

FORM
2ARev
04/01State 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:

400227626

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 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:

427485

Expiration Date:

01/28/2015
☒ 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: 3-1H

County: RIO BLANCO

QuarterQuarter: LOT 7 Section: 3 Township: 1S Range: 104W Meridian: 6 Ground Elevation: 6218

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: 623 feet FSL, from North or South section line, and 503 feet FWL, from East or West section line.

Latitude: 39.984728 Longitude: -109.049150 PDOP Reading: 2.4 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: <input type="text" value="1"/>	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" value="1"/>
Gas Compressors: <input type="text"/>	VOC Combustor: <input type="text"/>	Oil Tanks: <input type="text"/>	Fuel Tanks: <input type="text"/>	

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: 6214 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: 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: 73000, public road: 23000, above ground utilit: 73000
 , railroad: 74000, property line: 503

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): _____

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: 1340, 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:

A PRECONSULTATION WITH THE COLORADO DIVISION OF WILDLIFE WAS HELD VIA PHONE CONFERENCE ON JULY 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. The reference area is immediately adjacent to the north of the pad on undisturbed land.

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

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. Neslin Director of COGCC Date: 1/29/2012

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.

SITE SPECIFIC COAs:

Operator must ensure 110 percent 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, and maintained in good condition.

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

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.

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, if drill cuttings are to remain/disposed of onsite, or to be recycled and used offsite, the drill cuttings must also meet the applicable standards of table 910-1.

Attachment Check List

Att Doc Num	Name
2034128	CORRESPONDENCE
400227626	FORM 2A SUBMITTED
400231040	ACCESS ROAD MAP
400231041	CONST. LAYOUT DRAWINGS
400231042	HYDROLOGY MAP
400231044	DRILLING PLAN
400231045	LOCATION DRAWING
400231046	LOCATION PICTURES
400231047	NRCS MAP UNIT DESC
400231048	DOW CONSULTATION
400231049	REFERENCE AREA PICTURES
400231050	SURFACE AGRMT/SURETY
400231051	TOPO MAP

Total Attach: 13 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	added related APD #400231059. Public/ LGD comments waived. Final Comprehensive Review Status--passed.	1/18/2012 9:51:29 AM
OGLA	Initiated/Completed OGLA Form 2A review on 12-27-11 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, moisture content cuttings, and flowback to tanks COAs from operator on 12-27-11; resnt email to operator on 01-10-12: received acknowledgement of COAs from operator on 01-10-12; changed distance to SW to 1340' per Hydrology Map; passed by CDPW on 12-15-11 with operator agreed to BMPs acceptable; passed OGLA Form 2A review on 01-17-12 by Dave Kubeczko; fluid containment, spill/release BMPs, moisture content cuttings, and flowback to tanks COAs.	12/27/2011 8:09:06 AM
DOW	The BMP's as submitted by the operator are applicable to the site. The site is on semi-desert shallow loam, which may be suitable habitat for both Eriogonum ephedroides and Penstemon scariosus var. albifluvis. Eriogonum ephedroides is a BLM sensitive plant, and Penstemon scariosus var. albifluvis is an Endangered Species Act candidate species. December 15, 2011. 9:33 a.m.	12/15/2011 9:37:04 AM
Permit	Operator input cultural and surface and minerals information. This form has passed completeness.	12/14/2011 9:14:52 AM
Permit	Returned to draft at operators request.	12/14/2011 6:28:03 AM
Permit	Returned to draft. Cultural tab still blank.	12/13/2011 2:24:08 PM
Permit	Returned to draft. Thomas Hauptman is not a designated agent. Missing surface and minerals information.. The cultural and soil tab is completely blank.	12/12/2011 7:51:26 AM

Total: 7 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Wildlife	<p>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 DECEMBER 1 THROUGH APRIL 15 (CONSTRUCTION AND DRILLING)</p> <p>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.</p> <p>3. ESTABLISH COMPANY GUIDELINES TO MINIMIZE WILDLIFE MORTALITY FROM VEHICLE COLLISIONS ON ROADS.</p> <p>4. GATE SINGLE-PURPOSE ROADS AND RESTRICT GENERAL PUBLIC ACCESS TO REDUCE TRAFFIC DISRUPTIONS TO WILDLIFE.</p> <p>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.</p> <p>6. AVOID AGGRESSIVE NON-NATIVE GRASSES AND SHRUBS IN MULE DEER AND ELK HABITAT RESTORATION.</p> <p>7. RECLAIM MULE DEER AND ELK HABITAT WITH NATIVE SHRUBS, GRASSES, AND FORBS APPROPRIATE TO THE ECOLOGICAL SITE DISTURBED.</p> <p>8. RESTORE APPROPRIATE SAGEBRUSH SPECIES OR SUBSPECIES ON DISTURBED SAGEBRUSH SITES. USE LOCALLY COLLECTED SEED FOR RESEEDING WHERE POSSIBLE.</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">- ROCK CHECK DAMS- SETTLING PONDS- STRAW WADDLES- SILT FENCING (USED SPARINGLY)
Material Handling and Spill Prevention	<p>SPILL PREVENTION AND 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>

Total: 3 comment(s)