6909

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

October 21, 2015

Nicolas Lott
American Gilsonite Company
29950 South Bonanza Highway
Bonanza, Utah 84008

Re: Request for Bond Estimate for Underground Injection Well; American Gilsonite Corporation; Bonanza, M/047/0010, Uintah County, Utah

Dear Mr. Lott:

Thank you for submitting the bond estimate request on September 28, 2015. The request is for a well pad associated with an underground injection well. The 1570-foot-deep well is permitted and bonded separately with the Environmental Protection Agency (EPA). The Division was asked to provide a bond estimate for the 200' x 200' well pad located in Section 3 of Township 9 South, Range 24 East. The well is to be located on private land owned by American Gilsonite Corporation. The required bond amount was determined based on information in the following tables:

Bond Calculation Worksheet M/047/0010

3-year escalation (2018)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	$8,000.00	$8,000.00
Add'l Acres Disturbance	0	$5,000.00	$0.00
Mob/demob 51-100 miles	0	$1,500.00	$0.00
Mob/demob 101-150 miles	0	$2,900.00	$0.00
Mob/demob 151-200 miles	0	$4,400.00	$0.00
TOTAL			**$8,000.00**

5-year escalation (2020)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	$8,200.00	$8,200.00
Add'l Acres Disturbance	0	$5,100.00	$0.00
Mob/demob 51-100 miles	0	$1,500.00	$0.00
Mob/demob 101-150 miles	0	$3,000.00	$0.00
Mob/demob 151-200 miles	0	$4,500.00	$0.00
TOTAL			**$8,200.00**

1594 West North Temple, Suite 1210, Salt Lake City, UT 84116
PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

The estimates shown in the table represent costs for a one-acre pad site calculated using both a three-year and a five-year escalation. Please contact the Minerals Program bonding coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about increasing the surety.

Please contact April Abate at 801-538-5214 with questions about this letter. Thank you for your cooperation.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB: aa: pb
P:\GROUPS\MINERALS\WP\M047-Uintah\M0470010-AGC\final\BondEstimate-6909-10212015.docx