

Kubeczko, Dave

From: Kubeczko, Dave
Sent: Monday, May 07, 2012 11:25 AM
To: Kubeczko, Dave
Subject: FW: SG Interests I, Federal 12-89-7 #1 Pad, NESE Sec 7 T12S R89W, Gunnison County, Form 2A#400256012 COGCC Response to Gunnison County Comments
Attachments: Scan No. 2034326_SG Interests I LTD, Federal 12-89-7 #1 Pad_COGCC Response to LGD Comments_2A#400256012_05072012.pdf
Categories: Black Category

Scan No 2034327

LGD CORRESPONDENCE

2A#400256012

From: Kubeczko, Dave
Sent: Monday, May 07, 2012 11:06 AM
To: 'David Baumgarten'
Cc: Neal Starkebaum; Brenda Wiseman
Subject: SG Interests I, Federal 12-89-7 #1 Pad, NESE Sec 7 T12S R89W, Gunnison County, Form 2A#400256012 COGCC Response to Gunnison County Comments

David,

COGCC appreciates Gunnison County's participation in the LGD comment portion of the Form 2A permitting process. Attached is COGCC's Responses to Gunnison County's Comments submitted on March 3, 2012 for SG Interests' I, Federal 12-89-7 #1 Pad, 2A#400256012. These responses will become an attachment to the Form 2A. If you have any questions, please do not hesitate to call me at (970) 309-2514 (cell), or email. Thanks.

Dave

David A. Kubeczko, PG
Oil and Gas Location Assessment Specialist

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Gunnison County LDG Comments
Regulatory Form 400256012
SG Interests I Ltd; Federal 12-89-7 #1 Pad; Gunnison County

Comments submitted on March 3, 2012:

COGCC's responses to Gunnison County's LGD Comments are indicated below shown in blue text following each comment. **In addition, SG Interests I, Ltd. has addressed each of the comments and their responses are indicated red text below each comment.** COGCC has attached the letter from SG Interests I to the Form 2A permit and will also attached this LGD correspondence as part of the permit.

If you have any questions, please do not hesitate to call me at (970) 309-2514 (cell), or email. Thanks.

Dave

David A. Kubeczko, PG
Oil and Gas Location Assessment Specialist

Comment No. 1 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).

Request for Colorado Division of Wildlife (CDOW) Consultation. Form 2A indicates that the proposed location is in a sensitive wildlife habitat area. Gunnison County acknowledges the applicant's proposed Best Management Practices (including those that address wildlife habitat), but requests a formal consultation with CDOW to discuss wildlife issues - including the suggestion that a broad, area-wide, wildlife evaluation be performed.

COGCC Response to Comment No. 1 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).

Per Rule 306. **CONSULTATION. b. Consultation with local government.**

(1) Local governments that have appointed a local governmental designee and have indicated to the Director a desire for consultation shall be given an opportunity to engage in such consultation concerning an application for Permit-to-Drill, Form 2, or an Oil and Gas Location Assessment, Form 2A, for the location of roads, production facilities and well sites prior to the commencing of operations with heavy equipment.

(2) Within fourteen (14) days of its notification pursuant to Rule 305, the local governmental designee may notify the Commission and the Colorado Department of Public Health and Environment by electronic mail of its desire to have the Colorado Department of Public Health and Environment consult on a proposed oil and gas location, based on concerns regarding public health, safety, welfare, or impacts to the environment.

Gunnison County does not have the ability to request a wildlife consultation with the Colorado Parks and Wildlife (CPW) through the COGCC. However, the CPW did request a wildlife consultation with the operator for this proposed location, as well as three other proposed locations, that was conducted on February 10, 2012 and attended by SG Interests, CPW, and Gunnison County. COGCC visited these sites separately on March 5, 2012. Please refer to CPW's comment (dated April 16, 2012) on the Form 2A below, and the subsequent email from SG Interests:

CPW and the operator have discussed options for avoiding and minimizing impacts to wildlife. The operator has submitted Best Management Practices (BMPs) and other measures that result in the avoidance or minimization of impacts to wildlife resources at the well location; however, the BMPs submitted by the operator do not address the cumulative impacts of increasing well pad density and ancillary facilities (roads, pipelines, compressors, etc.) on the effectiveness wildlife habitats in the

area. There is a growing body of evidence that residual unavoidable adverse impacts to wildlife increase dramatically when well pad densities exceed one pad per square mile and road densities exceed 0.5 mile per square mile. These residual adverse impacts to wildlife occur from reduced habitat effectiveness regardless of the use of Timing Limitation Stipulations on drilling activities or other site specific BMPs implemented by the operator to reduce impacts.

The well pad density within SG's Bull Mountain Unit and the surrounding area is increasing and rapidly approaching a density where BMPs alone will no longer be sufficient to maintain existing wildlife populations in the area. CPW recommends that the operator consider a wildlife mitigation plan for the entire Bull Mountain Unit to address the cumulative impacts to wildlife from the ongoing development of new wells, road, pipelines, compressors, and other ancillary facilities proposed for the Bull Mountain Unit.

SG Interests I, Ltd. Response to Comment No. 1 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).

SG Interests is discussing the possibility of a wildlife mitigation plan with Colorado Parks and Wildlife. Our last meeting with CPW and the Bureau of Land Management was held on March 26, 2012. Onsite inspection of this location with CPW occurred on May 16, 2011.

Comment No. 2 - ONSITE INSPECTIONS.

Gunnison County requests the COGCC conduct onsite inspection of the site before and during drilling to ensure the pad and structures are built to standards. Gunnison County requests that the COGCC authorize Gunnison County to inspect the access road and drill pad before drilling equipment is mobilized onto the site.

COGCC Response to Comment No. 2 - ONSITE INSPECTIONS.

The following condition of approval has been placed on this Form 2A permit and address the COGCC's new notification policy using the new **Form 42, "Notice of Notification (Notice of Hydraulic Fracturing)"**. COGCC will try to conduct inspections during the operations at this well pad location, based on timing and staff availability.

COA 26 - 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 Mesa Delta, and Gunnison Counties (Chuck Browning; email chuck.browning@state.co.us) 48 hours prior to start of pad construction, pit liner installation, rig mobilization, spud, and start of hydraulic stimulation operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

Gunnison County, as well as the public, are allowed to observe oil and gas operations at any public access location (well pad, pit, etc.) and report any issues or concerns to the COGCC. COGCC does not designate other individuals/entities with the authority to access locations and do inspections. Gunnison County would be able to observe the upgrading of the access road if they have the permission/authority to access the surface owners property.

SG Interests I, Ltd. Response to Comment No. 2 - ONSITE INSPECTIONS.

COGCC attended an onsite inspection of this location (May 16, 2011). COGCC has the authority to inspect the location according to their rules during drilling activities also.

Comment No. 3 - ACCESS PERMIT.

Gunnison County requests that the applicant be required by COGCC to obtain from Gunnison County the necessary access permit for road construction to this site. Additionally, Gunnison County respectfully requests that the COGCC work with Gunnison County to determine which end of the access road will be utilized; Gunnison County prefers that the access be from the south side.

COGCC Response to Comment No. 3 - ACCESS PERMIT.

The COGCC cannot enforce local governmental permitting requirements; those are the responsibility of the operator. In addition, the following rules address exemptions under the Form 2A permit process:

303. REQUIREMENTS FOR FORM 2, APPLICATION FOR PERMIT-TO-DRILL, DEEPEN, RE-ENTER, OR RECOMPLETE, AND OPERATE; FORM 2A, OIL AND GAS LOCATION ASSESSMENT.

d. FORM 2A, OIL AND GAS LOCATION ASSESSMENT.

(2) **Exemptions.** A new Form 2A shall not be required for the following:

- A. Surface disturbance, other than drilling a new well or constructing a drilling or production pit, occurring at an existing oil and gas facility within the originally disturbed area, even if interim reclamation has been performed;
- B. For an oil and gas location covered by an approved Comprehensive Drilling Plan;
- C. Gathering lines;
- D. Seismic operations;
- E. Pipelines for oil, gas, or water; or
- F. Roads.**

It is COGCC's understanding that SG Interests I and Gunnison County have worked out the details of the access road and where the primary oil and gas activities travel will take place.

SG Interests I, Ltd. Response to Comment No. 3 - ACCESS PERMIT.

This location does not require access road construction. The existing access road will be routed to the edge of the new wells pad because its current alignment passes through the pad center. This work does not require an access permit from the county or from Colorado Department of Transportation. Access to this location will be primarily from the south side, as stated in the application materials submitted to Gunnison County under their Temporary Regulations for Oil and Gas Operations, but there would also be some access from the north side as well.

Thank you,

David Baumgarten
Gunnison County Attorney
Local Government Designee