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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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August 7, 1996

CERTIFIED RETURN RECEIPT
P 074 978 994

Mike Hale
Geokinetics, Incorporated
5555 San Felipe, Suite 780
Houston, Texas 77056

Re: Reduction in Reclamation Surety, Geokinetics, Inc. (Geokinetics), Seep Ridge Project, M/047/002, Uintah County, Utah

Dear Mr. Hale:

On April 12, 1996, Division staff performed an inspection of the Seep Ridge site with you and Mr. Ed Davis (copy of inspection memo enclosed). As a result of that inspection the Division prepared a revised reclamation estimate for the Seep Ridge Project (copy enclosed). This revised estimate adjusts the previous estimate to account for reclamation which has been completed at the site. In addition, the revised estimate allots an amount to cover the three season revegetation success criteria described by Division rules.

The present surety held by the Division is a Certificate of Deposit (CD) [redacted] for $100,000 at Frost National Bank. The CD is held on behalf of both the Division and the School Institutional Trust Lands Administration (SITLA). Under the terms of the CD the bank requires written permission from both the Division Director and the SITLA Director for release of any amount of the CD. We have contacted SITLA regarding this partial release and reduction of surety amount. SITLA is in agreement with this revised reclamation surety amount as indicated in their letter of August 2, 1996, to the Division (copy enclosed). Therefore, by this letter, the Division hereby authorizes Geokinetics to reduce the amount of reclamation surety to a new amount of $21,700 at your earliest convenience. This surety reduction may be completed by issuing a new CD for the required amount which jointly lists SITLA and the Division or posting another form of joint surety. If you choose to post a new different form of surety please contact us so we may provide you with the appropriate forms.

In addition to the surety documents, Geokinetics will need to complete a new Reclamation Contract referencing the new surety amount and new surety numbers, if appropriate. We have taken the liberty to enclose a partially completed Reclamation Contract form for your use. Please review this form and provide the requested information as described in the guideline for completing this form.

If you have any questions regarding this reduction or the required paperwork for completing this surety reduction please contact Wayne Hedberg or Tony Gallegos here at the Division. Thank you for your ongoing cooperation in complying with the Utah Mined Land Reclamation Act.

Very truly yours,

James W. Carter
Director

jb
Enclosures: 4/12/96 Inspection memo,
DOGM surety estimate of 7/16/96,
SITLA letter of 8/2/96,
partially completed Reclamation Contract,
Guideline for completing Reclamation Contract
cc: John Blake, SITLA
M47-02p.rel

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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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April 22, 1996

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *aaG*

RE: Site Inspection, Geokinetics, Inc., Seep Ridge, M/047/002, Uintah County, Utah

Date of Inspection: April 12, 1996
Time of Inspection: 0900 - 1300
Conditions: Partly cloudy, cool
Participants: Mike Hale, Ed Davis, Geokinetics; Tony Gallegos, DOGM

Purpose of Inspection: To evaluate some recent demolition and regrading work performed by Geokinetics at this site.

At the time of this inspection, the water pump was running at the water well location. This water well was operated as part of the mine project and it has been sold to a rancher. None of the areas recently reclaimed have been seeded. The inspection began at what is labeled on the maps as the "Tank Farm #2 Area." Several large tanks were removed from this area. Any concrete pads or foundations were broken up and buried. The pad area was regraded. The regrading work at this site was performed within the last two weeks, and the tanks were removed prior to that in the fall of 1995. Reclamation of this area included removal of all tanks, debris and regrading. The side slopes of the regraded area are currently at 2.5:1 with a maximum vertical height of 10-15 feet. The operator stopped grading the side slopes of this area for two reasons: 1) to avoid pushing the slopes out into some pinyon/juniper trees, and 2) to wait for further instruction from the Division. The concrete pad which was located at Tank Farm #2 was broken up and buried with at least two feet of cover.

The next area visited was the site of the sanitary land fill used by the mine operations. At this area, there was some minor rubbish and a large number of deer bones. It seems that the mine site has become a popular hunting camp, or at least a disposal area for the bones and carcass for the deer after they have been dressed out. A portion of the road going through this area was regraded and used as cover material over the deer carcass disposal and rubbish. The road for a gas pipeline runs nearby the sanitary landfill. This pipeline road will make it difficult to prevent access to any reclaimed areas, as hunters would be able to use that pipeline road to drive back through here.

The remaining portion of access road past the sanitary landfill will need to be regraded and ripped. The pad area southwest of the Tank Farm #2 will also need to be regraded and ripped. These areas were not seeded until the operator could verify the Division's satisfaction with the reclamation at this site.

Mr. Davis informed me that the general procedure they followed for drill casings which were located within the project area was to dig down below the surface around these casings, cut the casing off several feet below the surface, plug the drill holes and then cover this back up with soil material. Additional work performed at the site included regrading some small soil piles at several different locations withing the site.

The next area visited was the trailer camp. Reclamation work recently performed here included: collecting rubbish and debris, and cutting off pipes which were exposed at the surface. These pipes were believed to be associated with the water system for the trailer camp. The pipes were cut off and removed and then buried with several feet of soil. There was a water well pipe(?) which was cut below the ground level, plugged and then buried. Some old trailers and debris were removed from the trailer camp area. Other than that, no other reclamation work was performed in this portion of the site.

There were roads through the trailer camp area which still remained at this time. Some of these roads are mine access roads, and some of them have been created by hunters. For this portion of the site, preventing access after the roads are reclaimed will be difficult.

Photographs were taken of the trailer camp with a trailer pad in the foreground looking north. Reclamation which remains to be performed in this area would be ripping the main access roads created by the mine operations and then seeding those areas.

The next area inspected was the #1 Tank Area. At this portion of the site, several tanks were removed and a concrete pad, which was located by the gas pipeline, was broken up and buried. The general pad area where the tank was located still needs to be ripped and seeded. Photographs were taken of this area. The photograph of this area includes the concrete pad area in the foreground with the white Ford Explorer and the tank pad in the background.

The pad area at Tank Area #1 is an access route to a hunting camp site back in the pinyon/juniper trees. Preventing access to this camp area after reclamation will again be difficult due to the gas pipeline road, which will continue to provide access into the general vicinity. The other problem with preventing access after reclamation is that the terrain is generally flat and rolling at the site.

The next area visited was the site of a large concrete pad where the shop was located. Recent reclamation at this site included breaking up this pad and burying it under several feet of soil. Photographs were taken of this area looking south. In this photograph you will see Tank Farm #2 area in the background.

The next area visited was the P-1 well area. This was an area that was reclaimed several years ago. We examined this area to evaluate the revegetation success and the erosional stability. The grasses in this area had been heavily grazed. For grass identification purposes, this would be one of the wheat grasses, either an intermediate or thick spike. We will need to review the seed mix in the reclamation plan.

The next area visited was the office area. Recent reclamation here included breaking up a concrete pad and burying it, removing trash, and also burial of some rubbish. The water well and water tank, which are still present at the site, are located to the northwest of the office area. There was a road leading to the east of the office area which will need to be ripped and seeded, since it is not necessary for access to the water well.

The next area visited was the water well. There was an open well casing pipe located north of the tank with water visible in the bottom. This will need a cover, if it is in fact, a well. There was a bermed area located southwest of the water well. This area was excavated into a small hillside. This will need to be regraded and seeded as well. There was a road from the well, leading to the southwest, which is adjacent to the above mentioned bermed area. This road could be ripped and seeded, as it is not necessary for access to the well. There is also a road from the well leading to the east. This road could be ripped and seeded, which would still allow access off the main road to the water well for the rancher.

The next area visited was shown on the maps as a topsoil stockpile location. At this location there was a pile of fine shales. It is unknown at this time if this material was considered topsoil. This material seems to be excavated from the hillside which is made up of the native shales. The small piles here would need to be regarded and reseeded.

We next visited the revegetated area north of the previously mentioned topsoil stockpile. This is an area that had been seeded some time ago. The vegetation showed signs of heavy grazing, probably by horse, deer and cow. The vegetation in this site appears to be close to a monoculture. We need to review the seedmix which was applied to this area.

It was discovered by looking at the map, there were several monitoring well locations which the new Geokinetics operators were not previously aware of, and had not included in their recent reclamation. The first area was P-3. At this site there were three locked metal casings, which would need to be plugged. We then proceeded to find the remainder of these well locations.

The next well visited was P-2. This location had the same three wells; however, one of the metal covers was off. A photograph was taken of this location which included Geokinetics guys.

The next well visited was P-4. At this site, there were four surface casings on the east side of the Seep Ridge Road, south of the turnoff to Willow Canyon. A photograph was taken of this area which included the road sign.

The next well site visited was P-5. This was accessed by taking the road turning off the gas pipeline road. This turnoff road runs east and west, to the main Mountain Fuel pipeline. At P-5, there were three locked surface casings. A photograph was taken of this area which included junipers and the Ford Explorer.

The next well site was P-6. Again, there were three locked surface casings. These casings were located just north of the east-west pipeline road, previously mentioned. These wells were located in a low valley area near the road.

There was some question about the water wells which were to remain. The Division's reclamation estimate listed two wells which were to be given to State Lands. At this point, it is unknown which wells were and if that was just a proposed post-mine use, or if it was a binding agreement. In conclusion, the Division was to prepare an inspection memo, contact State Lands regarding the water wells and surety reduction, and then send a letter to Geokinetics describing the amount of reduction surety.

Notes from a discussion with Jim Lekas (formerly of Geokinetics) later that day.

The water well was sold to S & H, also known as Sweet Water Land and Livestock (Gary Sprouse). The metal casing located north of the well, was not in fact a casing, but a power pole made out of metal which was cut off at the base. It probably only goes four feet down into the ground, and that was the reason for the water. This pole should, however, be filled and covered. Jim was doubtful that the water well at the trailer park was plugged due to the complicated piping infrastructure. Most of the well works were probably covered; but the well was probably not plugged.

The rancher which currently owns the water well is interested in building cabins on the Seep Ridge site. Jim believed an exchange of private lands for state lands was proposed. The rancher would exchange private lands to have access to the state lands at the Seep Ridge site near the water well.

jb
cc: Mike Hale, Geokinetics
Will Stokes, SITLA
M047002.ins

RECLAMATION ESTIMATE
Geokinetics, Inc.
Seep Ridge Project
M/047/002 Uintah County
Prepared by Utah State Division of Oil, Gas & Mining

last revision 07/16/96
filename m47-02.wb2
page name "estimate"

-Information shown in this estimate was taken from the Division's Dec. 15, 1986 estimate
-All of the structures have been removed & their foundations regraded, but not yet seeded
-Areas which have been regraded but not seeded will need to be ripped if compacted or disked at a minimum prior to seeding
-Access roads throughout the site will need to be ripped or regraded & then seeded
-Minimal access roads to the water wells will be allowed to remain
-Monitoring wells need to be plugged & the well areas seeded
-Two water wells are to be transferred to the state (SITLA)
-Estimated total disturbed acreage remaining = 13.27

Activity	Amount	units	$/unit	$	notes
Concrete for plugging monitoring wells	21.93	cy	60	1,316	(1)
Labor for plugging monitoring wells	6	days	240	1,440	(2)
Transfer of water wells	2	wells	200	400	(3)
Earthwork & seeding of remaining areas (from separate page)				8,534	(4)
Monitoring for 3 years (once/year)	3	years	500	1,500	(5)
Supervision	4	days	263	1,052	(5)
General site cleanup (est 25% area)	3.32	acre	50	166	(6)
Mobilization	3	equip	1,000	3,000	(7)
		Subtotal		17,407	
Add 10% contingency				1,741	
		1996-$ Subtotal		19,148	
Add 5 years escalation at 2.58%				2,601	
		Total 2001-$		21,749	
Rounded Total in 2001-$				**$21,700**	
Average cost per disturbed acre =			*$1,635*		

	notes	
Concrete for plugging monitoring	(1)	Means 1996, R033-070, 3,500 psi, high early
Labor for plugging monitoring well	(2)	DOGM estimate, 8hr/day, $30/hr
Transfer of water wells	(3)	DOGM estimate
Earthwork & seeding of remaining	(4)	DOGM detailed estimate on separate page
Monitoring for 3 years	(5)	unit costs taken from DOGM Dec. 15, 1986 estimate
Supervision	(5)	unit costs taken from DOGM Dec. 15, 1986 estimate
General site cleanup (est 25% are	(6)	DOGM estimate of general debris cleanup
Mobilization	(7)	DOGM estimate of mob/demob

RECLAMATION ESTIMATE -Reclamation Remaining
Geokinetics, Inc.
Seep Ridge Project
M/047/002 Uintah County
Prepared by Utah State Division of Oil, Gas & Mining

last revision 07/16/96
filename m47-02.wb2
page name "recla remaining

-This page lists features which remain to be reclaimed at the Seep Ridge site as of inspection 4/12/96
-Dimensions shown were estimated by the Division using an aerial photo dated 8/5/83
-Unit costs used here are current Division estimates for these tasks at this site
-The grand total is shown on the "estimate" page as earthwork & seeding of remaining areas
-Current estimate of disturbed acreage (not yet seeded) = **13.27** **acres**

				$/acre	$/acre	$/acre	$/acre	
				$450	**$550**	**$250**	**$250**	
Feature	length	width	acreage	regrade	rip	disc	seed	Total $
tank farm #2	450	300	3.10	0.00	0.00	774.79	774.79	1,550
sanitary landfill	50	500	0.57	0.00	0.00	143.48	143.48	287
road-sanitary landfill	20	60	0.03	0.00	15.15	6.89	6.89	29
trailer camp spot	100	100	0.23	0.00	0.00	57.39	57.39	115
trailer camp spot	100	100	0.23	0.00	0.00	57.39	57.39	115
road thru trailer camp	20	1500	0.69	0.00	378.79	172.18	172.18	723
road to trailer camp	20	1100	0.51	0.00	277.78	126.26	126.26	530
slab area near pipeline	100	100	0.23	0.00	0.00	57.39	57.39	115
tank area #1	250	200	1.15	0.00	0.00	286.96	286.96	574
shop area	400	300	2.75	0.00	0.00	688.71	688.71	1,377
road-pipeline to shop	20	800	0.37	0.00	202.02	91.83	91.83	386
road-shop to office	20	600	0.28	0.00	151.52	68.87	68.87	289
office	250	250	1.43	0.00	0.00	358.70	358.70	717
generator pad near office	60	60	0.08	37.19	0.00	20.66	20.66	79
secondary road to well	20	300	0.14	0.00	75.76	34.44	34.44	145
assorted roads thru site	20	2600	1.19	0.00	656.57	298.44	298.44	1,253
shale pile	100	100	0.23	103.31	0.00	57.39	57.39	218
monitor wells P-2	20	20	0.01	0.00	0.00	2.30	2.30	5
monitor wells P-3	20	20	0.01	0.00	0.00	2.30	2.30	5
monitor wells P-4	20	20	0.01	0.00	0.00	2.30	2.30	5
monitor wells P-5	20	20	0.01	0.00	0.00	2.30	2.30	5
monitor wells P-6	20	20	0.01	0.00	0.00	2.30	2.30	5
water well #1	20	20	0.01	0.00	0.00	2.30	2.30	5
water well #2	20	20	0.01	0.00	0.00	2.30	2.30	5
TOTALS			13.27	$140	$1,758	$3,318	$3,318	**$8,534**

RECLAMATION ESTIMATE - Reclamation Completed
Geokinetics, Inc.
Seep Ridge Project
M/047/002 Uintah County
Prepared by Utah State Division of Oil, Gas & Mining

last revision 07/16/96
filename m47-02.wb2
page name "recla completed"

-This page describes reclamation tasks which have been completed as of 4/12/96
-Information shown on this page was taken from the Division's Dec. 15, 1986 estimate
-All major structures have been removed & their foundations regraded, but not yet seeded
-Unit costs shown here were taken from the Dec. 15, 1986 Division estimate

Activity		Amount	units	$/unit	$
Shop bldg. -demo & removal		*108,000*	*CF*	*0.17*	*18,360*
Office bldg.- demo & removal		*13,500*	*CF*	*0.17*	*2,295*
Power house-demo & removal		*24,000*	*CF*	*0.17*	*4,080*
Tanks - demo & removal		*2*	*acre*	*323*	*485*
Afterburner-demo & removal		*365*	*CY*	*0.25*	*91*
Absorber tower-demo & removal		*215*	*CY*	*0.25*	*54*
Mobile homes demo/removal		*4*	*days*	*415.60*	*1,662*
Regrading-mobile home park	*1.72*	*1,387*	*CY*	*0.84*	*1,165*
Regrading-power house yard	*5.50*	*4,437*	*CY*	*0.84*	*3,727*
Regrading-tank battery area	*2.00*	*1,613*	*CY*	*0.84*	*1,355*
Regrading-shop area	*2.50*	*2,017*	*CY*	*0.84*	*1,694*
Regrading-roads	*1.84*	*1,484*	*CY*	*0.84*	*1,247*
Backfilling evaporation ponds		*17,778*	*CY*	*0.84*	*14,933*

TOTAL (amount estimated for tasks completed *$51,148*
Note- this value was not used in calculating the surety reduction

RECLAMATION ESTIMATE -Monitoring Wells
Geokinetics, Inc.
Seep Ridge Project
M/047/002 Uintah County
Prepared by Utah State Division of Oil, Gas & Mining

last revision 07/16/96
filename m47-02.wb2
page name "well recla"

-This page shows monitoring well dimensions & volume calculations
-Monitoring wells are in clusters of 3 wells, each to a different depth at each locatio
-A drillhole diameter of 6 inches was assumed

well cluster & boring #	est. depth (ft)	dia (inch)	vol (cy)
1-1a	30	6	0.22
1-1b	105	6	0.76
1-1c	300	6	2.18
2-1a	115	6	0.84
2-1b	190	6	1.38
2-1c	300	6	2.18
3-1a	30	6	0.22
3-1b	105	6	0.76
3-1c	300	6	2.18
4-1a	120	6	0.87
4-1b	195	6	1.42
4-1c	285	6	2.07
5-1a	60	6	0.44
5-1b	135	6	0.98
5-1c	305	6	2.22
6-1a	55	6	0.40
6-1b	85	6	0.62
6-1c	300	6	2.18
	total		21.93
	ROUNDED TOTAL		**22 CY**

M/047/002

State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
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David T. Terry
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RECEIVED
AUG 0 6 1996
DIV. OF OIL, GAS & MINING

August 2, 1996

James W. Carter, Director
Utah Division of Oil, Gas & Mining
1594 W. North Temple Street, Suite 1210
Salt Lake City, UT 84114

RE: Reduction in Reclamation Surety, Geokinetics Inc., Seep Ridge Project,
ML45256--Oil Shale, M/047/002, Uintah County

Dear Mr. Carter,

This letter will provide notice to you that the School and Institutional Trust Lands Administration concurs in the recommendation of your staff to reduce the amount of reclamation surety required for the Geokinetics Inc. Seep Ridge Project from $100,000 down to $21,700.

The Trust Lands Administration requests that the $21,700 replacement bond be in the same form as the existing $100,000 bond or be posted in the form of a surety bond.

Sincerely,

David T. Terry
Director

DTT/jtb

cc: Tony Gallegos
John Blake

UTAH CENTENNIAL 1896-1996