

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS WELL LOG ELECTRIC LOGS FILE  WATER SANDS LOCATION INSPECTED SUB. REPORT/abd.

Confidential Status Requested per Debbie Hunt 4-11-91

DATE FILED **1-7-91**

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. **U-57545** INDIAN

DRILLING APPROVED: **1-30-91 (EXCEPTION LOCATION)**

SPUDDED IN:

COMPLETED: **5-27-92 LA** PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR: ~~Confidential~~

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: **LAD Per BLM EFF: 5-27-92**

FIELD: **WILDCAT**

UNIT:

COUNTY: **SAN JUAN**

WELL NO. **ALKALI POINT #2** API NO. **43-037-31602**

LOCATION **2180' FSL** FT. FROM (N) (S) LINE. **1130' FWL** FT. FROM (E) (W) LINE. **NWSW** 1/4 - 1/4 SEC. **12**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				<b>39S</b>	<b>24E</b>	<b>12</b>	<b>GIANT EXPL. &amp; PROD. CO</b>



GIANT EXPLORATION AND  
PRODUCTION COMPANY

P.O. Box 2810  
Farmington, New Mexico  
87499

505  
326-3325

January 4, 1991

Bureau of Land Management  
1235 La Plata Highway  
Farmington, New Mexico 87401

ATTENTION: Mr. Ron Fellows  
Area Manager

REFERENCE: Alkali Point No. 2  
2180' FSL and 1130' FWL  
Section 12, T39S, R24E, SLM  
San Juan County, Utah

Dear Mr. Fellows:

Giant Exploration & Production Company proposes to drill the referenced Desert Creek/Ismay oil well. We hope to begin operations as soon as possible.

Please do not hesitate to call if you should require additional information.

Sincerely,

GIANT EXPLORATION & PRODUCTION COMPANY

John C. Corbett  
Vice President - Exploration

:dh

Enclosures

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK  
 DRILL  DEEPEN  PLUG BACK

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR  
 Giant Exploration & Production Company

3. ADDRESS OF OPERATOR  
 P.O. Box 2810, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements\*)  
 At surface  
 2180' FSL and 1130' FWL  
 At proposed prod. zone Section 12, T39S, R24E, SLM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 10.6 miles northeast of Montezuma Creek, Utah

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
 460'

16. NO. OF ACRES IN LEASE  
 560.00

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 40'

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 0

19. PROPOSED DEPTH  
 6295' AKAH

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 5090' GLE

22. APPROX. DATE WORK WILL START\*  
 As soon as permitted.

RECEIVED  
 JAN 07 1991  
 DIVISION OF OIL, GAS & MINING  
 NWSID

5. LEASE DESIGNATION AND SERIAL NO.  
 U 57545

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
 Alkali Point

9. WELL NO.  
 2

10. FIELD AND POOL, OR WILDCAT  
 Desert Creek/Ismay Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Section 12, T39S, R24E 001

12. COUNTY OR PARISH  
 San Juan

13. STATE  
 Utah

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48#	260'	350 sks 1.18 ft <sup>3</sup> /sk - 812 cu. ft.
12-1/4"	9-5/8"	36#	2250'	Lead 500 sks 2.32 ft <sup>3</sup> /sk - 1160 cu. ft. Tail 200 sks 1.18 ft <sup>3</sup> /sk - 236 cu. ft.
7-7/8"	5-1/2"	17#	6295'	Lead 400 sks 2.32 ft <sup>3</sup> /sk - 928 cu. ft. Tail 150 sks 1.18 ft <sup>3</sup> /sk - 177 cu. ft.

Giant Exploration & Production Company proposes to drill the subject Desert Creek/Ismay oil well. Due to topographic constraints, the proposed well has a non-standard surface location as defined in Utah State Regulation R615-3-2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED John C. Corbett TITLE Vice President - Exploration DATE January 3, 1991

(This space for Federal or State office use)

PERMIT NO. 43-037-311000 APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY: \_\_\_\_\_

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING  
 DATE: 1-30-91  
 BY: M. Matthew  
 WELL SPACING: 615-3-3

\*See Instructions On Reverse Side

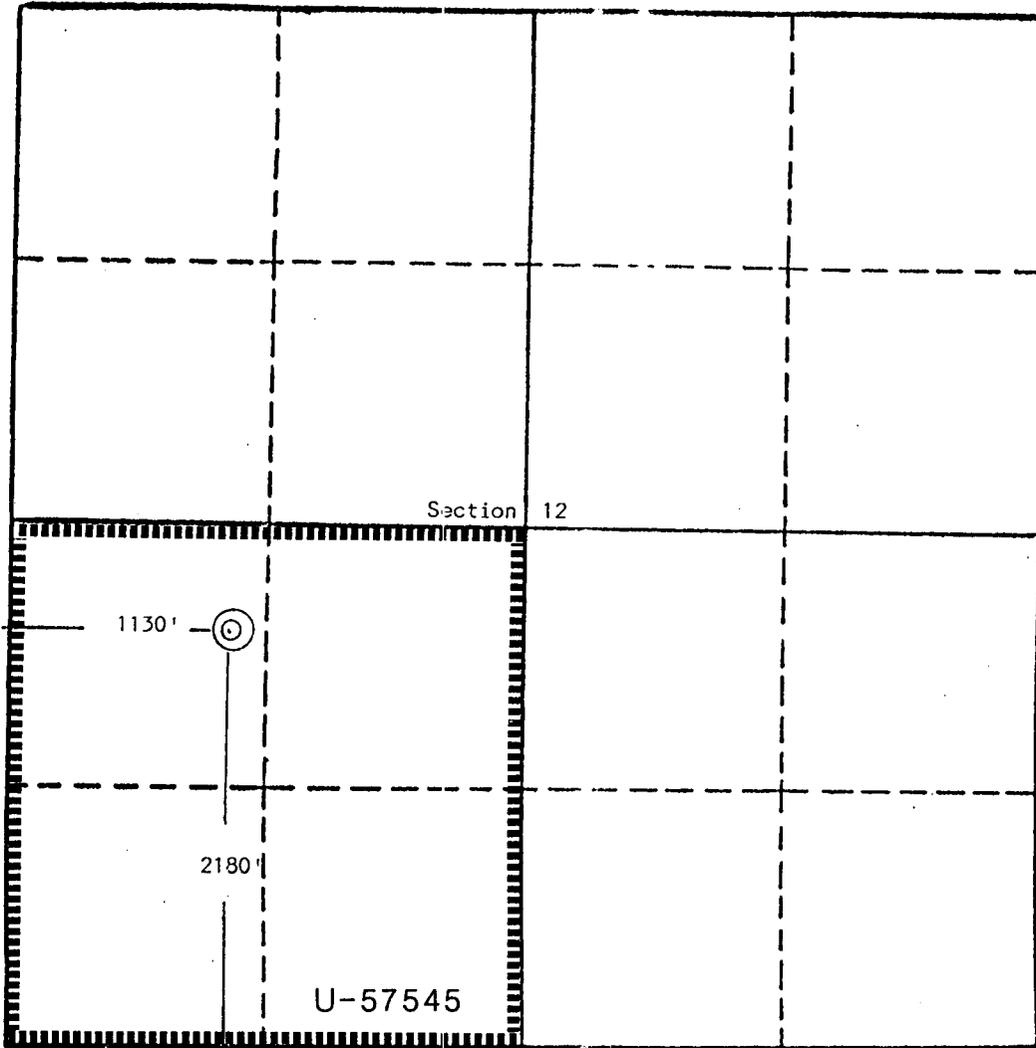
Company Giant Exploration & Production Company

Well Name & No. Alkali Point #2

Location 2180' F/SL 1130' F WL

Sec. 12, T. 39 S., R. 24 E., S. L. M., County San Juan, Utah

Ground Elevation 5090

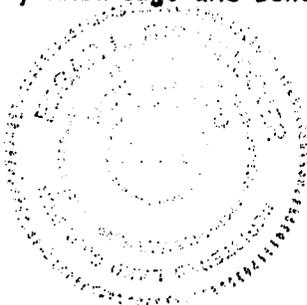


Scale, 1 inch = 1,000 feet

Surveyed December 4, 1990

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:



Edgar L. Risenhoover

Edgar L. Risenhoover  
Registered Land Surveyor  
New Mexico Reg. No. 5979

Non-resident certification as  
authorized by Utah State Law  
58-22-21(b)

APPLICATION FOR PERMIT TO DRILL  
 GIANT EXPLORATION & PRODUCTION COMPANY  
 DESERT CREEK/ISMAY  
 ALKALI POINT NO. 2  
 2180' FSL AND 1130' FWL  
 SECTION 12, T39S, R24E  
 SAN JUAN COUNTY, UTAH

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops:

Wingate	1685'
Chinle	2010'
Shinarump	2890'
Moencopi	3100'
Cutler	3165'
Hermosa	4930'
Paradox	5770'
Upper Ismay	5920'
Upper Ismay Carbonate	6010'
Hovenweep	6045'
Lower Ismay	6048'
Lower Ismay Carbonate	6095'
Gothic	6110'
Desert Creek	6140'
Chimney Rock	6220'
Akah	6240'
Akah Salt	6260'

2. Estimated Depth at which Oil, Gas, Water or Other Mineral-Bearing Zones are Expected to be Encountered:

	<u>Formation</u>	<u>Depth</u>
Expected Oil Zones:	Upper Ismay Carbonate Desert Creek	6010' 6140'
Expected Gas Zones:	N/A	N/A
Expected Water Zones:	Wingate Chinle	1685' 2010'
Expected Mineral Zones:	N/A	N/A

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth, cased and cemented. All oil and gas shows will be tested to determine commercial potential.

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3. Pressure Control Equipment: BOP's to be used are detailed in the attached diagram.

Testing of BOP - All Blow Out Prevention equipment will be tested upon installation. This will include casing, casing head and all related equipment and connections associated with blow out prevention and/or control. Testing will be to the lesser of the following: (1) Full manufacturer's working pressure rating of equipment; (2) 70% of minimum internal yield pressure of casing; (3) or 1 psi/ft. of last casing string depth.

All BOP's will be checked each trip for physical operation. Morning tower driller will also check operation components of BOP, test operation of BOP and record on driller's log.

4. Casing Program and Auxiliary Equipment:

Proposed Casing Program:

Surface casing will be 260' of 13-3/8", 48#, 8rd, H-40 ST&C, LS, casing.

Intermediate casing will be 2250' of 9-5/8", 36#, 8rd, J-55, ST&C, LS, casing.

Production casing will be 6295' of 5-1/2", 17#, 8rd, K-55, ST&C, Smls, casing.

Proposed Cementing Program:

Surface casing will be cemented to surface as follows:

- a. Break circulation with water;
- b. Pump 350 sks of Class "B" cement containing 2% CaCL and 1/4#/sk cellophane flakes;
- c. Displace cement to 30' above end of casing shoe with water;
- d. WOC 12 hours.

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Intermediate casing will be cemented to surface as follows:

- a. Break circulation with water;
- b. Pump 500 sks Class "B" cement containing 3% salt, 16% gel and light dispersant, tail in with 200 sks of Class "B" cement containing 2% salt;
- c. Drop cement wiper plug and displace to float with water;
- d. WOC 12 hrs.

Production casing will be cemented as follows:

- a. Break circulation with mud;
- b. Pump 20 bbls of chemical mud wash;
- c. Mix and pump 400 sks of Class "B" cement containing 15% gel, 3% salt, 0.4% retarder, tail in with 150 sks Class "B" cement containing 3% salt, 1% fluid loss and light dispersant;
- d. Drop cement wiper plug and displace to float with water;
- e. WOC for 72 hours or until a compressive strength of 1000 psi or greater.

5. Mud Program and Circulating Medium:

Surface: 0-260'; drill 17-1/2" hole with water treated polymer/gel and lime (spud mud).

Intermediate: 260'-2250'; drill 12-1/4" hole with water treated with polymer/gel and lime. Sweep hole at intervals with gel-lime pills to clean hole. Control lost circulation with gel-LCM pills. Control seepage with Mud-Seal and fine mica.

Production hole: 2250'-TD; drill 7-7/8" hole with water treated with polymer and lime to about 5200' to 5500'. Mud up at any point if water flows or hole problems are encountered. If no problems, begin mudding up about 200' above Paradox. Build mud weight to 9-9.6#/gallon and viscosity 34-40 sec/qt. Pretreat mud 50' above Ismay or prior to anhydrites, with caustic, soda ash and dispersant.

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Raise pH to 12 and lower water loss to 10-12 cc. Maintain this system to TD. Build mud weight to 9.6#/gallon before the Lower Desert Creek, or to a mud weight sufficient to handle any abnormal pressures. Sweep and clean hole to log with 40-45 sec/qt. mud.

6. Coring, Logging and Testing Program: This well will be evaluated on the basis of Induction Electric Survey, Gamma Ray, Compensated Density-Neutron, Sonic and Caliper surveys. Cased hole logs will consist of CCL and Cement Bond Logs and Gamma Ray.

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards:

Bottom hole pressure gradient is 8.89#/gal - .462 psi/ft. Fracture gradient is 13.5#/gal - .7 psi/ft. We will prepare for drilling problems by controlling solids and mud weight.

8. Anticipated Starting Dates and Notifications of Operations:

As soon as permitted.

B. THIRTEEN-POINT SURFACE USE PLAN

1. Existing Roads:

a. Existing Roads - The proposed location is situated within an existing road system that is accessed from Hatch Trading Post. Roads will be maintained in the same or better condition than presently exists.

From Hatch Trading Post head north on main road that travels up the west side of the canyon. Road will "Y" 2.4 miles bear to the left and follow main road for 5.9 miles to where the road will head into a westerly direction. There will be a compressor station on the right hand (north) side of the road. This is the Cave Canyon Compressor station. Continue heading in a westerly direction and the road will climb out of the canyon. Travel

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4.8 miles from the compressor station to the top of the mesa to County Road 209 (Alkali Point) that will be on the left hand (south) side of the road. Turn left on to County Road 209 and travel 6.7 miles to a road "Y". Bear left for 6/10 mile to fence line. Go through gate heading in a southwesterly direction and travel 1.6 miles to access road on the right hand side of existing road. Turn right and travel into Giant Exploration & Production Company's Alkali Point No. 1 well location. Turn 1278 feet into proposed location.

- b. Plans for improvement and/or maintenance of existing roads: Roads will be maintained in the same or better condition than presently exists.
- c. An encroachment permit will be obtained from the San Juan County Road Department for use of county roads.

2. Planned Access Roads:

- a. Access to the location will be along a 14 foot wide driving surface totaling 1278 feet in length. Maximum grade <1% with no cuts or fills. There will be no turn outs, culverts, bridges or foreign surface materials.

The access (including any existing non-county) road will be rehabilitated or brought to Resource (Class III) Road Standards by meeting the following minimum design requirements within sixty (60) days of completion of drilling operations:

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed will be approved by the Area Manager in advance.

The topsoil from the access road will be reserved in place. Trees and brush removed from building of the road will be stacked next to road to be used in rehabilitation.

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3. Location of Existing Wells:

All wells within a one mile radius are shown on the attached map.

4. All permanent above-ground facilities (6 months or longer) will be painted a neutral, non-reflective (Juniper Green) color to blend into the surrounding area.

If a tank battery is constructed on this location it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank; all load lines and valves will be placed inside the dike surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7-5 and ONSHORE OIL AND GAS ORDER NO. 3 - SITE SECURITY will be adhered to.

Gas measurement will be conducted in accordance with the ONSHORE OIL AND GAS ORDER NO. 5 - GAS MEASUREMENT and 43 CFR 3162.7-3.

Gas meter runs for each well will be located within five hundred (500) feet of the well head. The gas flowline will be buried from the well head to the meter and downstream for the remainder of the pad. Meter runs will be housed and/or fenced.

Oil measurement will be conducted in accordance with ONSHORE OIL AND GAS ORDER NO. 4; OIL MEASUREMENT as of the effective of August 23, 1989 and 43 CFR 3162.7-2.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from:

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah.

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of that water.

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6. Source of Construction Material:

Pad construction material will be obtained from on site and in place materials.

Twelve (12) inches of top soil will be reserved for future rehabilitation and will be stock piled along the south edge of location. Brush and trees that are removed in order to build the proposed location will be stockpiled on the north end of the location.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.

7. Methods of Handling Waste Disposal:

The reserve pit will be constructed with at least 1/2 of the capacity in cut material.

Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four (4) strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four (4) feet. The fence will be kept in good repair while the pit is drying.

No liquid hydrocarbons (i.e. fuels, lubricants, formation) will be discharged to the reserve pit.

No chrome compounds will be on location.

All trash will be placed in a trash basket and hauled to a county refuge facility. There will be no burning on location.

Produced waste water will be confined to the reserve pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to NTL-2B.

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8. Ancillary Facilities:

Chemical toilets will be provided and maintained during drilling operations.

9. Well Site Layout:

The reserve pit will be located: In the southwest corner of pad. (See attached cut and fill diagram also see Drilling Rig Location Plat).

10. Plans for Restoration of Surface:

a. Within 24 hours of completion of drilling, the location and surrounding area will be cleared of all debris, materials, and junk not required for production.

b. As soon as the reserve pit has dried or within eighteen months (18 mos.) whichever is least, all areas not needed for production (including access road) will be filled in, recontoured to approximately natural contours and as much top soil as was removed) replaced leaving enough for future restoration. The remaining top soil (if any) will be stabilized and seeded in place. If the well is a dry hole, the location and access road will be rehabilitated in total.

c. The area will be seeded between October 1 and February 28 with:

6	lbs/acre	Crested Wheatgrass
4	lbs/acre	Fourwing Saltbush
2	lbs/acre	Desert/Antelope bitterbrush
1	lbs/acre	Yellow Sweetclover
2	lbs/acre	Forage Kochia
2	lbs/acre	Bottlebrush squirreltail
2	lbs/acre	Russian wildrye

d. Seed will be broadcast followed by a light harrowing. If the seed is drilled, the seeding rate can be reduced by 25% and harrowing can be eliminated.

After seeding the trees and brush will be scattered over the sight.

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Scarefire, riping, water bars or other soil treatments may be required by the authorized officer at the time, depending on the soil and water conditions at the time of rehabilitation.

11. Surface and Mineral Ownership:

Surface Disposition - Navajo Tribal Trust  
Mineral Ownership - Public Domain

12. Other Information:

There will be no deviation from the proposed drilling and/or work over program without prior approval from the District Manager. Safe drilling and operation practices must be observed. All wells, whether drilling, producing, suspended or abandoned and/or separate facilities, will be identified in accordance with 43 CFR 3162.6.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.6.

The dirt contractor will be provided with an approved copy of the surface use plan.

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming insitu preservation is not necessary); and

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- a timeframe for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

This permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

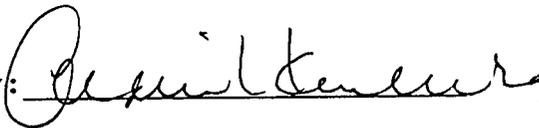
13. Lessee's or Operator's Representative and Certification:

Representative:

Aldrich L. Kuchera  
2200 Bloomfield Highway  
P. O. Box 2810  
Farmington, New Mexico 87499  
Office: (505) 326-3325  
Home: (505) 325-3348

CERTIFICATION

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 that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with operations proposed herein will be performed by Giant Exploration & Production Company and its contractors 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.

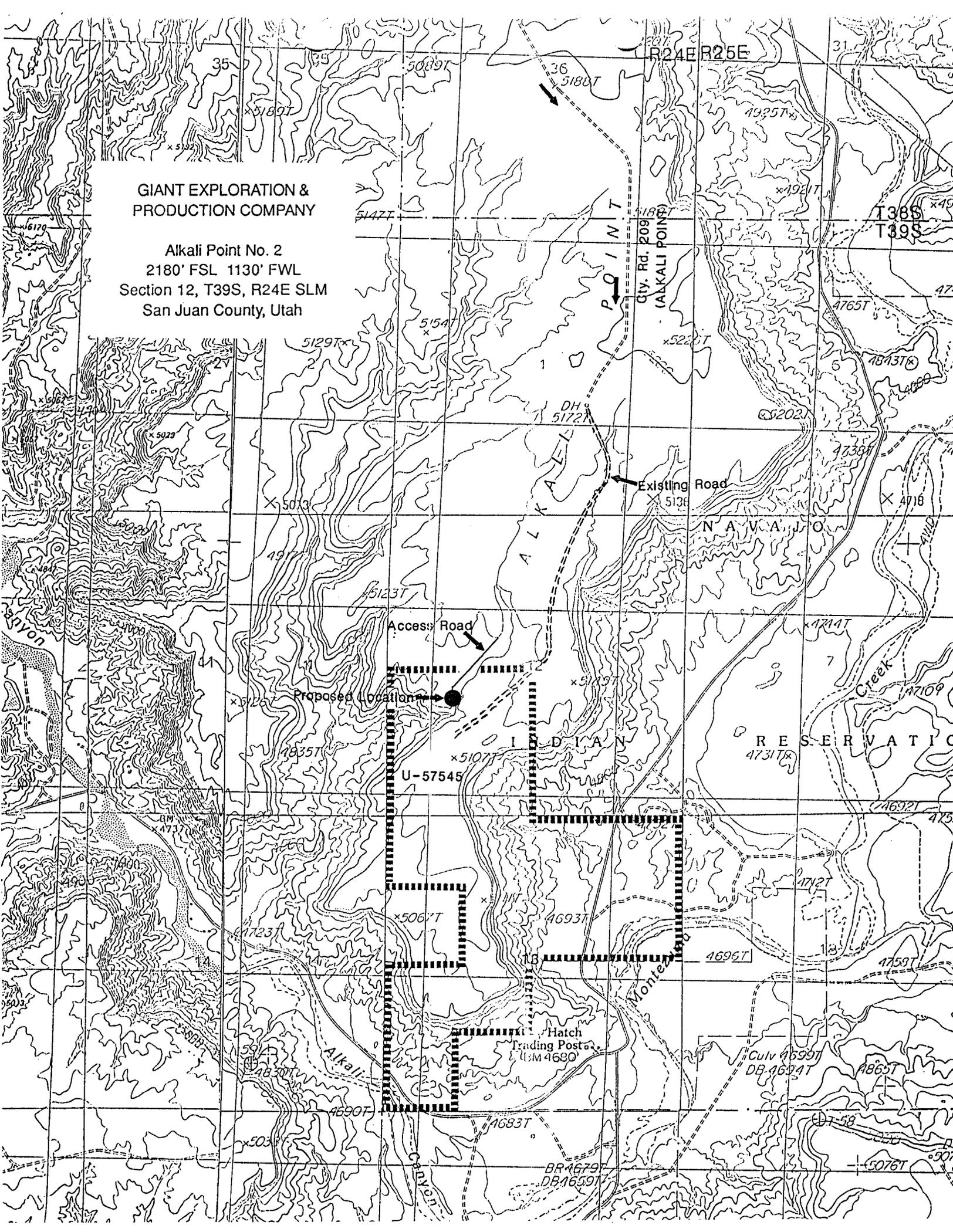
By:  Date: January 4, 1991

Aldrich L. Kuchera  
President/CEO  
Giant Exploration & Production Company  
2200 Bloomfield Highway  
P. O. Box 2810  
Farmington, New Mexico 87499

Office: (505) 326-3325  
Home: (505) 325-3348

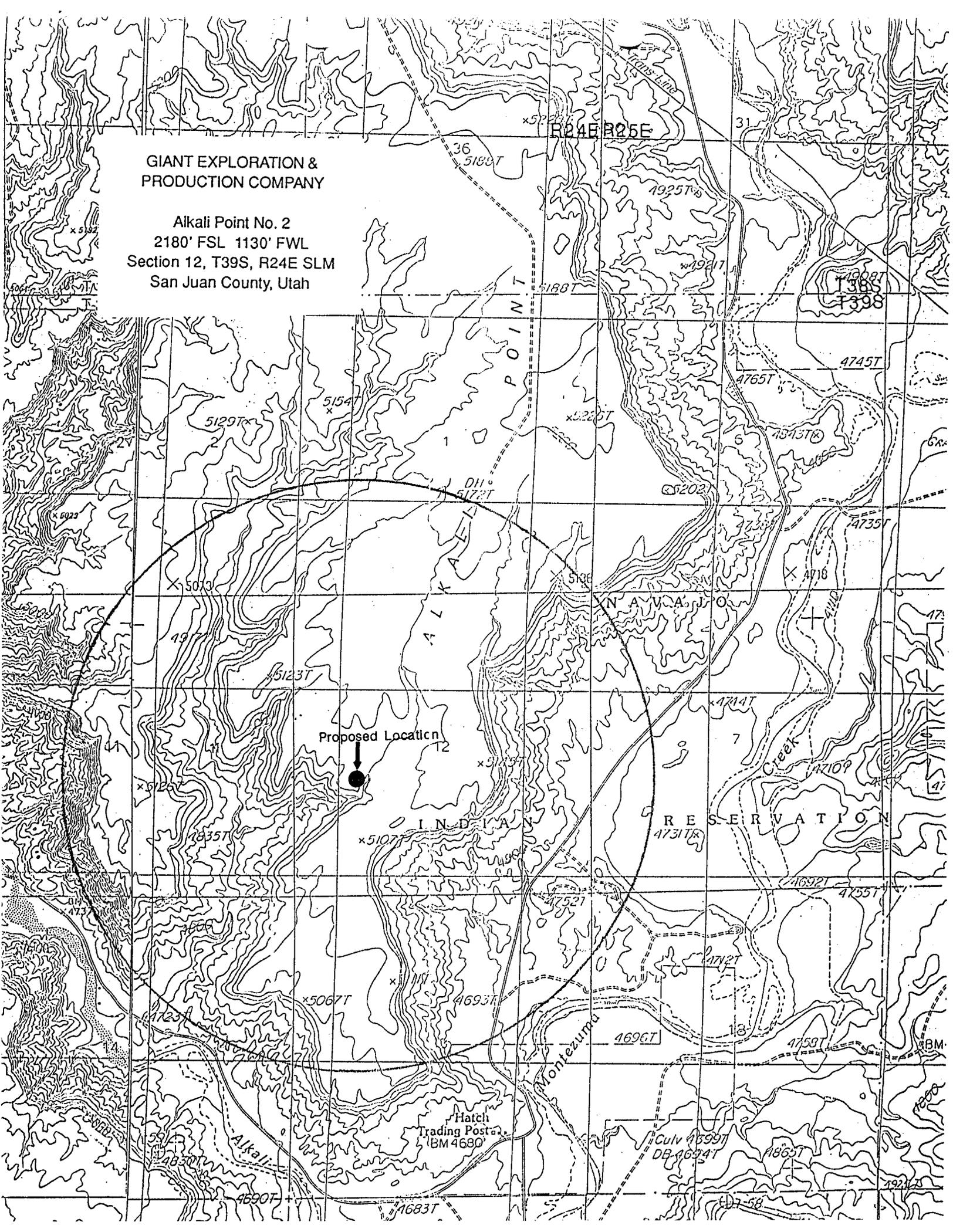
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San Juan County, Utah



Proposed Location  
12

ALKALI POINT

INDIAN RESERVATION

Montezuma Creek

Hatch Trading Post  
(BM 4680)

Culv 4699T  
DB 4694T

Alkali

R24E R25E

T39S

T398S

4745T

4743T

4735T

4718

4714T

4710T

4692T

4755T

4759T

4921T

5172T

5123T

5107T

4693T

4696T

4693T

4683T

4683T

5202T

4733T

4714T

4731T

4727T

4696T

4865T

5180T

1925T

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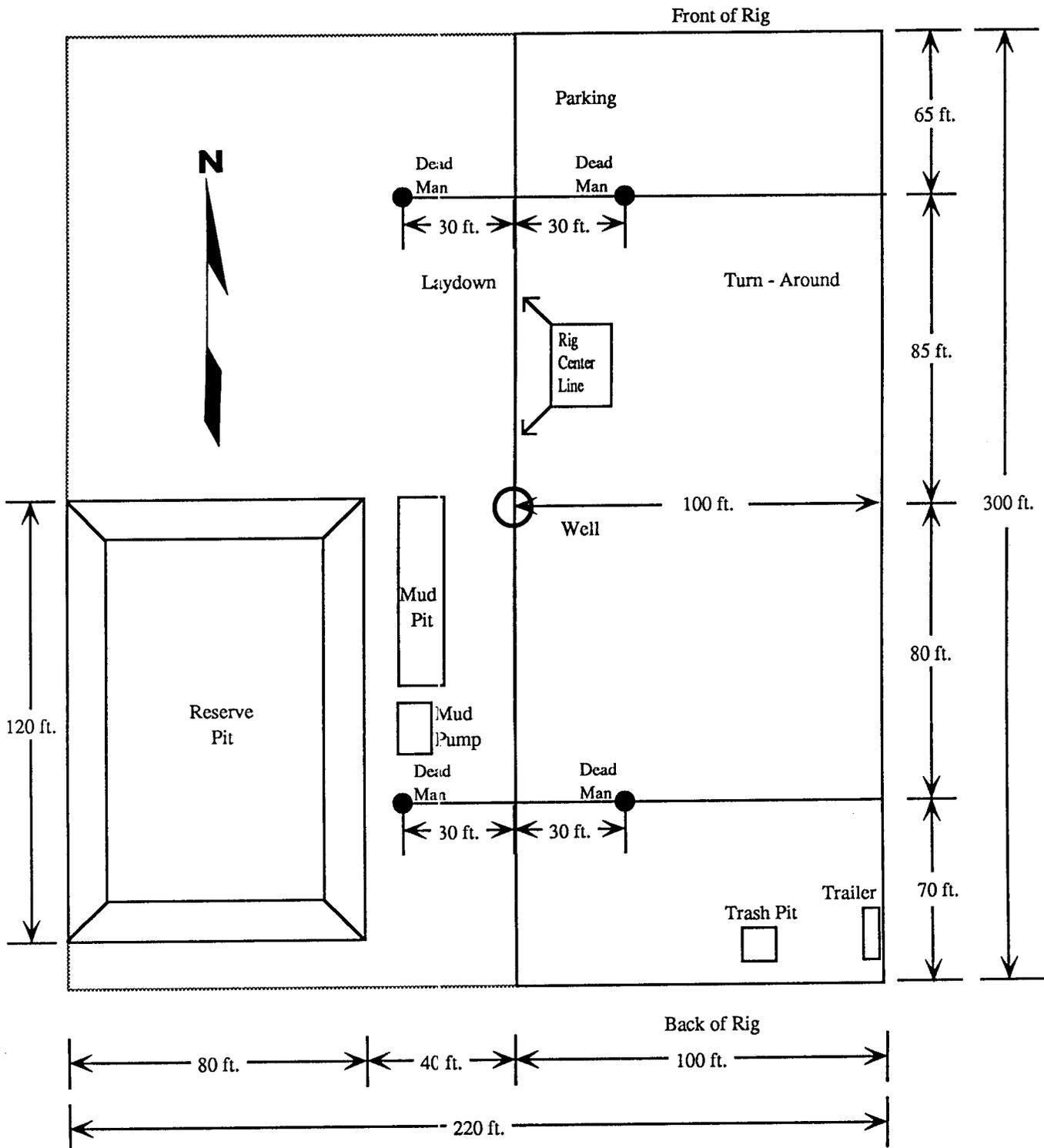
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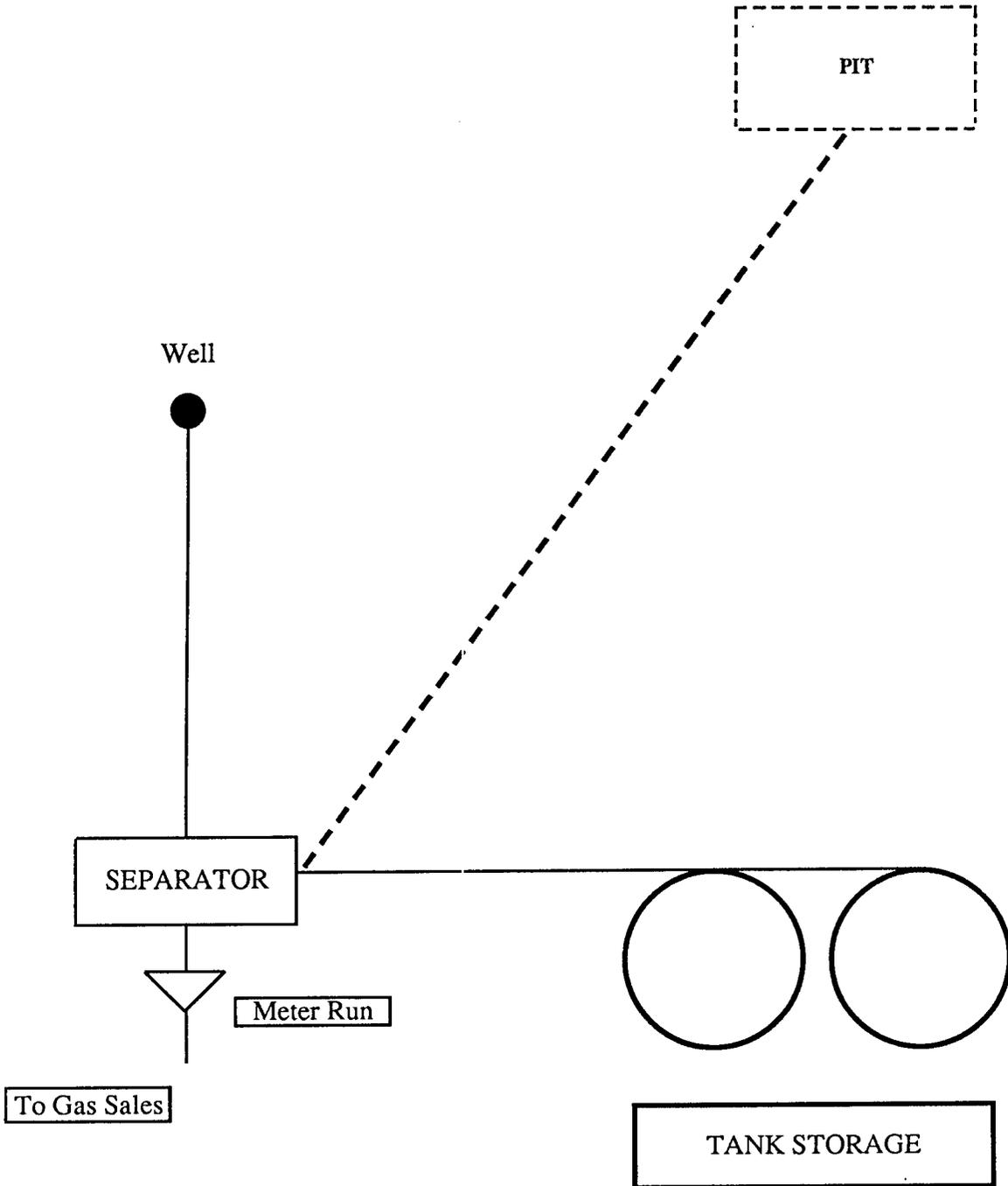
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Giant Exploration & Production Company  
 Drilling Rig Location Plat  
 Alkali Point No. 2



**ANTICIPATED PRODUCTION FACILITIES**

**Alkali Point No. 2**



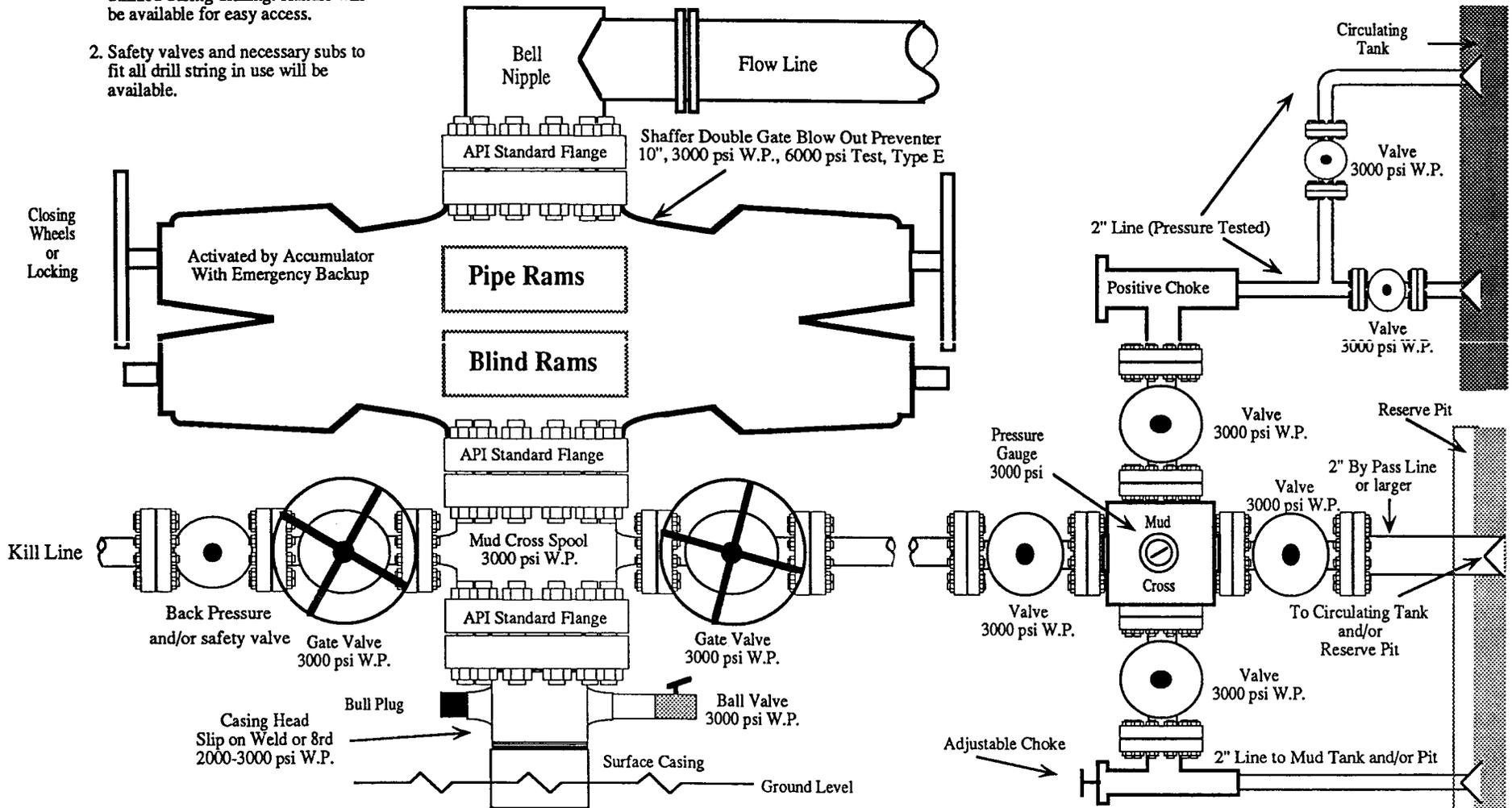
**Giant Exploration & Production Company**

Post Office Box 2810  
Farmington, New Mexico 87499-2810  
505-326-3325

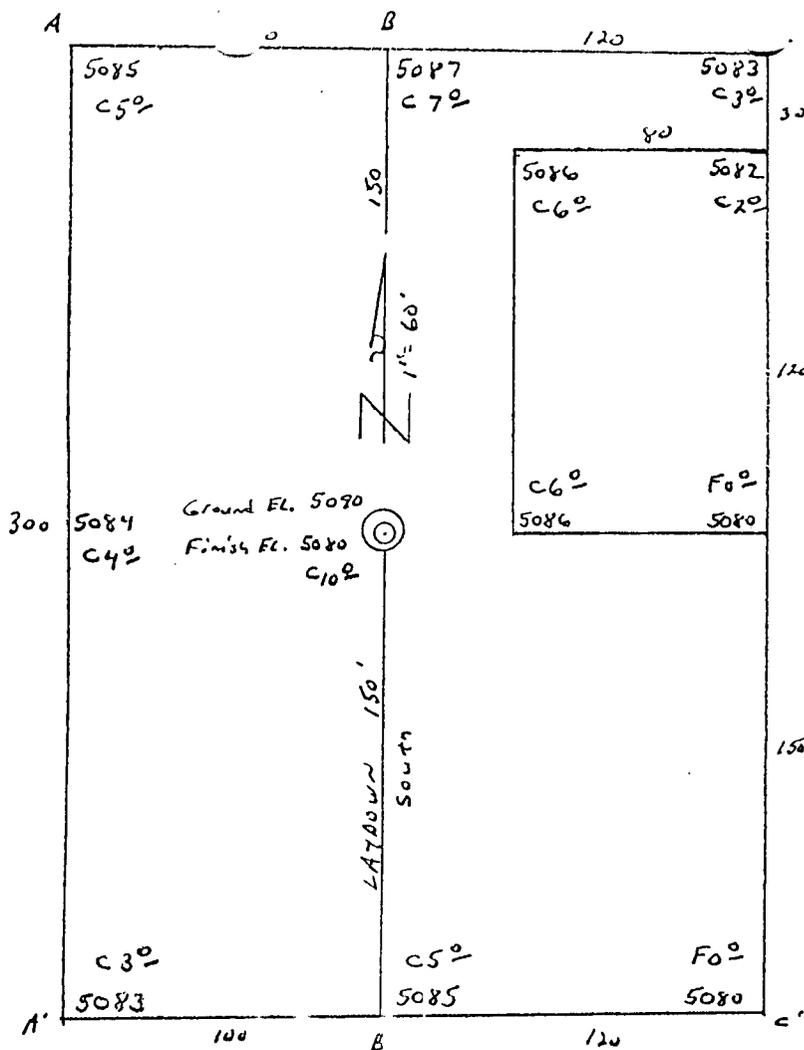
**Giant Exploration & Production Company  
Pressure Control Equipment**

**Alkali Point No.2**

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the



Giant Exploration & Production Co.  
 OPERATOR

Alkali Point #2  
 WELL NAME and NUMBER

2180' F/SL 1130' F/WL  
 FOOTAGES

12 39S 24E  
 SEC. TWP. RGE.

San Juan, Utah  
 COUNTY STATE

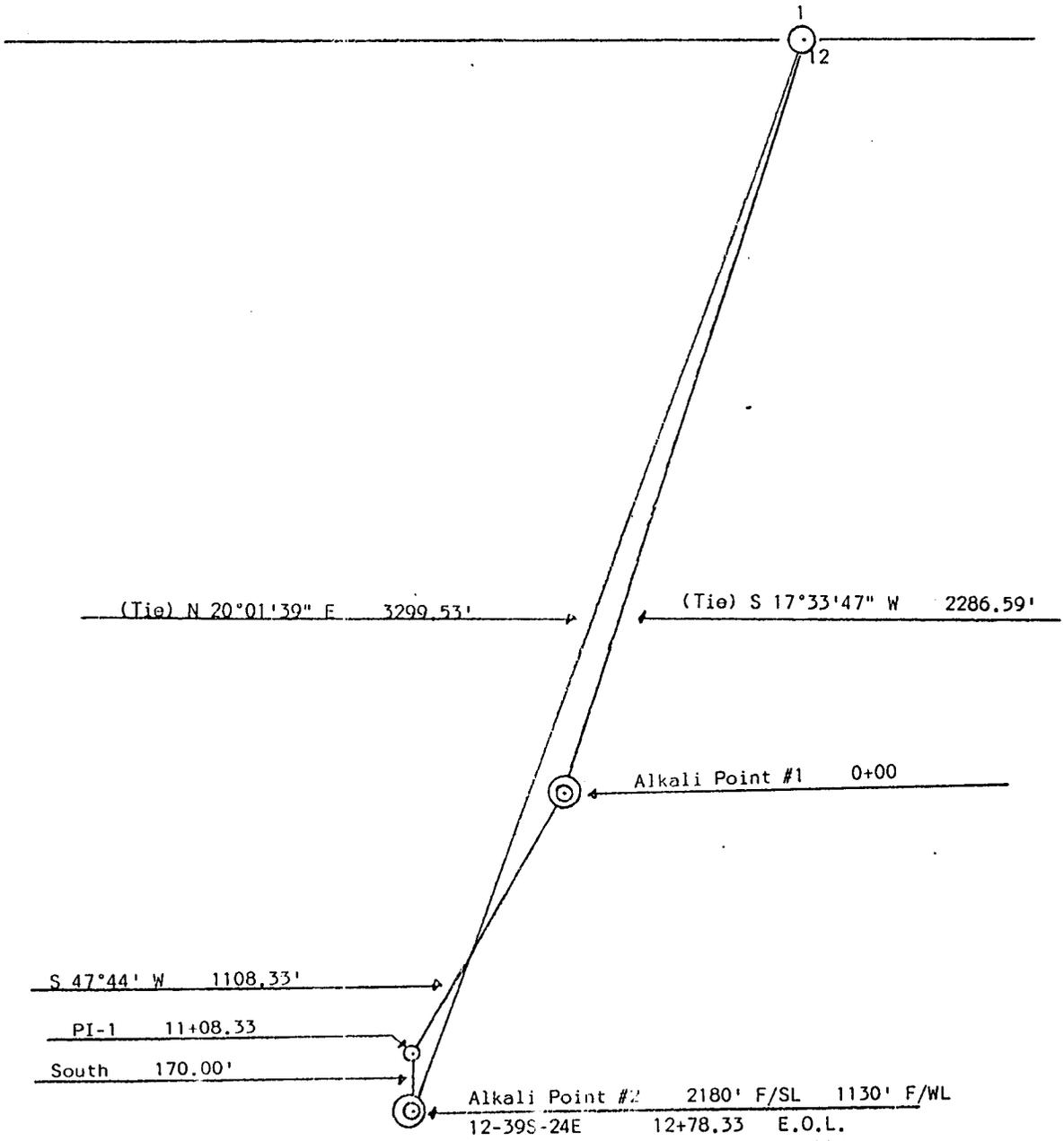
December 4, 1990  
 DATE

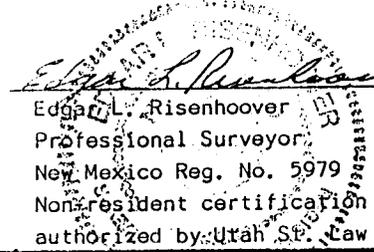
5090					
5080					5080

SCALE  
 Horiz. 1" = 60  
 Vert. 1" = 30

5090					5080
5080					

5090					
5080					5080




  
 Edgar L. Risenhoover  
 Professional Surveyor  
 New Mexico Reg. No. 5979  
 Non-resident certification as  
 authorized by Utah S.P. Law 58-22-21 (b)

SEC.	TWP.	RGE.	1/4 SEC.	WIDTH	LENGTH			ACRES
					FEET	RODS	MILES	
12	39S	24E	W $\frac{1}{4}$	35'	1278.33	77.47	0.24	1.03
GIANT EXPLORATION & PRODUCTION CO. PROPOSED ACCESS ROAD Alkali Point #2 2180' F/SL      1130' F/WL Section 12, T-39-S, R-24-E, N.M.P.M. San Juan County, Utah								SCALE: 1"=500' DATE: 12/4/90

STATE ACTIONS

Mail to:  
RDCC Coordinator  
116 State Capitol  
Salt Lake City, Utah 84114

1. ADMINISTERING STATE AGENCY  
OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203
2. STATE APPLICATION IDENTIFIER NUMBER:  
(assigned by State Clearinghouse)
3. APPROXIMATE DATE PROJECT WILL START:  
As soon as possible
4. AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:  
(to be sent out by agency in block 1)  
Southeastern Utah Association of Governments
5. TYPE OF ACTION:  Lease  Permit  License  Land Acquisition  
 Land Sale  Land Exchange  Other \_\_\_\_\_
6. TITLE OF PROPOSED ACTION:  
Application for Permit to Drill
7. DESCRIPTION:  
Giant Exploration and Production Company proposes to drill a wildcat well, the Alkali Point #2 on federal lease U-57545 in San Juan County, Utah. This action is being presented to RDCC for consideration of resource issues affecting state interests. The U.S Bureau of Land Management is the primary administrative agency in this action and must issue approval before operations commence.
8. LAND AFFECTED (site location map required) (indicate county)  
NW/4, SW/4, Section 12, Township 39 South, Range 24 East, San Juan County, Utah
9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?  
Unknown
10. POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR:  
No significant impacts are likely to occur.
11. NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE:
12. FOR FURTHER INFORMATION, CONTACT: Frank R. Matthews  
PHONE: 538-5340
13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL  
  
DATE: 1-9-91 Petroleum Engineer

WOI187

OPERATOR Giant Exploration N-0075 DATE 1-9-91  
WELL NAME Ureah Point #1  
SEC NW 10 T 39S R 24E COUNTY San Juan

43-037-31600  
API NUMBER

Actual (1)  
TYPE OF LEASE

CHECK OFF:

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> PLAT. | <input checked="" type="checkbox"/> BOND       | <input checked="" type="checkbox"/> NEAREST WELL        |
| <input checked="" type="checkbox"/> LEASE | <input checked="" type="checkbox"/> FIELD SLBM | <input checked="" type="checkbox"/> POTASH OR OIL SHALE |

PROCESSING COMMENTS:  
No other well within Sec 10 of above Lower Range.  
Ureah Permit  
RDEC 1-9-91

APPROVAL LETTER:

SPACING:  R615-2-3 N/A  R615-3-2  
UNIT  
 N/A  R615-3-3  
CAUSE NO. & DATE

STIPULATIONS:

1- Needs ureah permit



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter  
Governor

Dee C. Hansen  
Executive Director

Dianne R. Nielson, Ph.D.  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

January 30, 1991

Giant Exploration & Production Company  
P. O. Box 2810  
Farmington, New Mexico 87499

Gentlemen:

Re: Alkali Point #2 - NW SW Sec. 12, T. 39S, R. 24E - San Juan County, Utah  
2180' FSL, 1130' FWL

Approval to drill the referenced well is hereby granted in accordance with R615-3-3, Oil and Gas Conservation General Rules, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
4. Prompt notification if it is necessary to plug and abandon the well. Notify R. J. Firth, Associate Director, (Office) (801) 538-5340, (Home) 571-6068, or Jim Thompson, Lead Inspector, (Home) 298-9318.
5. Compliance with the requirements of R615-3-20, Gas Flaring or Venting, Oil and Gas Conservation General Rules.

Page 2  
Giant Exploration & Production Co.  
Alkali Point #2  
January 30, 1991

6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.
7. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31602.

Sincerely,



R. J. Firth  
Associate Director, Oil & Gas

tas  
Enclosures  
cc: Bureau of Land Management  
J. L. Thompson  
we14/1-4

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK  
 DRILL  DEEPEN  PLUG BACK

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 Giant Exploration & Production Company

3. ADDRESS OF OPERATOR  
 P.O. Box 2810, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*)  
 At surface  
 2180' FSL and 1130' FWL  
 At proposed prod. zone Section 12, T39S, R24E, SLM 43-037-31602

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 10.6 miles northeast of Montezuma Creek, Utah

10. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 460'

16. NO. OF ACRES IN LEASE 560.00

17. NO. OF ACRES ASSIGNED TO THIS WELL 40'

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 0

19. PROPOSED DEPTH 6295'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 5090' GLE

22. APPROX. DATE WORK WILL START\*  
 As soon as permitted.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
--------------	----------------	-----------------	---------------	--------------------

CONFIDENTIAL

RECEIVED

MAY 10 1991

DIVISION OF  
OIL GAS & MINING

RECEIVED  
MAY 10 1991

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED John C. Corbett TITLE Vice President - Exploration DATE January 3, 1991  
 John C. Corbett  
 (This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
 APPROVED BY /S/ WILLIAM C. STRINGER TITLE Assistant District Manager DATE MAY 7 1991  
 for Minerals

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A  
 Dated 1/1/80

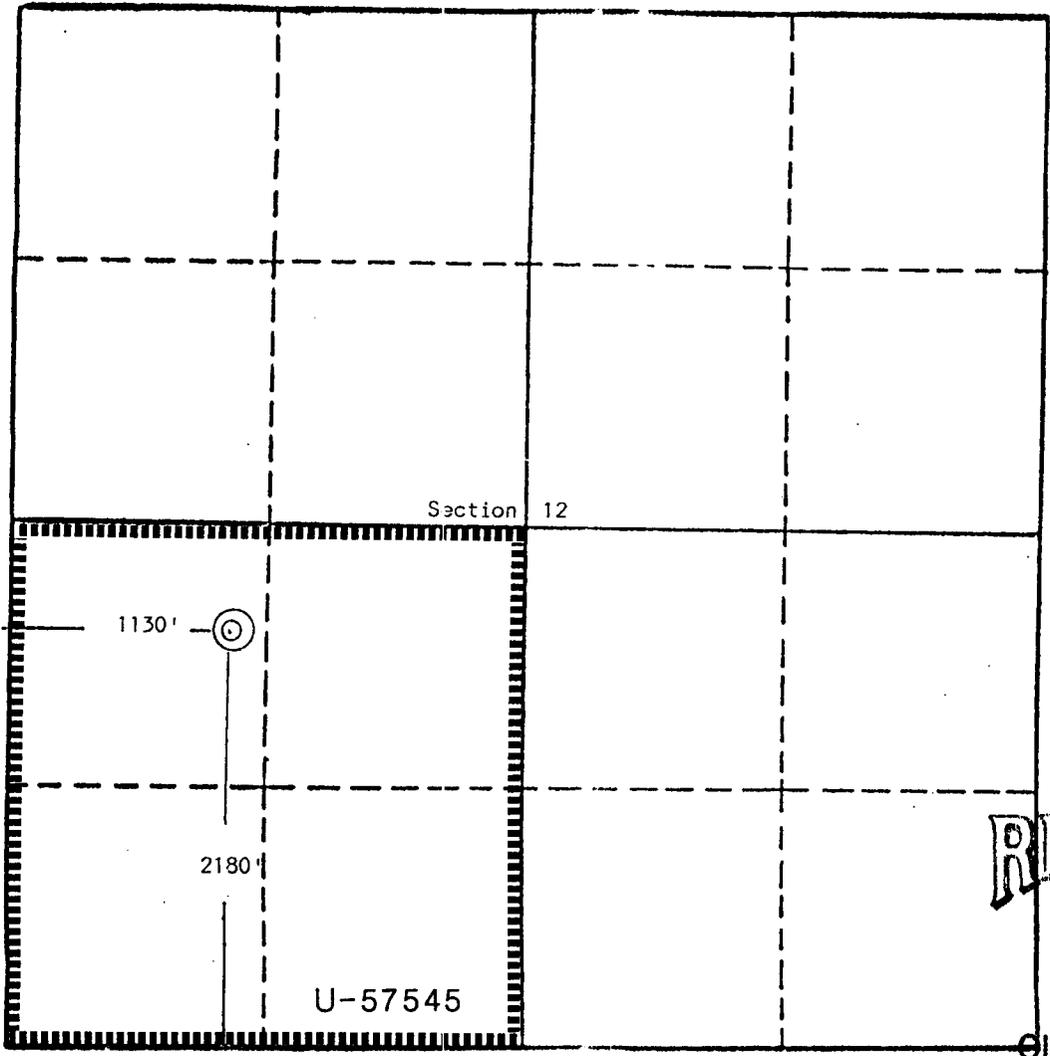
CONDITIONS OF A...

\*See Instructions On Reverse Side

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

Doc 111

Company Giant Exploration & Production Company  
 Well Name & No. Alkali Point #2 RECEIVED  
 Location 2180' F/SL 1130' F.WL 91 JAN -4 PM 3:08  
 BLM  
 Sec. 12, T. 39 S., R. 24 E., S. L. M., County 0510 FARMINGTON, N.M.  
 Ground Elevation 5090



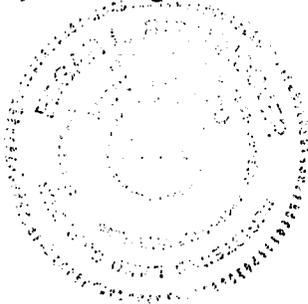
RECEIVED  
 MAY 10 1991  
 DIVISION OF  
 OIL GAS & MINING

Scale, 1 inch = 1,000 feet

Surveyed \_\_\_\_\_ December 4, 1990

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:



Edgar L. Risenhoover  
 Edgar L. Risenhoover  
 Registered Land Surveyor  
 New Mexico Reg. No. 5979  
 Non-resident certification as  
 authorized by Utah State Law  
 58-22-21(b)

Giant Exploration & Production Company  
Well No. Alkali Point No. 2  
NWSW Sec. 12, T. 39 S., R. 24 E.  
San Juan County, Utah  
Lease U-57545

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Giant Exploration & Production Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by NM1759 (Principal - Giant Exploration & Production Company) via surety consent as provided for in 43 CFR 3104.3.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

A. DRILLING PROGRAM

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Orders 1, 2, 3, 4 and 5 and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to the field representative to insure compliance.

1. Surface casing shall have a centralizer on each of the bottom three joints.
2. No hexavalent chromate additives will be used in the mud system in order to protect usable quality water aquifers.
3. Daily drilling and completion progress reports shall be submitted to the Moab District Office on a weekly basis.
4. Produced waste water will be confined to a unlined pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Assistant District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).

5. Anticipated Starting Dates and Notifications of Operations:

Required verbal notifications are summarized in Table 1, attached. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within twenty-four (24) hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Resource Area in accordance with requirements of NTL-3A.

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

- Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the fifth business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the AO by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

A first production conference will be scheduled within fifteen (15) days after receipt of the first production report. The Resource Area Office will coordinate the field conference.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Assistant District Manager, Minerals Division within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days or 50 MMCF gas. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

C. SURFACE USE PLAN

1. There will be no deviation from the proposed drilling and/or workover program without prior approval from the Assistant District Manager for Minerals. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned and/or separate facilities, will be identified in accordance with 43 CFR 3162.6.
2. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
3. The dirt contractor will be provided with an approved copy of the surface use plan.
4. This permit will be valid for a period of one (1) year from, the date of approval. After permit termination, a new application will be filed for approval for any future operations.

NOTIFICATIONS

Notify Bob Turri of the San Juan Resource Area, at  
(801) 587-2141 for the following:

- 2 days prior to commencement of dirt work, construction or reclamation;
- 1 day prior to spudding;
- 50 feet prior to reaching intermediate casing depth;
- 3 hours prior to testing BOP's and intermediate casing.

If the person at the above number cannot be reached, then notify Fred Oneyear in the Moab District Office at (801) 259-6111 or at home (801) 259-5937 (If unsuccessful, then notify one of the following people listed below).

Notify the Moab District Office, Branch of Fluid Minerals at (801) 259-6111 for the following:

No well abandonment operations will be commenced without the prior approval of the Assistant District Manager, Minerals Division. In the case of newly drilled dry holes, and in emergency situations, verbal approval can be obtained by calling the following individuals, in the order listed.

Dale Manchester, Petroleum Engineer	Office Phone: (801) 259-6111
	Home Phone: (801) 259-6239
Eric Jones, Petroleum Engineer	Office Phone: (801) 259-6111
	Home Phone: (801) 259-2214

If unable to reach the above individuals including weekends, holidays, or after hours please call the following:

Lynn Jackson, Chief, Branch of Fluid Minerals	Office Phone: (801) 259-6111
	Home Phone: (801) 259-7990

24 HOURS ADVANCE NOTICE IS REQUIRED FOR ALL ABANDONMENTS

## B. Stipulations

1. A cattle guard will be installed where the county road comes through the fence about 1.6 miles northerly from the location.
2. All above ground structures and equipment will be painted with a GRAY non-glare color.
3. Compacted areas will be plowed or ripped to a depth of 12 to 16 inches before reseeding. Seed will be drilled to a depth of .5 to .75 inch or broadcast and followed by a drag or packer. If broadcast, the recommended seed mix will be applied at 150 per cent of the recommended rate. The following seed mix will be used.

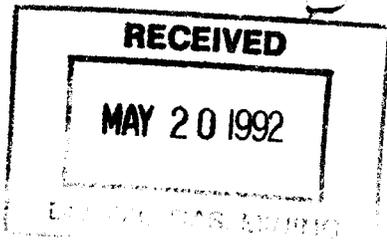
Crested Wheatgrass	3 lbs./acre/PLS
Indian Ricegrass	3 lbs./acre/PLS
Galleta	2 lbs./acre/PLS
Four-Wing Saltbush (dewinged)	2 lbs./acre/PLS

4. The top 10 inches of soil will be salvaged, stockpiled, and stabilized in the "L" corner of the well pad and reserve pit for use in revegetating the site.
5. Access roads not needed for through traffic will be barricaded and reseeded in accordance with #3. Water bars will be constructed to the following specifications.

<u>% Slope</u>	<u>Slope Distance</u>
Less than 1%	300 feet
1% -5%	200 feet
5% -15%	100 feet
Greater than 15%	50 feet

6. An earthen berm 24 inches high will be constructed around the perimeter of the well pad, except on the high/cut side of the well pad.
7. The reserve pit will be lined to prevent seepage from occurring.

8. Culverts of sufficient size will be placed on all drainage crossings of the access road determined necessary during the on-site inspection.
9. The stipulations set forth in the archeological clearance letter will be strictly adhered to. Clearance No. HPD-91-007.
10. Upon abandonment, all material brought in to plate the surface of the well pad and/or the access road will be cleaned up and disposed of prior to reseeding.
11. All changes/deviations made from the approved APD must be cleared and approved by the surface management agency. The surface management agency can be contacted at (505) 368-4427.



3162 (U-065)  
(U-57545)

Moab District  
P. O. Box 970  
Moab, Utah 84532

MAY 18 1992

Giant Exploration & Production Company  
P. O. Box 2810  
Farmington, New Mexico 87499

Re: Rescinding Application for Permit to Drill  
Well No. Alkali Point #2  
NWSW Sec. 12, T. 39 S., R. 24 E. *43-037-31602*  
San Juan County, Utah  
Lease U-57545

Gentlemen:

The Application for Permit to Drill the referenced well was approved on May 7, 1991. Since that date, no known activity has transpired at the approved location.

Applications for permit to drill are effective for a period of one year. In view of the foregoing, this office is rescinding the approval of the referenced application.

Should you intend to drill at this location at a future date, a new application for permit to drill must be submitted.

If you have any questions, please contact the Branch of Fluid Minerals at (801) 259-6111.

Sincerely yours,

*/s/ A. Lynn Jackson*  
Assistant District Manager  
Mineral Resources  
*Acting*

Enclosure:  
Application for Permit to Drill

cc: San Juan Resource Area (w/o encl.)  
State of Utah, Division of Oil, Gas and Mining (w/o encl.) ✓  
Bureau of Indian Affairs (w/o encl.)

VButts:vb:5/18/92



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

May 27, 1992

Giant Exploration & Production Company  
P.O. Box 2810  
Farmington, New Mexico 87499

Gentlemen:

Re: Well No. Alkali Point #2, Sec. 12, T. 39S, R. 24E, San Juan County, Utah  
API No. 43-037-31602

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill 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 of Oil, Gas and Mining immediately.

Sincerely,

Don Staley  
Administrative Manager  
Oil and Gas

DME/lde

cc: R.J. Firth  
Bureau of Land Management - Moab  
Well file

WOI196