

Kubeczko, Dave

From: Kubeczko, Dave
Sent: Monday, August 08, 2011 9:50 AM
To: Kubeczko, Dave
Subject: FW: Petrox Resources Inc, Ellison 33-5, 29-1 Pad, NWSE Sec 29 T33N R5W, Archuleta County, Form 2A (#2587230) Review

Categories: Orange - Operator Correspondence

Scan No 2033954 CORRESPONDENCE 2A#2587230

Revisions/clarifications to these COAs are acceptable to COGCC.

From: Mike Clark [<mailto:mike.petroxcbm@gmail.com>]
Sent: Tuesday, August 02, 2011 9:41 PM
To: Kubeczko, Dave
Subject: Re: Petrox Resources Inc, Ellison 33-5, 29-1 Pad, NWSE Sec 29 T33N R5W, Archuleta County, Form 2A (#2587230) Review

Dave--Petrox has meet and is acceptable with COA 5 and 11 which is also covered by the BLM COA's.I will have Barb send you the BLM COA's. As for containment Petrox has constructed per the BLM directive an additional 2 ft berm around the reserve pit and will follow the BLM's BMP's COA's to protect surface water . The BLM will be inspecting this constructed berm. As for COA 23 and 25 all rig tanks and flow back tanks used for brine water containment will be placed on the downgradient towards the reserve pit in case of leaks.This well is not located in the Piedra River valley and sits on shale bench.Please refer to Petrox's correspondence to Greg ,form 15,as to surface water proximity and the presence of 58ft of clay below the wellpad which serves as a impervious barrier to ground water. Mike

On Tue, Aug 2, 2011 at 12:37 PM, Kubeczko, Dave <Dave.Kubeczko@state.co.us> wrote:

Mike,

I have been reviewing the Ellison 33-5, 29-1 Pad **Form 2A** (#2587230). COGCC would like to attach the following conditions of approval (COAs) based on the information Petrox has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

1. **General:** The following conditions of approval (COAs) will apply:

COA 5 - Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface or buried pipelines.

COA 11 - The drilling pit must be lined. The drilling fluids pits must be permitted and hydrotested prior to use. All cuttings generated during drilling must be kept in the pit, tanks, or placed either in containers or on a lined/bermed portion of the well pad; prior to offsite disposal. The moisture content of any drill cuttings in a cuttings container or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts.

COA 23 - Operator must ensure secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. 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.

COA 25 - Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or pit located on the well pad or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

COGCC would appreciate your concurrence with attaching these COAs (item 1) to the Form 2A permit prior to passing the OGLA review. If you have any questions, please do not hesitate to call me at [\(970\) 309-2514](tel:9703092514) (cell), or email. Thanks.

Dave

David A. Kubeczko, PG

Oil and Gas Location Assessment Specialist

Colorado Oil & Gas Conservation Commission

Northwest Area Office

707 Wapiti Court, Suite 204

Rifle, CO 81650

Phone: [\(970\) 625-2497x5](tel:9706252497x5)

FAX: [\(970\) 625-5682](tel:9706255682)

Cell: [\(970\) 309-2514](tel:9703092514)

dave.kubeczko@state.co.us



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From: Barb Vaughn [<mailto:barb.petroxcbm@gmail.com>]
Sent: Wednesday, August 03, 2011 9:34 AM
To: Kubeczko, Dave
Subject: BLM COAs Ellison 33-5 #29-1

Dave,

Attached are the BLM COA's per Mike's request to send them to you for the Ellison 33-5 # 29-1.
Let me know if you need any further info.

Barb

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Barb Vaughn
Petrox Resources Inc.,
Administrative Assistant
(970) 878-4489

Operator Petrox Resources Inc.
Well Name & Number: Ellison 33-5 #29-1
Location: 1553 FSL 2250 FEL 29-33N-5W
 BHL 660 FNL 660 FEL 29-33N-5W
Field: Ignacio Blanco
Lease Number: 750-07-2006

ENGINEERING/GEOLOGY COA'S

Drilling Plan Conditions of Approval:

Engineer/date:



6/17/2011

In addition to the standard COA's include the following:

1. Notify this office at least 24 hours prior to:
 - a. Spudding well (including dry hole digger or rat hole rigs)
 - b. Running and cementing all casings strings
 - c. BOP Tests
2. All BOP tests will be done per Onshore Order # 2.
3. If a BLM inspector is not present during the initial BOP test, please provide chart record.
4. Surface/Intermediate casing volumes to be determined from caliper logs and adjusted to insure cement to surface
If cement does not circulate to surface on surface/intermediate string, verify top of cement with a cement bond log.
Cement must be circulated to the surface as per COGCC Order 112-85.
5. Submit copies of all logs to this office both paper and in Log ASCEE Standard (LAS) format.
6. If any operations are to start over the weekend, notify this office by noon the Friday before. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed on the "INFORMATION NOTICE" of the APD.
Do not leave a message on an answering machine.
7. Collect and submit stabilized bottom hole pressure
8. On directional wells, submit a copy of as drilled directional survey to BLM.
9. IF FLEX HOSES ARE TO BE USED DURING THE DRILLING OPERATIONS THEN A VARIANCE REQUEST VIA A SUNDRY NOTICE NEEDS TO BE SUBMITTED ALONG WITH MANUFACTURES SPECIFICATIONS.

Operator: Petrox Resources Inc.
Well Name & Number: Ellison 33-5 #29-1
Location: 1553 FSL 2250 FEL 29-33N-5W
BHL 660 FNL 660 FEL 29-33N-5W
Field: Ignacio Blanco
Lease Number: 750-07-2006

10. NO CHANGES ARE TO BE MADE TO THIS APPROVAL WITHOUT CONTACTING THE BLM BEFORE HAND.

11. Resistivity and Gamma Ray logs to be run on surface hole (0-400') prior to setting surface casing.
and on the intermediate hole.

INFORMATIONAL NOTICE - APDs

San Juan Field Office

This notice is an abstract of some major regulations and Onshore Orders and includes notification requirements and information.

1. Drilling Operations (Onshore Order No. 2)
 - a. If DSTs are run, all applicable safety precautions outlined in Onshore Order No. 2 shall be observed.
 - b. All indications of usable water (10,000 ppm or less TDS) shall be reported to the San Juan Field Office prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
2. Well Abandonment (43 CFR 3162.3-4, Onshore Order No. 1-Sec.V)

Approval for abandonment shall be obtained prior to beginning plugging operations. Initial approval for plugging operations may be verbal, but shall be followed-up in writing within 30 days. Subsequent and final abandonment notifications are required and shall be submitted on Sundry Notice (Form 3160-5), in triplicate.
3. Reports and Notifications (43 CFR 3162.3-2, 3162.4-1, 3162.4-3, 00-6)
 - a. Within 30 days of completion of the well as a dry hole or producer, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions or data obtained and compiled during the drilling, workover, and/or completion operations shall be filed with a Completion Report (Form 3160-4), in triplicate. Submit casing/cementing reports and other subsequent reports via Sundry Notice, Form 3160-5.
 - b. In accordance with 43 CFR 3162.4-3, this well shall be reported on MMS Form 3160, A Monthly Report of Operations, starting with the month in which drilling operations commence, and continuing each month until the well is physically plugged and abandoned.
 - c. Notify this office within 5 business days of production start-up if either of the following two conditions occur:
 - (1) The well is placed on production, or
 - (2) The well resumes production after being off production for more than 90 days.

Placed on production means shipment or sales of hydrocarbons from temporary tanks, production into permanent facilities or measurement through permanent facilities. Notification may be written or verbal with written follow-up within 15 days.

 - d. As per Onshore Order No. 6, III.A.2.b., if hydrogen sulfide is present the operator shall initially test the H₂S concentration of the gas stream for each well or production facility... Submit the results of this test within 30 days of filing Form 3160-4, A Well Completion or Recompletion Report and Log.
4. Environmental obligations and disposition of production (00-7, NTL-3A, NTL-4A, 43 CFR 3162.5-1, 3162.7 and 40 CFR 302-4)

- a. With BLM approval, water produced from newly completed wells may be temporarily disposed into unlined pits up to 90 days. During this initial period, application for the permanent disposal method shall be made to this office in accordance with 00-7.

If underground injection is proposed, an EPA or State UIC permit shall also be required and submitted to this office.

- b. Spills, accidents, fires, injuries, blowout and other undesirable events shall be reported to this office within the time frames in NTL-3A.
- c. Gas may be vented or flared during emergencies, well evaluation, or initial production tests for a time period of up to 30 days or the production of 50 MMCF of gas, whichever occurs first. After this period, approval from this office shall be obtained to flare or vent gas in accordance with NTL-4A.
- d. Off-lease measurement and commingling of production must be approved by the authorized officer.

5. Well Identification (43 CFR 3162.6)

Each drilling, producing or abandoned well shall be identified with the operator's name, the lease serial number, the well number, and the surveyed description of the well (either footages or the quarter-quarter section, the section, township and range). The Indian lessors name may also be required. All markings shall be legible and in a conspicuous place.

6. Bureau of Land Management, San Juan Field Office Address and Contacts:

ADDRESS: Public Lands Center PHONE: (970) 247-4874
15 Burnett Court
Durango, Colorado 81301

BUSINESS HOURS: 7:45 A.M. to 4:30 P.M. (Mountain Time), Monday-Friday

AFTER HOURS:

Loren Wickstrom	Lead Technician Home:	Cell: (970) 749-9703
Marie Lope	Petroleum Engineering Technician Home: (505) 860-6773	Cell: 505-860-6773
Rodney Brashear	Technician Home: 970-588-3699	Cell: (970) 799-1244
Gabe Trujillo	Technician Home:	Cell: (970) 394-4868