

FORM 2A Rev 04/01

State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



Table with 4 columns: DE, ET, OE, ES

Document Number: 2583168

Oil and Gas Location Assessment

[X] 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...

Location ID: 423374 Expiration Date: 05/26/2014

[X] This location assessment is included as part of a permit application.

1. CONSULTATION

- [] This location is included in a Comprehensive Drilling Plan. CDP # _____
[X] 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: 77330 Name: SG INTERESTS I LTD Address: PO BOX 26 City: MONTROSE State: CO Zip: 81402

3. Contact Information

Name: CATHERINE DICKERT Phone: (970) 252-0696 Fax: (970) 252-0636 email: CDICKERT@SGINTERESTS.COM

4. Location Identification:

Name: MCINTYRE FLOWBACK PITS Number: 1 & 2 County: GUNNISON Quarter: NESW Section: 23 Township: 11S Range: 90W Meridian: 6 Ground Elevation: 7350
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: 2550 feet FSL, from North or South section line, and 20 feet FEL, from East or West section line.
Latitude: 39.085270 Longitude: -107.405900 PDOP Reading: 1.0 Date of Measurement: 07/21/2010
Instrument Operator's Name: ZACH PURDUE

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

Special Purpose Pits: 2 Drilling Pits: [] Wells: [] Production Pits: [] Dehydrator Units: []
Condensate Tanks: [] Water Tanks: [] Separators: [] Electric Motors: [] Multi-Well Pits: []
Gas or Diesel Motors: 2 Cavity Pumps: [] LACT Unit: [] Pump Jacks: [] Pigging Station: []
Electric Generators: [] Gas Pipeline: [] Oil Pipeline: [] Water Pipeline: 1 Flare: []
Gas Compressors: [] VOC Combustor: [] Oil Tanks: [] Fuel Tanks: 2

Other: PIT WILL HOLD FLOWBACK FLUIDS FROM 05-051-06086 & 05-051-06059 COMPLETIONS

6. Construction:

Date planned to commence construction: 06/01/2011 Size of disturbed area during construction in acres: 6.40
Estimated date that interim reclamation will begin: 09/01/2011 Size of location after interim reclamation in acres: 4.20
Estimated post-construction ground elevation: 7350 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: _____

7. Surface Owner:

Name: _____ Phone: _____
Address: _____ Fax: _____
Address: _____ Email: _____
City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: 12/02/2009
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: _____ Gas Facility Surety ID: _____ Waste Mgmt. Surety ID: _____

9. Cultural:

Is the location in a high density area (Rule 603.b.): Yes No
Distance, in feet, to nearest building: 5438, public road: 5808, above ground utilit: 5808
, railroad: 57796, property line: 2600

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 used when segregating topsoil.

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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: 38. FUGHES LOAM, 15 TO 25% 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: 05/05/2010

List individual species: MUSK THISTLE, HOUNDSTONGUE

Check all plant communities that exist in the disturbed area.

- Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
- Native Grassland (Bluestem, 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): MOUNTAIN SAGEBRUSH SHRUBLAND

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: 923, water well: 5491, depth to ground water: 40

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 Suppl 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:

"LOCATION" WILL BE USED AS A SEASONAL FLOW-BACK STORAGE PIT. NO WELL WILL BE DRILLED. THE PITS WILL BE UTILIZED TO STORE AND RECYCLE FRAC FLOWBACK FLUIDS BETWEEN FRAC JOBS. THE PITS WILL ALSO GREATLY REDUCE WATER TRANSPORTATION IMPACTS AND ON-SITE FRAC TANK NUMBERS. FORM 15 DOCUMENT NOS. 2583163 (Pit No. 1) and 2583181 (Pit No. 2) SUBMITTED WITH THIS FORM 2A. Reference area is on undisturbed land located immediately adjacent to the north of the proposed pit. Form 2A#2583149 for McIntyre Flowback Pit No. 1, SWNW Sec 24 T11S R90W, Gunnison County (Lat: 39.085785, -107.405510) has been withdrawn and this Form 2A#2583168 will be the permit for both pits.

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

Signed: _____ Date: 07/19/2010 Email: DMCCALLUM@SGINTERESTS.COM

Print Name: DIANE MCCALLUM Title: ENGINEER

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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

COGCC Approved: _____

David S. Nesline

Director of COGCC

Date: 5/27/2011

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.

Pits shall meet the design and construction parameters as defined in the Form 28 submittals and subsequent documents associated with Facility ID #421065.

Pits will be operated in accordance with the operations plan submitted and revised with the Form 28 for Facility ID #421065.

Operator will complete the process of converting this pit complex to a Centralized E&P Waste Management Facility in accordance with Rule 908 within 3 years of commencing use of the pit or will close and reclaim the pit by that date.

Operator must implement all operations detailed in the operating plan, pit liner installation specifications, and all other attachments to the Form 15 and Form 28 in accordance with the 900-Series Rules.

Notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us), the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us), and the COGCC Field Inspector for Northwest Colorado (Chuck Browning email chuck.browning@state.co.us) 48 hours prior to construction of the site.

Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.

After installation of the uppermost liner and prior to operating the pit, the synthetic liner(s) shall be tested by filling the pit with at least 8 feet of fresh water, measured from the base of the pit (not to exceed the 2-foot freeboard requirement). The operator shall monitor the pit for leaks for a period of 72 hours prior to commencing operations. Similar 72-hour hydrotests shall be conducted and documented annually thereafter prior to re-commencing operation of the pit(s) following winter shut down. Operator shall notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) 48 hours prior to start of the hydrotest(s). Initial hydrotest monitoring results must be provided to the COGCC prior to using the pit; all hydrotest records must be maintained by the operator for the life of the pit and provided to the COGCC upon request.

Operator must submit a professional engineer (PE) approved/stamped as-built drawing (plan view and cross-sections) of the completion/flowback pit within 30 calendar days of construction.

The nearby downgradient hillside below the pit location must be monitored monthly for any day-lighting of fluids throughout pit operations.

The completion/flowback fluids multi-well pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed.

Pit(s) shall be closed in accordance with Rule 905 Closure of Pits, and Buried or Partially Buried Produced Water Vessels.

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Flowback and stimulation fluids from the wells/pads being completed using these pits must be sent to tanks and/or filters to allow the sand to settle out before the fluids can be placed into any pipeline or pit. The flowback and stimulation fluid tanks and/or filters must be placed on the individual well pad(s) in an area with downgradient perimeter berming sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)).

Operator must submitted a Form 4 Sundry prior to any addition of wells as source produce water, changes or deviations from the operating plans, rerouting of the surface poly lines, from the approved Form 2A, Form 15, and/or Form 28 to the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Environmental Supervisor for Western Colorado (Alex.fischer@state.co.us) for prior approval.

Prior to installing surface poly pipelines in roadside ditches, operator shall mechanically clean ditches to remove objects which may otherwise pose a damage hazard to the pipeline and to ensure that the pipelines do not adversely affect the ditches capacity to transport runoff.

Operator shall pressure test surface poly-pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service and following any reconfiguration of the pipeline network. Operator shall notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us), the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us), and the COGCC Field Inspector for Northwest Colorado (Chuck Browning email chuck.browning@state.co.us) 48 hours prior to testing surface poly pipeline.

Operator shall conduct daily inspections of surface poly pipeline routes for leaks during active transfer of fluids. Inspections shall be conducted by viewing the length of the pipeline; operator will endeavor to minimize surface disturbance during pipeline monitoring. The operator shall maintain records of inspections, findings and repairs, if necessary, for the life of the pits.

Operator will utilize, to the extent practical, all existing access, forest service, other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface poly pipeline. This will reduce surface disturbance and fragmentation of wildlife habitat in the area.

Operator shall provide secondary containment for the surface poly pipeline at all sensitive area crossings in accordance with the design details included in the attached drawings.

Operator must routinely inspect the entire length of the surface poly pipeline to ensure integrity.

Operator must implement best management practices to contain any unintentional release of fluids at the pit location, as well as along all portions of the surface poly pipeline route where temporary or permanent pumps and other necessary equipment are located.

Prior to pit closure, operator must submit E&P waste disposal information via a Form 4 Sundry Notice to the COGCC Location Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Environmental Supervisor for Western Colorado (alex.fischer@state.co.us) for approval. In addition, operator shall collect a pit water sample and, at a minimum, analyze for the following parameters: pH; alkalinity; specific conductance; major cations/anions (chloride, fluoride, sulfate, sodium); total dissolved solids (TDS); BTEX/DRO; TPH; PAH's (including benzo[a]pyrene); and metals (arsenic, barium, calcium, chromium, iron, magnesium, selenium). At the time of closure and disposal of pit water, COGCC may require additional analyses.

Submit additional disposal facilities (wells, pits, etc.) for pit contents to COGCC via a Form 4 Sundry prior to disposal o the COGCC Location Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Environmental Supervisor for Western Colorado (Alex Fischer; alex.fischer@state.co.us) for approval.

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Operator has agreed to voluntarily provide and maintain an additional \$193,346 of financial assurance, prior to construction and through closure, to supplement their existing plugging and surface reclamation bond. In the event that the facility is subsequently permitted as a Centralized E&P Waste Management Facility in accordance with Rule 908, the COGCC will determine the amount of financial assurance for such permit pursuant to Rules 704 and 908.d. Such determination is not limited to the voluntary financial assurance that the operator has provided to date, and the COGCC expressly reserves its right pursuant to Rules 704 and 908.d to require financial assurance for the Centralized E&P Waste Management Facility permit in an amount exceeding \$193,346. The volunteered financial assurance discussed herein will be transferred to a Centralized E&P Waste Management Facility upon approval of the Form 28.

Attachment Check List

Att Doc Num	Name
2033339	CORRESPONDENCE
2033355	CORRESPONDENCE
2033743	ACCESS ROAD MAP
2033744	CONST. LAYOUT DRAWINGS
2033745	LOCATION DRAWING
2033746	CONST. LAYOUT DRAWINGS
2033750	SENSITIVE AREA DATA
2033755	PROPOSED BMPs
2033756	LOCATION PICTURES
2033757	HYDROLOGY MAP
2033758	REFERENCE AREA PICTURES
2583168	FORM 2A
2583175	NRCS MAP UNIT DESC
2583176	TOPO MAP
2583179	SENSITIVE AREA DATA
2583180	OTHER

Total Attach: 16 Files

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General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Placed ON HOLD pending resolution of Gunnison County concerns.	9/13/2010 11:08:43 AM
DOW	The CDOW appreciates efforts by SG to fence and net the location per COGCC rules to prevent access by wildlife. Onsite discussions with SG resulted in a commitment by SG to get the reclamation seed mix to CDOW for review. Unfortunately, due to technical difficulties on SG's part, they were unable to get the seed mix to the CDOW in sufficient time for review prior to the 40 day comment period closing for the CDOW. The CDOW has some suggestions for SG on ways to improve the seed mix for the benefit of wildlife, and CDOW will continue discussions with SG regarding this matter for this location as well as the other McIntyre Pit #3 4 locations. In addition, CDOW believes that this facility is part of a larger development, and subsequently feels that the cumulative impacts of development on wildlife have not been adequately addressed. CDOW will continue discussions with SG on ways to address cumulative impacts on wildlife in the area.	9/1/2010 8:01:05 AM
OGLA	Initiated/Completed OGLA Form 2A review on 07-30-10 by Dave Kubeczko; requested clarifications and acknowledgement of double-lined pits with leak detection, fluid containment, spill/release BMPs, monitoring of surface poly pipeline, secondary containment of surface poly pipeline at streams COAs from operator on 07-30-10; received clarifications and acknowledgement of COAs from operator on 08-16-10; passed by CDOW on 09-01-10; passed OGLA Form 2A review on 09-02-10 by Dave Kubeczko; double-lined pits with leak detection, fluid containment, spill/release BMPs, monitoring of surface poly pipeline, secondary containment of surface poly pipeline at streams COAs.	8/18/2010 2:57:21 PM
OGLA	Placed ON HOLD pending resolution of Gunnison County concerns. 9/13 gd	

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)