

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



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Document Number:

2584353

Oil and Gas Location Assessment

☒ New Location ☐ Amend Existing Location Location#: _____

Submit original plus one copy. This form is to be submitted to the COGCC prior to any ground disturbance activity associated with oil and gas development operations. This Assessment may be approved as a stand alone application or submitted as an informational report accompanying an Application for Permit-To-Drill, Form 2. Approval of this Assessment will allow for the construction of the below specified location; however, it does not supersede any land use rules applied by the local land use authority. This form may serve as notice to land owners and other interested parties, please see the COGCC web site at <http://colorado.gov/cogcc/> for all accompanying information pertinent to this Oil and Gas Location Assessment.

Location ID:

421297

Expiration Date:

01/24/2014
☒ This location assessment is included as part of a permit application.

1. CONSULTATION

- ☐ This location is included in a Comprehensive Drilling Plan. CDP # _____
- ☒ This location is in a sensitive wildlife habitat area.
- ☐ This location is in a wildlife restricted surface occupancy area.
- ☐ This location includes a Rule 306.d.(1)A.ii. variance request.

2. Operator

Operator Number: 47200

Name: KGH OPERATING COMPANY

Address: P O BOX 2235

City: BILLINGS State: MT Zip: 59103-2235

3. Contact Information

Name: THOMAS M. HAUPTMAN

Phone: (406) 259-8509

Fax: ()

email: TKPRODUC@180COM.NET

4. Location Identification:

Name: MEAGHER Number: 10-1HCounty: RIO BLANCOQuarter: LOT 3 Section: 10 Township: 1S Range: 104W Meridian: 6 Ground Elevation: 6387

Define a single point as a location reference for the facility location. This point should be used as the point of measurement in the drawings to be submitted with this application. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 2436 feet FSL, from North or South section line, and 910 feet FEL, from East or West section line.Latitude: 39.975192 Longitude: -109.048658 PDOP Reading: 2.1 Date of Measurement: 09/15/2008Instrument Operator's Name: ROBERT KAY

5. Facilities (Indicate the number of each type of oil and gas facility planned on location):

| | | | | |
|--|---|---------------------------------------|---------------------------------------|---|
| Special Purpose Pits: <input type="text" value="0"/> | Drilling Pits: <input type="text" value="1"/> | Wells: <input type="text" value="1"/> | Production Pits: <input type="text"/> | Dehydrator Units: <input type="text"/> |
| Condensate Tanks: <input type="text" value="1"/> | Water Tanks: <input type="text"/> | Separators: <input type="text"/> | Electric Motors: <input type="text"/> | Multi-Well Pits: <input type="text"/> |
| Gas or Diesel Motors: <input type="text" value="1"/> | Cavity Pumps: <input type="text"/> | LACT Unit: <input type="text"/> | Pump Jacks: <input type="text"/> | Pigging Station: <input type="text" value="1"/> |
| Electric Generators: <input type="text" value="1"/> | Gas Pipeline: <input type="text"/> | Oil Pipeline: <input type="text"/> | Water Pipeline: <input type="text"/> | Flare: <input type="text"/> |
| Gas Compressors: <input type="text"/> | VOC Combustor: <input type="text"/> | Oil Tanks: <input type="text"/> | Fuel Tanks: <input type="text"/> | |

Other: 1 FLARE PIT, 2 TANKS

6. Construction:

Date planned to commence construction: 12/15/2010 Size of disturbed area during construction in acres: 4.37
Estimated date that interim reclamation will begin: 01/15/2011 Size of location after interim reclamation in acres: 1.50
Estimated post-construction ground elevation: 6385 Will a closed loop system be used for drilling fluids: Yes ☒
Will salt sections be encountered during drilling: Yes ☐ No ☒ Is H2S anticipated? Yes ☐ No ☒
Will salt (>15,000 ppm TDS Cl) or oil based muds be used: Yes ☐ No ☒
Mud disposal: Offsite ☐ Onsite ☒ Method: Land Farming ☐ Land Spreading ☐ Disposal Facility ☐
Other: EVAPORATION

7. Surface Owner:

Name: _____ Phone: _____
Address: _____ Fax: _____
Address: _____ Email: _____
City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: 05/17/2010
Surface Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian
Mineral Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian
The surface owner is: ☒ the mineral owner ☐ committed to an oil and gas lease
☐ is the executer of the oil and gas lease ☐ the applicant
The right to construct the location is granted by: ☐ oil and gas lease ☒ Surface Use Agreement ☐ Right of Way
☐ applicant is owner
Surface damage assurance if no agreement is in place: ☐ \$2000 ☐ \$5000 ☐ Blanket Surety ID _____

8. Reclamation Financial Assurance:

☒ Well Surety ID: 20030032 ☐ Gas Facility Surety ID: _____ ☐ Waste Mgnt. Surety ID: _____

9. Cultural:

Is the location in a high density area (Rule 603.b.): Yes ☐ No ☒
Distance, in feet, to nearest building: 5280, public road: 5280, above ground utilit: 5280
, railroad: 5280, property line: 610

10. Current Land Use (Check all that apply):

Crop Land: ☐ Irrigated ☐ Dry land ☐ Improved Pasture ☐ Hay Meadow ☐ CRP
Non-Crop Land: ☒ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): _____
Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

11. Future Land Use (Check all that apply):

Crop Land: ☐ Irrigated ☐ Dry land ☐ Improved Pasture ☐ Hay Meadow ☐ CRP
Non-Crop Land: ☒ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): _____
Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

12. Soils:

List all soil map units that occur within the proposed location. Attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to be used when segregating topsoil.

The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.gov/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: 125-WALKNOLLS EXTREMELY CHANNERY SANDY LOAM, 4 TO 25 PERCENT SLOPES.

NRCS Map Unit Name: _____

NRCS Map Unit Name: _____

13. Plant Community:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes ☐ No ☒

Plant species from: ☐ NRCS or, ☒ field observation Date of observation: _____

List individual species: _____

Check all plant communities that exist in the disturbed area.

☐ Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)

☐ Native Grassland (Bluestern, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)

☒ Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)

☐ Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)

☐ Mountain Riparian (Cottonwood, Willow, Blue Spruce)

☐ Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)

☐ Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)

☐ Alpine (above timberline)

☒ Other (describe): PINYON AND JUNIPER

14. Water Resources:

Rule 901.e. may require a sensitive area determination be performed. If this determination is performed the data is to be submitted with the Form 2A.

Is this a sensitive area: ☒ No ☐ Yes Was a Rule 901.e. Sensitive Areas Determination performed: ☒ No ☐ Yes

Distance (in feet) to nearest surface water: 1177, water well: 5280, depth to ground water: 300

Is the location in a riparian area: ☒ No ☐ Yes Was an Army Corps of Engineers Section 404 permit filed ☒ No ☐ Yes

Is the location within a Rule 317B Surface Water Supply Area buffer zone:

☒ No ☐ 0-300 ft. zone ☐ 301-500 ft. zone ☐ 501-2640 ft. zone

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified: ☒ No ☐ Yes

15. Comments:

1. A PRE-CONSULTATION WITH COLORADO DIVISION OF WILDLIFE WAS HELD VIA PHONE CONFERENCE ON JUNE 18TH, 2010. WILDLIFE BMP'S ARE IDENTIFIED IN ATTACHMENT A. 7. RULE 305 30 DAY NOTICE WAIVER PART OF SUA ATTACHED. SURFACE OWNERSHIP DIVIDED INTO SEVEN INTERESTS. A SURFACE USE AGREEMENT SIGNED BY EACH PARTY IS ATTACHED.

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: _____ Date: 08/31/2010 Email: TKPRODUC@180COM.NET

Print Name: THOMAS M. HAUPTMAN Title: PRESIDENT

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

David S. Neslin

COGCC Approved: _____ Director of COGCC Date: 1/25/2011

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.

Attachment Check List

| Att Doc Num | Name |
|-------------|-------------------------|
| 2033510 | CORRESPONDENCE |
| 2584353 | FORM 2A |
| 2584354 | REFERENCE AREA PICTURES |
| 2584355 | CONST. LAYOUT DRAWINGS |
| 2584356 | HYDROLOGY MAP |
| 2584357 | TOPO MAP |
| 2584358 | ACCESS ROAD MAP |
| 2584359 | DRILLING PLAN |
| 2584360 | PROPOSED BMPs |
| 400103641 | NRCS MAP UNIT DESC |
| 400103702 | LOCATION DRAWING |
| 400103705 | SURFACE AGRMT/SURETY |
| 400103706 | LOCATION PICTURES |

Total Attach: 13 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| DOW | CDOW has reveiwed the information associated with this location as it pertains to wildlife. CDOW has already consulted with the operator and has reveiwed the operator submitted best management practices for wildlife. CDOW affirms that the operator submitted BMP's, as well as, the conditions of the SUA to be conditions of approval for this location. Submitted by: Ed Winters, Land Use Specialist 5 November 2010 @ 10:48am | 11/5/2010 10:56:17 AM |
| OGLA | Initiated/Completed OGLA Form 2A review on 11-04-10 by Dave Kubeczko; requested clarifications and acknowledgement of cuttings low moisture content COA from operator on 11-04-10; received clarifications and acknowledgement of COA from operator on 11-?-10; passed by CDOW on 11-05-10 with operator submitted BMPs (with permit application) acceptable; passed OGLA Form 2A review on 11-23-10 by Dave Kubeczko; cuttings low moisture content COAs. | 11/4/2010 8:32:31 AM |
| Permit | Correct information give in phone conversation with Opr-Lorne. 10/29/10 SF | 11/3/2010 9:16:07 AM |
| Permit | I received new information from opr-Lorne and made corrections with his permission. However, I still need the following: separate the location drawing (slide 4) from the location pictures, the SUA is listed as The Right to Construct, but it is not attached to the 2 AND on the Form 2 they he uses a lease. It is not attached either. | 10/26/2010 2:47:24 PM |
| Permit | From Opr: Based on the fact that Craig has left our organization and on our phone conference specific to the items listed below, I would like to request an additional week to prepare the responses. This would make the responses due by October 22, 2010. Thank you, Lorne sf | 10/18/2010 4:17:31 PM |
| Permit | Failed due to the following: 1. You need to have the Well Surety ID (Plugging Bond #) entered in the top left hand corner of the form. 2.The Lat/Longs don't plot correctly or match what is on the Form 2. 3.In the "Construction" area you have not answered if H2S is anticipated (yes or no) 4.In the Surface Owner section, when you refer to the right to construct as the SUA, you need to attach it or make a comment in the comment section that the SUA is attached to the Form 2. 5.In the "Cultural section", you need to answer all distances in feet to nearest (property line was blank). 6.In the "Water Resources" section you left blank the distance to a water well. (Anything over a mile should be listed as 5280. 7.Attachments: -On one of the maps you need to show a 400' radius of visible improvements. (see Rule 303. D. (3) C) -Location Pictures: We need to see the staked location from all four cardinal directions. (you gave two –westerly and Northwesterly) - The NRCS information you sent is incorrect. This information is available on our maps page. We can direct you as to how to find and retrieve it. | 9/30/2010 4:24:06 PM |

Total: 6 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)