

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF)	CAUSE NO. 1V
THE RULES AND REGULATIONS OF THE)	
COLORADO OIL AND GAS CONSERVATION)	ORDER NO. 1V-457
COMMISSION BY SMITH OIL PROPERTIES, INC.)	DOCKET NO. 1404-0V-34

APPLICATION OF SMITH OIL PROPERTIES, INC. FOR EXTENSION OF TIME


(Pursuant to Rule 503(a) of the Rules and Regulations of the
Colorado Oil and Gas Conservation Commission)

1. By an Administrative Order by Consent ("Order") entered in the captioned matter on April 28, 2014, Smith Oil Properties, Inc. ("Smith") was required to plug and abandon three (3) wells located in Adams and Weld Counties within four (4) months of such order. These wells are more particularly identified in Table 1 of such order as the: Andrews 12-18X, Andrews (Lanyard Waterflood) 22-18 and Lynn 1 wells.
2. On or about April 22, 2014 Smith engaged Magna Energy Services, LLC ("Magna") which is qualified and agreed to perform the operations required by the Order under terms in a bid dated April 10, 2014, a copy of which is attached as **Exhibit "A"**.
3. As a downpayment towards the total estimated costs and in partial performance of its obligations under such agreement Smith has to date paid Magna \$50,000.
4. The nature of current use of the surface locations of the Andrews 12-18X and Andrews (Lanyard Waterflood) 22-18 wells (which are in cornering quarter sections) presents significant operational issues and would damage growing crops (bluegrass and fescue grass). It was estimated by the surface user that compensation in excess of \$200,000.00 would be required if daily irrigation operations were interrupted prior to mid-November when the grass crop will have become dormant.
5. Attached as **Exhibit "B"** is a statement of Aron Rascon (Magna's employee) providing details of the issues presented with the interference that proposed rig operations under the Order would necessarily cause to operation of the irrigation system required by Woerner Turf Farms.

6. Although Magna has informed Smith it anticipates timely compliance with the requirements of the above order with respect to the Lynn 1 well (with a rig currently being moved onto that location , given the short period of time remaining for timely compliance an short (30 day) extension of time is requested for completion of required action on that well. Plugging and abandonment operations on the Lynn 1 well were delayed until now to permit harvesting of a wheat crop at that location.
7. Earlier in 2014 mechanical integrity tests were performed on the Andrews 12-18X and Andrews (Lanyard Waterflood) 22-18 wells which were successfully passed. Accordingly no harm to subsurface resources would likely occur if the deadline in the above order as to such two wells was extended as requested by Smith in this Application.
8. Smith has satisfied the requirements of paragraphs 3 and 4a of the above Order by payment of the fine amount and by submission and approval of Form 6's for all three (3) wells. No previous extension of time for performance of the operations required by the Order has been requested by Smith or granted by this commission .
9. For the above reasons Smith requests the Order be amended, or that an administrative decision is otherwise made to enlarge the time within which Smith may timely complete operations required under paragraph 4 of the Order as follows:
 - a. To and including September 28, 2014 as to the Lynn 1 well, and
 - b. To and including November 30, 2014 as to the Andrews 12-18X and Andrews (Lanyard Waterflood) 22-18 wells.

Respectfully submitted this 13th day of August, 2014

Smith Oil Properties, Inc.

By: 

Thomas F. Tauskey
Attorney for Smith Oil Properties, Inc.
1882 S. Parker Rd.
Denver, CO 80231
303-475-9293

Attachments:

Exhibit "A" (Bid/contract between Smith and Magna, 10 pages)

Exhibit "B" (Statement of Aron Rascon, 1 page)

TFT:#5:Smith Oil Properties: Application



Smith Oil Properties, Inc.

Plug and Abandonment Proposal

P&A bid for the Lynn 1, Andrews 13-18X, and Andrews 22-18
Adams & Weld County, Colorado

Prepared for: Vicki Shelley (303)-825-7405
Date: April 10, 2014
Version: #1

Submitted by:
Chad Vannest
Magna Energy Services, LLC
23295 US HWY 85
LaSalle, Colorado 80645
1-970-381-5818

Exhibit "A"
Smith Oil Properties, Inc.
Application for Extension of Time



***Magna appreciates the opportunity to present
this proposal and looks forward to being of service to you.***

Foreword

Enclosed is our recommended procedure for the plug and abandonment project. The information in this proposal includes site data, calculations, materials requirements, and cost estimates. This proposal is based on information from our field personnel and previous services performed in the area.

Magna Energy Services recognizes the importance of meeting society's needs for health, safety, and protection of the environment. It is our intention to proactively work with employees, customers, the public, governments, and others to use natural resources in an environmentally sound manner while protecting health, safety, and environmental processes while supplying high quality products and services to our customers.

We appreciate the opportunity to present this proposal for your consideration and we look forward to being of service to you. Our Services for your well will be coordinated through the Magna location listed below. If you require any additional information or additional services, please feel free to contact me.

Prepared and Submitted by:

A handwritten signature in black ink, appearing to read "Chad Vannest".

Chad Vannest
Sales Representative
1-970-381-5818

SERVICE LOCATION:
SERVICE REPRESENTATIVE:
PHONE NUMBER:

LaSalle, Colorado
Chad Vannest
970-381-5818



Job Recommendation

Plug and Abandonment

Operator: Smith Oil Properties, Inc.

Well Name: Lynn 1

Legals: NWSE Section 22-T1S-R63W

Location: Adams County, Colorado

API: 05-001-08303

Surface Casing: 8-5/8" 24# at 206'

Hole size: 12-1/4" TOC: Surface

Production Casing: 4-1/2" 11.6# at 7,490'

Hole size: 7-7/8" TOC: 6,233'

Tubing: 2-3/8" at 7,292'

Niobrara top: 6,508'

Perforations: 7,338' – 7,350'

Fox hills: 1,096' – 843'

TD: 7,496'

Upper Arapahoe bottom: 391'

1. Prior to MIRU, check rig anchors and blow down well if necessary
2. Conduct pre-job safety meeting and complete JSA
3. Dig out around wellhead and check surface annulus for pressure, if present call for orders
4. MIRU P&A Equipment, ND wellhead, NU BOP, TOH and tally tubing
5. RU wireline, TIH with gauge ring to 7,320', TOH
6. PU CIBP, TIH and set at 7,288' (50' above topmost perforation), TOH
7. TIH and set 2 sxs of cement on top of CIBP, TOH
8. TIH with tubing to 6,560' (52' below Niobrara top at 6,508')
9. Pump 20 sxs of 15.8# type G neat 1.15 cu/ft. yield cement, TOH (20 sxs is 263' inside 4-1/2" casing), circulate oil out of well with water
10. Stretch casing, TIH and freepoint casing, **if casing is not free below the Fox Hills at 1,150', call for orders.** Cut casing at freepoint, TOH, RD wireline
11. RU casing equipment, TOH and LD casing, RD casing equipment
12. TIH with tubing to casing stub
13. Pump 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement for a stub plug (40 sxs is 136' inside 7-7/8" open hole)
14. TOH to 1,150' (54' below bottom of Fox hills)
15. Pump 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement with LCM (40 sxs is 136' inside 7-7/8" open hole, covering bottom of Fox hills at 1,096')
16. TOH to 743' (100' above top of Fox hills)
17. Pump 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement with LCM (40 sxs is 136' inside 7-7/8" open hole, covering top of Fox hills at 843')
18. TOH and WOC, TIH and tag TOC (if TOC is below 700', call for orders)
19. TOH to 445' (54' below bottom of Upper Arap. at 391', 239' below surface casing shoe at 206')
20. Pump 100 sxs of 15.8# type G neat 1.15 cu/ft. yield cement with LCM (100 sxs is 321' inside 8-5/8" casing, Covering surface casing shoe at 206')
21. TOH and WOC,
22. TIH and tag TOC
23. Establish circulation to surface, Pump adequate cement to surface (Estimated 70 sxs of 15.8# type G neat 1.15 cu/ft. yield cement to cover surface)
24. Dig out and cut off wellhead



25. Verify cement at surface (Add cement as necessary)
 26. Flush and cap flow lines,
 27. Weld information plate onto casing,
 28. Back fill pit and clean location
- RDMO P&A Complete



Job Recommendation

Plug and Abandonment

Operator: Smith Oil Properties, Inc.

Well Name: Andrews 13-18X

Legals: NWSW, Section 18-T4N-R67W

Location: Weld County, Colorado

API: 05-123-09907

Surface Casing: 8-5/8" 23# at 533'

Hole size: 12-1/4" TOC: Surface

Production Casing: 5-1/2" 15.5# at 6,990'

Hole size: 7-7/8" TOC: Unknown

Tubing: 2-7/8" at 6,875'

Fox hills bottom: 577'

Perforations: 6,919' – 6,929'

TD: 6,995'

1. Prior to MIRU, check rig anchors and blow down well if necessary
2. Conduct pre-job safety meeting and complete JSA
3. Dig out around wellhead and check surface annulus for pressure, if present call for orders
4. MIRU P&A Equipment
5. ND wellhead, NU BOP
6. TOH and tally tubing
7. RU wireline, TIH with gauge ring to 6,900', TOH
8. PU CIBP, TIH and set at 6,865' (54' above topmost perforation), TOH
9. TIH and set 2 sxs of cement on top of CIBP, TOH
10. TIH with tubing to 6,255' (51' below Niobrara top at 6,204')
11. Pump 25 sxs of 15.8# type G neat 1.15 cu/ft. yield cement, TOH
(25 sxs is 215' inside 5-1/2" casing)
12. Stretch casing, TIH and freepoint casing, Cut casing at freepoint, TOH, RD wireline
13. RU casing equipment, TOH and LD casing, RD casing equipment
14. TIH with tubing to casing stub
15. Pump 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement for a stub plug, TOH
(40 sxs is 136' inside 7-7/8" open hole)
16. TOH to 630' (53' below bottom of Fox hills at 577, 97' below surface casing shoe at 533')
17. Pump 100 sxs of 15.8# type G neat 1.15 cu/ft. yield cement with LCM
(100 sxs is 321' inside 8-5/8" casing, Covering surface casing shoe at 533')
18. TOH and WOC, TIH and tag TOC (if TOC is below 433', call for orders)
19. TOH to 100', Establish circulation to surface
20. Circulate 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement to surface
(40 sxs is 134' inside 8-5/8" casing)
21. Dig out and cut off wellhead, Verify cement at surface. (Add cement as necessary)
22. Flush and cap flow lines
23. Weld information plate onto casing, Back fill pit and clean location
24. RDMO P&A Complete



Job Recommendation

Plug and Abandonment

Operator: Smith Oil Properties, Inc.

Well Name: Andrews 22-18

Legals: SENW, Section 18-T2N-R62W

Location: Weld County, Colorado

API: 05-123-08251

Surface Casing: 8-5/8" 24# at 445'

Hole size: 12-1/4" TOC: Surface

Production Casing: 5-1/2" 17# at 6,974'

Hole: 7-7/8" TOC: 200 sxs - Unknown

Tubing: 2-7/8" at 6,921'

Fox hills bottom: 559'

Perforations: 6,920' – 6,932'

TD: 6,932'

1. Prior to MIRU, check rig anchors and blow down well if necessary
 2. Conduct pre-job safety meeting and complete JSA
 3. Dig out around wellhead and check surface annulus for pressure, if present call for orders
 4. MIRU P&A Equipment
 5. ND wellhead, NU BOP
 6. TOH and tally tubing
 7. RU wireline, TIH with gauge ring to 6,900', TOH
 8. PU CIBP, TIH and set at 6,870' (50' above topmost perforation), TOH
 9. TIH and set 2 sxs of cement on top of CIBP, TOH
 10. TIH with tubing to 6,260' (50' below Niobrara top at 6,210')
 11. Pump 25 sxs of 15.8# type G neat 1.15 cu/ft. yield cement, Roll hole, TOH
 - a. (25 sxs is 215' inside 5-1/2" casing)
 12. Stretch casing, TIH and freepoint casing, Cut casing at freepoint, TOH, RD wireline
 13. RU casing equipment, TOH and LD casing, RD casing equipment
 14. TIH with tubing to casing stub
 15. Pump 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement for a stub plug, TOH
(40 sxs is 136' inside 7-7/8" open hole)
 16. TOH to 610' (51' below bottom of Fox Hills, 165' below surface casing shoe at 445')
 17. Pump 100 sxs of 15.8# type G neat 1.15 cu/ft. yield cement with LCM
(100 sxs is 321' inside 8-5/8" casing, Covering surface casing shoe at 445')
 18. TOH and WOC, TIH and tag TOC (if TOC is below 345', call for orders)
 19. TOH to 100', Establish circulation to surface
 20. Circulate 40 sxs of 15.8# type G neat 1.15 cu/ft. yield cement to surface
(40 sxs is 134' inside 8-5/8" casing)
 21. Dig out and cut off wellhead, Verify cement at surface (Add cement as necessary)
 22. Flush and cap flow lines
 23. Weld information plate onto casing
 24. Back fill pit and clean location
- RDMO P&A Complete



Cost Estimate

Plug and Abandonment

Ms. Vicki Shelley
Smith Oil Properties, Inc.

P&A bid for the Lynn 1, Andrews 13-18X, and the Andrews 22-18
Adams & Weld County, Colorado

Mr. Myers,

Magna Energy Services, LLC will plug and abandon the wells, per the procedure provided, for the following:

Lynn 1

\$32,500 plus salvaged tubulars

This bid includes:

- 312 sxs of 15.8# class G neat 1.15 cu.ft./Sack (with LCM for water sand plugs)
(Note: Additional cement will be charged at \$42/sack pumped)
- 4-1/2" Wireline gauge ring run to 7,320'
- 4-1/2" Wireline set CIBP at 7,288' and dump bail
- 4-1/2" Wireline casing cut at freepoint
- **Note a DV tool was run at 1,047, but there is no information in the State records of it being cemented. If it was cemented, the COGCC will require a CBL across the DV tool to establish the TOC.**

Andrews 13-18X

\$29,500 plus salvaged tubulars

This bid includes:

- 207 sxs of 15.8# class G neat 1.15 cu.ft./Sack (with LCM for water sand plugs)
(Note: Additional cement will be charged at \$42/sack pumped)
- 5-1/2" Wireline gauge ring run to 6,900'
- 5-1/2" Wireline set CIBP at 6,865' and dump bail
- 5-1/2" Wireline casing cut at freepoint

Andrews 22-18

\$29,500 plus salvaged tubulars

This bid includes:

- 207 sxs of 15.8# class G neat 1.15 cu.ft./Sack (with LCM for water sand plugs)
(Note: Additional cement will be charged at \$42/sack pumped)
- 5-1/2" Wireline gauge ring run to 6,900'
- 5-1/2" Wireline set CIBP to 6,870' and dump bail
- 5-1/2" Wireline casing cut at freepoint

This bid does not include:

- A tubing workstring
(If needed, a 2-3/8" N-80 workstring will be provided at \$0.20/ft. + Freight)
- Hot Oiling, "Catting" in equipment, Removal of tank batteries



- **Disposal of fluids**
- Combating water flows
- Dirt work beyond filling in the wellhead
- Any required roadwork/repair required to allow access and egress before/after P&A
- Outside services and fresh water charged at going rates

If down hole problems are encountered (hunting casing leaks, cannot get plugs to setting depths, extra squeezes, need to fish, stuck packers, etc.) and/or the State or BLM changes the procedure on location, extra rig time is charged per the attached DJ Basin price schedule.

Please call myself or Dave Rebol (970)-867-9007 if you have any questions or concerns. We appreciate the opportunity to compete for your work and we look forward to hearing from you soon.

Thank you,

A handwritten signature in black ink that reads "Chad Vannest". The signature is written in a cursive, flowing style.

Chad Vannest

Sales Representative

Magna Energy Services, LLC

970-284-5752 (office)

970-381-5818 (cell)

cvannest@magnaes.com

Equipment and Services List

Plug and Abandonment

- Mobilization and demobilization of all equipment
- Well Servicing Rig and Crew
- 7-1/16" X 5000# BOP
Note: Includes accumulator, pipe/blind rams, and rubber goods
- Hoses, lines, and connections to rig up all equipment
- Triplex pump
- Cementing equipment
- 80 bbl. water truck
- Wireline unit
- Backhoe with trailer
- Welder
- Anchor setting



Conditions

NOTE

The cost in this analysis is good for the materials and/or services outlined within. These prices are based on Magna being awarded the work on a first call basis. Prices will be reviewed for adjustments if awarded on 2nd or 3rd call basis and/or after 30 days of this written analysis. This is in an effort to schedule our work and maintain a high quality of performance for our customers.

The unit prices stated in this proposal are based on current published prices. The projected equipment, personnel, and material needs are only estimates based on the information about the work presently available to us. At the time the work is actually performed, conditions then existing may require an increase or decrease in the equipment, personnel, and/or material needs. Charges will be based upon unit prices in effect at the time the work is performed and the amount of equipment, personnel, and/or material actually utilized in the work. Taxes, if any, are not included. Applicable taxes, if any, will be added to the actual invoice.

It is understood and agreed between the parties that the exception of the subject discounts, all services performed and equipment and materials sold are provided subject to Magna's General Terms and Conditions (which include LIMITATION OF LIABILITY and WARRANTY provisions), and pursuant to the applicable Magna Work Order Contract (whether or not executed by you), unless a Master Service and/or Sales Contract applicable to the services, equipment, or materials supplied exists between your company and Magna, in which case the negotiated Master Contract shall govern the relationship between the parties. A copy of the latest version of our General Terms and Conditions is available from your Magna representative, and we would appreciate receiving any questions you may have about them. Should your company be interested in negotiating a Master Contract with Magna, our legal department team would be pleased to work with you to finalize a mutually agreeable contract. In this connection, it is also understood and agreed that Customer will continue to execute Magna field work orders and/or tickets customarily required by Magna in connection with the furnishing of said services, equipment, and materials.

Any terms and conditions contained in purchase orders or other documents issued by the customer shall be of no effect except to confirm the type and quantity of services, equipment, and materials to be supplied by the customer.

If customer does not have an approved open account with Magna or a mutually executed written contract with Magna, which dictates payment terms different than those set forth in this clause, all sums due are payable in cash at the time of performance of services or delivery of equipment, products or materials. If customer has an approved open account, invoices are payable on the twentieth day after date of invoice.

Customer agrees to pay interest on any unpaid balance from the date payable until paid at the highest lawful contract rate applicable, but never to exceed 18% per annum. In the event Magna employs an attorney for collection of any account, customer agrees to pay attorney fees of 20% of the unpaid account, plus all collection and court costs.



August 12, 2014

Colorado Oil and Gas Corporation Commission

Re: Pending operations to plug and abandon wells operated by Smith Oil Properties, Inc.
Order No. 1V-457

To whom it may concern:

On or about April 22, 2014 Magna Energy Services ("Magna") was contracted (see copy attached) by Smith Oil Properties, LLC ("Smith") to plug and abandon the Lynn #1 well in Adams County, Colorado and both the Andrews #13-18X and Andrews #22-18 wells in Weld County Colorado. Magna has received pre-payment of \$50,000 from Smith towards the total estimated costs of plugging all three wells.

Commencement of plugging operations on the Lynn #1 well has been delayed until recently in order to permit the wheat crop on the surface to be harvested. Such crop has now been harvested and Magna expects to commence plugging activity of the Lynn #1 in Adams County, Colorado on or around August 18th, 2014 which is anticipated to be completed prior to the deadline of August 28, 2014 under the captioned order.

However, the surface locations for the two Andrews wells (which are located in cornering quarter sections or about a quarter mile apart) are in a sod farm operated by Woerner Turf Farms and the conduct of plugging operations would interfere with the daily operation of center pivot irrigation systems which will be in use until mid-November. It has been estimated by Raul Mota (manager) that interruption of those irrigation systems on the sod fields would cause crop loss damages in excess of \$200,000.

Once plugging activity begins on the Andrews wells, Magna Energy Services will need approximately 4-5 days to complete each well which operations will be conducted consecutively in the absence of any unforeseen interruptions (i.e. weather, road conditions, downhole problems). Magna intends plugging activities under the Smith contract will have priority on its schedule and intends to begin work on the two Andrews wells as soon as the surface owner advises such operations will cause minimal damage to sod farming operations.

If you have questions about the above, please contact me directly. Thank you.


Aron Rascon
Sales Representative
Magna Energy Services
23295 U.S. Hwy 85
LaSalle, CO 80645

Exhibit "B"
Smith Oil Properties, Inc.
Application for Extension of Time

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF)	CAUSE NO. 1V
THE RULES AND REGULATIONS OF THE)	
COLORADO OIL AND GAS CONSERVATION)	ORDER NO. 1V-457
COMMISSION BY SMITH OIL PROPERTIES, INC.)	DOCKET NO. 1404-0V-34

AMENDMENT TO APPLICATION OF SMITH OIL PROPERTIES, INC. FOR EXTENSION OF TIME

(Pursuant to Rule 503(a) of the Rules and Regulations of the
Colorado Oil and Gas Conservation Commission)

1. Reference is made to an Application of Smith Oil Properties, Inc. for Extension of Time filed in the captioned matter on August 13, 2014, which is hereby amended to add an additional specific claim for relief.
2. Applicant is now informed that a hearing on the above Application may be required which will not occur until several weeks after the current deadline (August 28, 2014) from which an extension of time has been requested.
3. In the event Applicant's request for an extension of time is granted by amendment of the Administrative Order of Consent dated April 28, 2014, it is now requested that any such amendment include relief by waiver of any daily fine or other penalty which might otherwise have accrued between the current deadline and entry of any such favorable amendment.

Respectfully submitted this 14th day of August, 2014

Smith Oil Properties, Inc.

By: 

Thomas F. Tauskey
Attorney for Smith Oil Properties, Inc.
1882 S. Parker Rd.
Denver, CO 80231
303-475-9293

TFT:#5:Smith Oil Properties: Amendment to Application