



103-09150

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SC 26-1X

LIST OF EXHIBITS

- Exhibit A.....10 Point Engineering Plan
- Exhibit B.....13 Point Surface Use Plan
- Exhibit C.....Index Map
- Exhibit D.....Index Map
- Exhibit E.....Lease Map
- Exhibit F.....Location Layout
- Exhibit G.....Production Layout
- Exhibit H.....Cross Section
- Exhibit I.....Cross Section
- Exhibit J.....BOP Stack

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Exhibit "A"
SUPPLEMENTAL INFORMATION
(10 POINT ENGINEERING PLAN)
Soldier Canyon Unit 26-1X

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1. Geologic name of surface formation: Mesaverde
2. Estimated tops of geologic markers:

<u>Formation</u>	<u>Top</u>
Mesaverde	Surface
Castlegate	2450'
Mancos	2650'
Frontier	5850'
Dakota	6200'
Morrison	6400'
TD	6400'

3. Estimated depths to water, oil, gas or minerals:

Water: 0 - 2650'
Gas: 1000' - TD

4. PROPOSED CASING PROGRAM

- A. Drill out with 12 1/4" bit to 300 feet and set 9 5/8" API new casing, 36# LT & C. Cemented to surface.
- B. Drill out with 8 3/4 inch bit and set 7 inch 23# K-55 LTC, cemented to the top of the Mesa Verde to protect coal and water zones as per BLM instructions.
- C. Drill to TD with 6 1/4" bit and set 4 1/2" 11.6# N-80 LTC casing and cement 500' above pay zones.

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

A schematic diagram of the blowout preventor equipment is attached (see Exhibit J). The BOP will be hydraulically tested to full working pressure after nipping up. Pipe rams will be operationally checked each 24 hour period.

Accessories will include a Grant type rotating head and stripper rubbers.

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Exhibit "B" contin. (13 point surface use plan Soldier Canyon 26-1)

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6. TYPES AND CHARACTERISTICS OF PROPOSED CIRCULATING MEDIUMS.

The well will be drilled with air, air mist, and mud from surface to TD. The well will be started with air until significant amounts of water are encountered, then air mist will be employed and drilling will continue until conditions warrant the use of mud. The hole will then be drilled to TD using a mud system. Any dust made while air drilling will be suppressed with a water flow in the end of the blowie line. Extra materials will be stockpiled on location to handle any blow-out or down hole problems or any surface fluid spills.

7. AUXILIARY EQUIPMENT

- A. A kelly cock will be kept on the kelly while drilling and an extra on the floor to stab during trips.
- B. No mud logging equipment will be used.
- C. A stabbing valve will be on the floor for stabbing when the kelly is not on the string.

8. TESTING, LOGGING, AND CORING

- A. No DST's will be run.
- B. No cores will be cut.
- C. Open hole logs will be run from TD to surface casing and consist of DIL, FDC, CNL, GR, computer processed logs.
- D. Completion will consist of bond logging, perforating, and fracture of of gelled KCl w/N₂ or CO₂ + propping agent. Treatment will apply to all productive zones.

9. ABNORMAL PRESSURES AND/OR TEMPERATURES

No abnormal pressures or temperatures have been noted or reported in any well in this area to date, nor are any expected.

10. ANTICIPATED STARTING DATE AND DURATION

The approximate date for starting this well is: 7/1/84. Drilling will be completed within 20 days after spud.

EXHIBIT "8"
13 POINT SURFACE USE AND OPERATIONS PLAN
Soldier Canyon Unit 26-1X

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I. EXISTING ROADS:

In order to get to the location, proceed South of Rangely to East Douglas Creek. Go up East Douglas 16 miles and right to location.

The existing road up East Douglas is an improved dirt road and needs no further improvement. An access road of 100 feet will have to be constructed. No cattle guards or culverts are required.

II. PLANNED ACCESS ROADS:

A BLM right-of-way grant is not required for the off lease/unit portion of the access road.

The existing and proposed access roads will be crowned, ditched, or dipped to the location prior to use for moving the drill rig onto the site. The maximum disturbed width will not exceed 24' with a 16-18' running surface. Dust will be controlled by the use of water or an approved dust retardant.

All construction activity or use of the access road will cease when soils or road surfaces become saturated to a depth of three inches unless otherwise approved by the Grand Junction Resource Area Manager.

III. EXISTING WELLS:

(See Exhibit D for locations of existing wells in the area.)

IV. EXISTING AND PROPOSED FACILITIES

In the event that this well is proved to be economical, American Resources Management Corporation will install well head equipment, gas separation equipment, and metering equipment at the location. A pipeline which is 300' from the location is owned and operated by Northwest Pipeline Corp. Production equipment will be placed on the pad. The gathering line will be made of schedule 80 pipe 2 inches in diameter with welded connections, unions and elbows. The unions will be placed in the line at the well head for servicing the well at the well head and the production unit once the well is placed into service. The line will be buried at least 4 feet deep and wrapped with tape to protect and insulate it.

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Exhibit "B" cont. (13 point surface use plan Soldier Canyon 26-4) ^{COLO. OIL & GAS CONS. COMM}

The well head will be fenced with a removable fence with 1 1/2" and 2" welded pipe painted with environmentally approved colors and a sign marked with the appropriate information will be placed on or near the well head fence.

To protect wildlife, a fence, braced at the corners will be placed around the wastewater pit. Flagging will be placed along the top to discourage entry by water fowl.

All pits except for the production pit, will be reclaimed during the production phase of the well. The site will be contoured and seeded with the appropriate seed mixtures (see item 10 below).

V. LOCATION AND TYPE OF WATER SUPPLY:

The water supply for drilling this well will be obtained from an adjacent creek and will be purchased from the rancher in the area, Bill Barnard. Arrangements will be made with him prior to commencing construction.

VI. CONSTRUCTION MATERIAL:

No construction material other than what presently exists will be necessary.

VII. METHODS OF HANDLING WASTE:

Trash will be confined in a covered container and hauled to an approved landfill.

During air drilling the blooey line will be directed into a pit and misted to prevent dust emissions.

The reserve pit will be fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished. Fencing will be 4 strands of barbed wire or 48-inch woven wire with one strand of barbed wire above the woven wire. All corners will be braced with a wooden H-type brace. The fence construction will be on cut or undisturbed surface.

VIII. ANCILLARY FACILITIES:

None will be required.

IX. WELL SITE LAYOUT:

See attached plats and exhibits for details.

The Bureau of Land Management owns the surface ground and the Operator will contact the Resource Area Manager at least 24 hours prior to commencing construction of the access road and well pad.

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Exhibit "B" cont. (13 point surface use plan Soldier Canyon 20-4) **COLO. OIL & GAS CONS. COMM**

The location will be cleared prior to any construction. All trees will be disposed of by the operator. Stumps will be buried in an area designated by the BLM or burned in the reserve pit prior to placement of drilling facilities. If the material is burned, the operator will obtain a state burning permit and notify the appropriate county health department 24 hours in advance of burning. BLM has the right to restrict burning during periods of high fire danger. Any stump left in place will be cut so that the stump height does not exceed 12 inches. All slash less than four inches in diameter will be chipped or scattered outside the cleared area and must be within 24 inches of the ground at all points. All material four inches in diameter and greater will be removed from Federal land, unless otherwise directed.

Topsoil will be stripped to a depth of 4 to 6 inches and stockpiled on the north edge of the location.

X. PLANS FOR RESTORATION OF THE WELL SITE:

The Resource Area Manager will be notified at least 24 hours prior to commencing reclamation work.

All disturbed areas will be seeded with a mixture provided by the Bureau of Land Management.

The grantee shall notify the authorized officer at least 24 hours prior to reseedling. Seeding must be completed after September 1, and prior to prolonged ground frost.

- A. All disturbed areas will be recontoured to blend with the natural topography.
- B. All soil erosion associated with the operation will be stabilized.
- C. An acceptable vegetative cover will be established. An acceptable vegetative cover will consist of a percent vegetative cover at least equal to that present prior to disturbance, and a plant species composition at least as desirable as that present prior to disturbance.
- D. The pits will be allowed to dry before covering.

If the well is a producer, the operator will:

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Exhibit "B" cont. (13 point surface use plan Soldier Canyon ~~2040~~ OIL & GAS CONS. COMM

Upgrade and maintain access roads as necessary to prevent soil erosion, and accommodate year round traffic. Reshape areas unnecessary to operations, distribute topsoil, rip or disk, and seed all disturbed areas outside the work area according to the above seed mixture. Perennial vegetation must be established. Additional work will be done in case of seeding failures. All permanent facilities placed on the location will be painted dark green to blend with the natural environment.

If the well is abandoned/dry hole, the operator will:

Restore the access road and location to approximate the original contours. During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the location, and seed according to the above seed mixture. The access road and location will be ripped or disked prior to seeding. Perennial vegetation must be established.

XI. OTHER INFORMATION

Adequate and sufficient electric/radioactive logs will be run to locate and identify anticipated coal beds in the lower Mesaverde (GR/FDC). American Resources will also provide that two copies of all "E" logs be sent to:

Area Mining Supervisor
Denver Federal Center
P. O. Box 25046
M. S. 602
Denver, CO 80225

Casing and cementing programs will be adjusted to eliminate any potential influence of the well bore or productive hydrocarbon zones on the coal resource.

Soils in the area are a sand-silt mixture (type SM).

Vegetation in the area is as listed below, typical of the higher elevations of Western Colorado.

Common Name

wild flower (varied)
Junegrass
Cheetgrass
Pinon
Juniper

There are no known threatened or endangered plants in the local ground cover.

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Exhibit "B" cont. (13 point surface use plan Soldier Canyon ~~COLO~~ OIL & GAS CONS. COMM)

The subject area provides habitat for various game and non-game mammals, as well as birds, reptiles and insects. A few of which are:

Common Name

- Elk
- Mule deer
- Cottontail Rabbit
- Jack Rabbit
- Coyote

No known threatened or endangered animals occur in the subject area.

The operator will immediately bring to the attention of the Resource Area Manager any and all antiquities or other objects of historic or scientific interest including, but not limited to, historic or prehistoric ruins, artifacts, or fossils, discovered as a result of operations under this permit. The operator will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the Area Manager. Notice to proceed will be based upon evaluation of the cultural significance of the object. Evaluation will be by a qualified professional selected by the Area Manager from a Federal agency insofar as practical. When practical, the operator will follow the mitigation requirements set forth by the Area Manager concerning protection, preservation, or disposition of any sites or material discovered. In those situations where the Area Manager determines the data recovery and/or salvage excavations are necessary, the operator will bear the cost of such data recovery and/or salvage operations.

XII. LESSEE OR OPERATOR IS:

American Resources Management Corporation
2319 Foothill Drive, Suite 150
Salt Lake City, Utah 84109
Telephone: (801) 487-7883

Company contacts are:

Don Dunckley
2004 Wood Court
Grand Junction, Colorado 81503
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