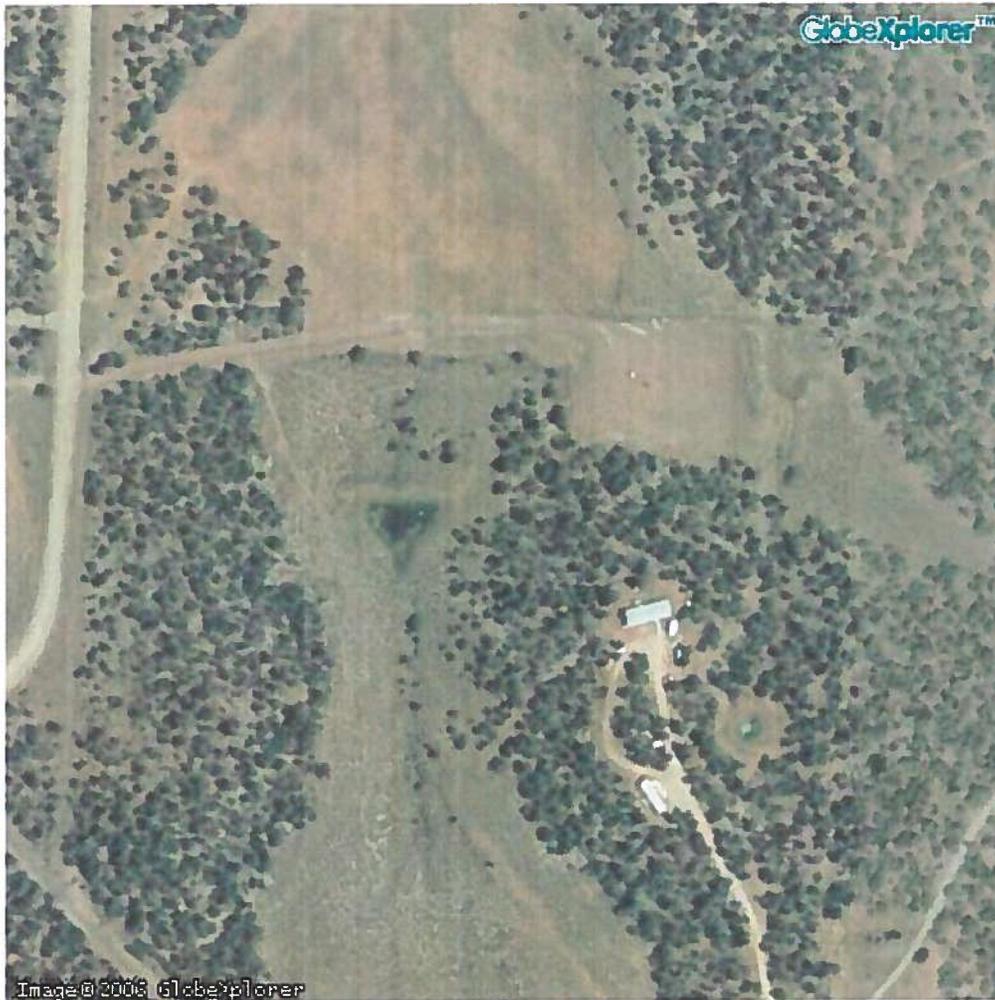
Test Type	Measure
BBLS_H2O	1
BBLS_OIL	0
CALC_BBLS_H2O	1
CALC_BBLS_OIL	0
CALC_MCF_GAS	400
CASING_PRESS	200
MCF_GAS	400
TUBING_PRESS	40

Perforation Data:

Interval Bottom: 5650 Interval Top: 5437  
 # of Holes: 160 Hole Size: 0.34



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**Image URL** [http://www.terraServer.com/imagery/image\\_gx.asp?cpx=-107.74764101&cpy=37.09937468&res=1&provider\\_id=380&OL=Off](http://www.terraServer.com/imagery/image_gx.asp?cpx=-107.74764101&cpy=37.09937468&res=1&provider_id=380&OL=Off)  
**Image Provider** GlobeXplorer NAIP  
**Resolution** 1 Meter  
**Image Date** 6/1/2005



**Colorado  
Oil & Gas Conservation Commission**

**Division of Water Resources Well Information**

<b>Receipt:</b> 0408699	<b>Permit Rcvd:</b> 11/12/1996
<b>Well Name:</b>	
<b>Division:</b> 7	<b>County:</b> 34
<b>PermitNo:</b> 199450	<b>Permit Date:</b> 11/12/1996
<b>PermitRpl:</b>	<b>PermitSuf:</b>
<b>ActCode:</b> NP	<b>WD:</b> 30
<b>Basin:</b> 00	<b>MD:</b> 00
<b>Name:</b> PORTERFIELD ROGER & MARY	<b>Phone:</b> 9702472578
<b>Address:</b> 3197 COUNTY RD 122	
<b>City:</b> HESPERUS, CO 81326	
<b>Meridian:</b> N	<b>Range:</b> 8 W
<b>Township:</b> 33 N	<b>Section:</b> 17
<b>S of Ute Line:</b>	<b>QTRQTR:</b> SWSW
<b>CoordSNS:</b> 600 S	<b>CoordSEW:</b> 733 W
<b>SubDiv:</b>	<b>Lot:</b>
<b>Block:</b>	<b>Filing:</b>
<b>Aquifer 1:</b> GW	<b>Aquifer 2:</b>
<b>Elevation:</b> 7000	<b>Depth:</b> 250
<b>Top Perf:</b> 40	<b>Bottom Perf:</b> 250
<b>Level:</b> 60	<b>Yield:</b> 10.0
<b>Case:</b>	<b>Irrigated Area:</b> acres
<b>Abdmt Req:</b> 0	<b>Acre Ft:</b>
<b>Use Codes:</b> 8	<b>Driller:</b> 655
<b>Pump Inst:</b> 655	<b>PI Date:</b> 05/01/1997
<b>Statute:</b> 6023	<b>Statute Code:</b>
<b>Statute Date:</b>	<b>Report Rcvd:</b> 05/01/1997
<b>Meter:</b> 0	<b>Related Well:</b>
<b>Well Suffix:</b>	<b>Repl Xref:</b>
<b>Well Const Rpt:</b>	<b>Beneficial Use:</b>
<b>Well Cmpl Date:</b> 01/11/1997	<b>Pump Inst Date:</b> 03/17/1997
<b>Logged:</b> 0	<b>Water Quality Data:</b> 0
<b>Proposed Depth:</b> 200	<b>Prop Yield:</b> 15.0
<b>Prop Yrly Appr:</b> 2.0	<b>Well Type:</b> E
<b>Valid Permit:</b> 1	<b>Prmt Exp Notice:</b>

**Parcel Id:**  
**Engineer:** DV7  
**Last Tran:** 05/19/1997  
**Comment:**

**Parcel Size:** 40.0  
**Last Transaction Code:** WA  
**Last Update:** NLH

FORM NO. 6WS-32 10/94  **PUMP INSTALLATION AND TEST REPORT**  
 STATE OF COLORADO, OFFICE OF THE STATE ENGINEER

For Office Use only

1. WELL PERMIT NUMBER 199450

2. OWNER NAME(S) ROGER & MARY PORTERFIELD  
 Mailing Address 3197 COUNTY ROAD 122  
 City, St. Zip HESPERUS, CO 81326  
 Phone ( 970 ) 247-2578

MAY 01 1997

STATE ENGINEER

3. WELL LOCATION AS DRILLED: SW 1/4 SW1/4, Sec. 27 Twp. 33 N, Range 8 W  
 DISTANCES FROM SEC. LINES:  
600 ft. from SOUTH Sec. line. and 733 ft. from WEST Sec. line.  
(north or south) (east or west)  
 SUBDIVISION: \_\_\_\_\_ LOT \_\_\_\_\_ BLOCK \_\_\_\_\_ FILING(UNIT) \_\_\_\_\_  
 STREET ADDRESS AT WELL LOCATION: \_\_\_\_\_

4. PUMP DATA: Type SUBMERSIBLE Installation Completed 03/17/97  
 Pump Manufacturer STARITE Pump Model No. 10P4C02J  
 Design GPM 10 at RPM 3500, HP 1 1/2, Volts 230, Full Load Amps 11  
 Pump Intake Depth 240 Feet, Drop/Column Pipe Size 1 Inches, Kind PVC SCH 80  
 ADDITIONAL INFORMATION FOR PUMPS GREATER THAT 50 GPM:  
 TURBINE DRIVER TYPE:  Electric  Engine  Other \_\_\_\_\_  
 Design Head \_\_\_\_\_ feet, Number of Stages \_\_\_\_\_, Shaft size \_\_\_\_\_ inches.

5. OTHER EQUIPMENT:  
 Airline Installed  Yes  No, Orifice Depth ft. \_\_\_\_\_ Monitor Tube Installed  Yes  No, Depth ft. \_\_\_\_\_  
 Flow Meter Mfg. \_\_\_\_\_ Meter Serial No. \_\_\_\_\_  
 Meter Readout  Gallons,  Thousand Gallons,  Acre feet,  Beginning Reading \_\_\_\_\_

6. TEST DATA:  Check box if Test data is submitted on Supplemental Form.  
 Date \_\_\_\_\_  
 Total Well Depth 250 Time \_\_\_\_\_  
 Static Level 60 Rate (GPM) 10  
 Date Measured 03/17/97 Pumping Lvl. \_\_\_\_\_

7. DISINFECTION: Type CHLORINE Amt. Used 1 GALLON

8. Water Quality analysis available.  Yes  No

9. Remarks \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

10. I have read the statements made herein and know the contents thereof, and that they are true to my knowledge.  
 [Pursuant to Section 24-4-104 (13)(a) C.R.S., the making of false statements herein constitutes perjury in the second degree and is punishable as a class 1 misdemeanor.]

CONTRACTOR HULL DRILLING Phone (970)884-1310 Lic. No. 655  
 Mailing Address P.O. BOX 619 BAYFIELD, CO 81122

Name/Title (Please type or print) ETHIE HULL/OWNER	Signature <i>Ethie Hull</i>	Date 04/28/97
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2.) Prior to approving any Application for Permit-to-Drill, the Director shall conduct an onsite inspection if the operator and the surface owner have not entered into a surface use agreement.

3.) The purpose of the onsite inspection shall be to identify any potential public health, safety and welfare or significant adverse environmental impacts within COGCC jurisdiction regarding the proposed surface location that may not be adequately addressed by COGCC rules or orders. The onsite inspection shall not address matters of surface owner compensation, property value diminution, or any private party contractual issues between the operator and the surface owner.

4.) When the Director conducts onsite inspections under the conditions in 1.) and 2.) above, the Director shall invite the representatives of the surface owner, the operator and local governmental designee ("LGD") to attend. The Director shall attempt to select a mutually acceptable time for the representatives to attend. The inspection shall be conducted within ten (10) days, or as soon as practicable thereafter, of either the date the LGD advises the Director in writing that the proposed surface well site location falls within an approved subdivision or the date the operator advises the Director in writing that a surface use agreement has not been reached with the surface owner. If requested by the operator, the Director may delay the onsite inspection to allow for negotiation between the operator and surface owner or other parties.

5.) Following the onsite inspection, the Director shall apply appropriate site specific drilling permit conditions if necessary to prevent or mitigate public health, safety and welfare or significant adverse environmental impacts taking into consideration cost-effectiveness and technical feasibility and relevant geologic and petroleum engineering conditions as well as prevention of waste, protection of correlative rights, and promotion of development.

6.) Examples of the types of impacts and conditions that might be applied if determined necessary by the Director in 5.) above include (this list is not prescriptive or all inclusive):

a.) visual or aesthetic impacts - moving the proposed surface well site location or access road to take advantage of natural features for screening; installing low profile artificial lift methods; constructing artificial features for screening

b.) surface impacts - moving or reducing the size, shape, or orientation of the surface well site location or access road to avoid disturbance of natural features or to enhance the success of future reclamation activities; utilizing an existing surface well site location or access road to avoid the impacts of new construction; utilizing a closed drilling fluid system instead of reserve pits to avoid impacts to sensitive areas [Note: Directional drilling from common surface locations is not a cost-effective or technically feasible option to mitigate surface impacts on 160-acre Fruitland coal seams well density because of the shallow (approximately 2000') target top depths, the long (average 2640') displacements and the resulting complications for artificial lift.]

c.) noise impacts - installing electric motors where practicable; locating or orienting motors or compressors to reduce noise; installing sound barriers to achieve compliance with COGCC rules; confining cavitation completion operations (excluding flaring) to the hours of 7 a.m. to 7 p.m. and notifying all area residents within one-half (1/2) mile at least seven (7) days before cavitation is commenced

d.) dust impacts - watering roads as necessary to control dust during drilling and completion operations

e.) ground water impacts - collecting and analyzing water and gas samples from existing water wells or

springs; installing monitoring wells, collecting samples, and reporting water, gas and pressure data

f.) safety impacts - soil gas sampling and analysis; residential crawl space gas sampling and analysis; installing security fencing around wellheads and production equipment

g.) outcrop impacts - performing outcrop gas seep surveys; performing produced water quality analysis; periodic pressure transient testing of high water/gas ratio wells; limiting water production in wells with anomalously high water rates and water/gas ratios; funding investigative reservoir modelling under the Director's supervision

h.) wildlife impacts - limiting drilling and completion operations during certain seasonal time periods when specific site conditions warrant

7.) If the operator objects to any of the conditions of approval applied under 6.) above, the Director shall stay the issuance of the drilling permit and properly notice and set the matter for the next regularly scheduled Commission hearing at which time the Commission may determine conditions of drilling permit approval.

8.) If the Director has reasonable cause to believe that any existing or proposed oil and gas operations are causing, or are likely to cause, public health, safety and welfare or significant adverse environmental impacts within COGCC jurisdiction that may not be adequately addressed by COGCC rules or orders, the Director may properly notice and set the matter for the next regularly scheduled Commission hearing to order appropriate investigative or remedial action. Reasonable cause may include, but is not limited to, information from the 3M Mapping, Modelling and Monitoring Project.

