

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



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Document Number: 400227196

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. This Assessment may be approved as a standalone 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:  
  
Expiration Date:

[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: 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: 10-2H  
County: RIO BLANCO  
Quarter: LOT 1 Section: 10 Township: 1S Range: 104W Meridian: 6 Ground Elevation: 6312

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: 1259 feet FNL, from North or South section line, and 233 feet FWL, from East or West section line.  
Latitude: 39.979561 Longitude: -109.050061 PDOP Reading: 1.4 Date of Measurement: 06/09/2011  
Instrument Operator's Name: ROBERT KAY

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

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

Other: 1 FLARE PIT, 1 RESERVE PIT, 1 STORAGE TANK

**6. Construction:**

Date planned to commence construction: 04/23/2012 Size of disturbed area during construction in acres: 3.70  
 Estimated date that interim reclamation will begin: 05/01/2012 Size of location after interim reclamation in acres: 1.50  
 Estimated post-construction ground elevation: 6308 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: A-M, INC. Phone: \_\_\_\_\_  
 Address: 7350 ISLAND QUEEN DRIVE Fax: \_\_\_\_\_  
 Address: \_\_\_\_\_ Email: \_\_\_\_\_  
 City: SPARKS State: NV Zip: 89436 Date of Rule 306 surface owner consultation: 09/06/2011

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: 233

**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.

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: 06/27/2011

List individual species: \_\_\_\_\_

#### 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): 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: 2700, 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 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:

A PRECONSULTATION WITH COLORADO DIVISION OF WILDLIFE WAS HELD VIA PHONE CONFERENCE ON JUNE 18TH, 2010 FOR THE MEAGHER 10-1H SITE. WILDLIFE BMPs ARE IDENTIFIED IN ATTACHMENT A. 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: 12/09/2011 Email: MMARKUS@OACONSULTING.COM

Print Name: MICHAEL MARKUS Title: PROJECT SCIENTIST

## Surface Owner Information

Owner Name	Address	Phone	Fax	Email
A-M, INC.	7350 ISLAND QUEEN DRIVE SPARKS, NV 89436			
DALE A. MEAGHER	1163 SOUTH 500 WEST VERNAL, UT 84078			
EMERALD PHOENIX OIL CO	111 EAST LINCOLN ROAD #4 SPOKANE, WA 99208			
PATRICIA PRICE BRIMLEY	4616 S. FORTUNA WAY SALT LAKE CITY, UT 84124			
STEVEN J. PRICE	2816 WAYMON VIEW COURT SALT LAKE CITY, UT 84117			
THE PREAS FAMILY LLC	903 NORTH JACKSON STREET HUNTINGBURG, IN 47542-1036			
WILLIAM J. PRICE	4616 S. FORTUNA WAY SALT LAKE CITY, UT 84124			

7 Surface Owner(s)

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: \_\_\_\_\_ Director of COGCC Date: \_\_\_\_\_

### 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.**

### Attachment Check List

Att Doc Num	Name
400227196	FORM 2A SUBMITTED
400227303	CONST. LAYOUT DRAWINGS
400227308	ACCESS ROAD MAP
400227309	DRILLING PLAN
400227310	TOPO MAP
400227312	REFERENCE AREA PICTURES
400227313	LOCATION DRAWING
400227315	SURFACE AGRMT/SURETY
400227317	LOCATION PICTURES
400227319	DOW CONSULTATION
400227320	NRCS MAP UNIT DESC
400227779	HYDROLOGY MAP

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)

## BMP

<u>Type</u>	<u>Comment</u>
Wildlife	<ol style="list-style-type: none"><li>1. WHERE OIL AND GAS ACTIVITIES MUST OCCUR IN MULE DEER CRITICAL WINTER RANGE OR ELK WINTER CONCENTRATION AREAS, CONDUCT THESE ACTIVITIES OUTSIDE OF THE TIME PERIOD FROM DECEMBER 1 THROUGH APRIL 15 (CONSTRUCTION AND DRILLING)</li><li>2. RESTRICT POST DEVELOPMENT WELL SITE VISITATIONS TO BETWEEN THE HOURS OF 10:00 AM AND 3:00 PM, AND REDUCE WELL SITE VISITATIONS BETWEEN DECEMBER 1 AND APRIL 15 IN MULE DEER AND ELK WINTER RANGE.</li><li>3. ESTABLISH COMPANY GUIDELINES TO MINIMIZE WILDLIFE MORTALITY FROM VEHICLE COLLISIONS ON ROADS.</li><li>4. GATE SINGLE-PURPOSE ROADS AND RESTRICT GENERAL PUBLIC ACCESS TO REDUCE TRAFFIC DISRUPTIONS TO WILDLIFE.</li><li>5. CLOSE AND IMMEDIATELY RECLAIM ALL ROADS THAT ARE REDUNDANT, NOT USED REGULARLY, OR HAVE BEEN ABANDONED TO THE MAXIMUM EXTENT POSSIBLE TO MINIMIZE DISTURBANCE AND HABITAT FRAGMENTATION.</li><li>6. AVOID AGGRESSIVE NON-NATIVE GRASSES AND SHRUBS IN MULE DEER AND ELK HABITAT RESTORATION.</li><li>7. RECLAIM MULE DEER AND ELK HABITAT WITH NATIVE SHRUBS, GRASSES, AND FORBS APPROPRIATE TO THE ECOLOGICAL SITE DISTURBED.</li><li>8. RESTORE APPROPRIATE SAGEBRUSH SPECIES OR SUBSPECIES ON DISTURBED SAGEBRUSH SITES. USE LOCALLY COLLECTED SEED FOR RESEEDING WHERE POSSIBLE.</li></ol>
Material Handling and Spill Prevention	<p>SPILL PREVENTION CONTROL AND COUNTER MEASURES (SPCC)</p> <p>ONCE THE WELLS ARE DRILLED AND COMPLETED ONSITE KGH WILL PREPARE AN SPCC PLAN FOR THE SITE.</p>
Storm Water/Erosion Control	<p>STORMWATER MANAGEMENT WILL BE MANAGED UNDER KGH OPERATING COMPANY'S (KGH) PROPOSED STORMWATER MANAGEMENT PLAN PREPARED FOR THE PROJECT AREA. A STORMWATER PLAN AND PERMIT WILL BE SUBMITTED TO CDPHE AS REQUIRED. PRIOR TO CONSTRUCTION A STORMWATER "PERIMETER" WILL BE BUILT AROUND THE SITE FOR INITIAL WORK PURPOSES. ONCE THE PAD CONSTRUCTION IS COMPLETED, THE SITE WILL BE INSPECTED AND ANY NECESSARY EROSION CONTROL DEVICES NEEDED TO MANAGE SEDIMENT DISCHARGE FROM THE PAD WILL BE INSTALLED. THESE DEVICES MAY INCLUDE BUT ARE NOT LIMITED TO:</p> <ul style="list-style-type: none"><li>- ROCK CHECK DAMS</li><li>- SETTLING PONDS</li><li>- STRAW WADDLES</li><li>- SILT FENCING (USED SPARINGLY)</li></ul>

Total: 3 comment(s)