



State
of
Colorado

Allison - DNR, Rick <rick.allison@state.co.us>

Ranchers Exploration - River West 2, 3 and 4 Form 2A 400307941

Tim Mather <tmather@infomaption.com>

Tue, Feb 12, 2013 at 9:08 AM

To: "Allison - DNR, Rick" <rick.allison@state.co.us>

Rick-

Thank you for following up. Ranchers accepts the condition for approval as outlined below.

Please let me know if there is anything else immediately required for permit approval.

Thank you,

Tim

From: Allison - DNR, Rick [<mailto:rick.allison@state.co.us>]

Sent: Tuesday, February 12, 2013 7:46 AM

To: Tim Mather

Subject: Re: Ranchers Exploration - River West 2, 3 and 4 Form 2A 400307941

Tim,

I have not received a response regarding Ranchers' acknowledgement and agreement to the conditions of approval below. Please advise.

Thank you,

Rick Allison, P.G.

Oil and Gas Location Specialist - Northeast Colorado

Colorado Oil and Gas Conservation Commission

303-894-2100 x5102

On Tue, Jan 29, 2013 at 3:30 PM, Allison - DNR, Rick <rick.allison@state.co.us> wrote:

Tim,

You will not reference an API or Location on the Waste Management Plan Sundry. Put in the legal and geographic coordinates for the location where the drilling fluid and cuttings will be applied.

Please acknowledge Ranchers' acceptance of the conditions of approval outlined below.

Thank you,

Rick Allison, P.G.

Oil and Gas Location Specialist - Northeast Colorado

Colorado Oil and Gas Conservation Commission

303-894-2100 x5102

On Tue, Jan 29, 2013 at 2:00 PM, Tim Mather <tmather@infomaption.com> wrote:

Rick-

Thank you again for your response. Please change the Form 2A Sensitive Area Designation from No to Yes. I will develop the Form 4 for the waste management plan before any work is initiated.

In regard to Form 4 and the associated request for the API number and OGCC Facility ID number. Are these assigned when the permits are approved? If not and they have already been assigned, where can I find these.

I assume you have all the information you required for the permits. If there is anything additional you require please let me know.

Thanks again,

Tim

From: Allison - DNR, Rick [mailto:rick.allison@state.co.us]
Sent: Tuesday, January 29, 2013 8:53 AM
To: Tim Mather
Subject: Re: Ranchers Exploration - River West 2, 3 and 4 Form 2A 400307941

Tim,

Please see my responses to your questions is red below. Please also indicate whether Ranchers anticipates storing condensate or crude oil in the product tanks.

Rick Allison, P.G.

Oil and Gas Location Specialist - Northeast Colorado

Colorado Oil and Gas Conservation Commission

303-894-2100 x5102

On Sun, Jan 27, 2013 at 1:41 PM, Tim Mather <tmather@infomaption.com> wrote:

Rick-

Thank you for your review and comments. Please find responses following your comments below.

Best Regards,

Tim

From: Allison - DNR, Rick [mailto:rick.allison@state.co.us]
Sent: Friday, January 25, 2013 7:34 AM
To: otcguy@msn.com; Tim Mather
Subject: Ranchers Exploration - River West 2, 3 and 4 Form 2A 400307941

Jay and Tim,

The COGCC is reviewing the Form 2A Oil and Gas Location Assessment (Doc #400307941) for the proposed Ranchers Exploration Partners River West 2, 3 and 4 location in the NWNW Sec24 T6N R68W, Larimer County.

The following items need to be addressed before we can complete our review:

1. Multi-Well Pits: The Form 2A submitted indicates that 3 multi-well pits will be on location. Is this correct? If so, what will the pits be used for and where will the pits be located relative to the wellheads?

Multi-well pits will not be used at this site.

2. Facilities list: The Facilities list appears incomplete. No product storage tanks are listed for the location. Please confirm the number of product storage tanks planned for the location.

5 storage tanks will be used

3. Facilities list: Three (3) flares are listed for the location, but no VOC Combustors. If the flares listed on the Form 2A are emissions control devices, then we should change the Facilities list to include zero (0) flares and three (3) VOC Combustors. Please clarify the use of the flares.

Please change Flares to zero (0) and VOC Combustors to three (3). Emissions control is the intent.

4. Construction: The dates of construction indicate that construction will commence on January 15, 2013 which has passed, and that interim reclamation will begin on January 31, 2013. Interim reclamation does not occur until the wells are completed. Please provide revised dates for both commencement of construction and interim reclamation.

Please change the construction date to February 15, 2013 with a interim reclamation of 1/1/14.

5. Location Size: The stated location size during construction is 1.15 acres. Is that sufficient to accommodate drilling and completing a 3 well pad? In addition, if 3 Multi-well pits are planned, it does not appear likely that a 1.15 acre location would accommodate the 3 pits. Please confirm the location size so that we can be sure to review a location size sufficient to meet the operational needs. Be sure to include the fill and cut areas along with the estimate for the level surface. Note that after a Form 2A is reviewed and approved, expansion of that location will require submitting another Form 2A to review the expansion of the location.

Please change the disturbed area during construction to 2.9 acres. Please find the updated construction layout plan attached.

6. Mud Disposal: Ranchers has indicated that drilling mud will be disposed via offsite-landspreading. COGCC requires Operators to submit Form 4 Waste Management Plans for the land application of drilling fluid and associated cuttings. See Condition of Approval #1 below.

I have attached a waste management plan that addresses the off-site disposal of drilling mud and cuttings. I assume the Sundry Notice (Form 4) will be required after the permits are approved but before drilling begins. Please let me know if this is the correct assumption.

The Waste Management Plan can be submitted via Form 4 Sundry Notice after the APDs are approved, but MUST be submitted prior to spudding the first well.

7. Waste Management Plan: No Waste Management Plan was included with the Form 2A. Per Rule 318A.h., all Form 2As submitted for locations in the Greater Wattenberg Area are required to include a Waste Management Plan. Please submit a Waste Management Plan for this location. The Waste Management Plan should address the handling of all E&P Waste (drilling & completion waste, produced waste fluids, workover wastes, tank bottoms) that may be generated at the location.

Please find Waste Management Plan Attached.

8. Water Resources: Although the distance to the unnamed pond is approximately 900 feet, the proposed location is atop steep slopes and adjacent a drainage that flows into a neighborhood and the Cache La Poudre River corridor. Therefore, the location is considered to be in a Sensitive Area. Please approve me changing the Sensitive Area Designation on the Form 2A from No to Yes.

Additional Information Requested: What does strict controls to prevent adverse environmental impact entail other than 110% containment? Does this designation require additional permitting requirements? Are there additional requirement to operations during drilling?

No additional COGCC permits beyond the Form 2s and 2A, and Form 4 mentioned in item #6 above are required for the operations proposed on the Form 2A. A Sensitive Area Designation indicates the potential for a spill or release from the location to create significantly adverse environment impact. The operator should take precautions to ensure any spill or release on the location does not impact surface or ground water in excess of the Water Quality Control Commission Standards. See rule 901.f. Part of that requirement is 110% secondary containment of fluids during drilling and completion, per the COA below.

Conditions of Approval: The following Conditions of Approval apply to this location. Please acknowledge the following:

1. If drill cuttings will be land applied at an offpad location, then a Waste Management Plan meeting the general requirements of Rule 907.a. must be submitted for the land application of drill cuttings. Submit the Waste Management Plan on a Form 4 Sundry Notice via email to DNR_OGCC.ENVIROSUNDRY@state.co.us prior to drilling.
2. Location is in a sensitive area because of close proximity to steep slopes and to surface water, therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at the well site during drilling and completion operations.
3. Review Larimer County requirements for access to County Roads and MIRU.
4. Provide vehicle tracking control to prevent tracking site debris, mud or sediment onto public roads.
5. Land-farming of E&P waste is prohibited on the location. This shall not preclude onsite disposal of E&P waste in accordance with COGCC Rules and permit conditions.
6. Location is on steep slopes; therefore the cut and fill slopes should be constructed in such a manner to manage site drainage and slope stability. Slopes should be stabilized as soon as is practical after the location has been constructed.
7. Provide 48 hours notice to COGCC via Form 42 prior to construction of the location.

Does this pertain to the construction of the well pad?

Yes. Provide notice 48 hours prior to construction of the well pad location.

8. The Operator shall comply with all applicable Colorado Department of Health and Environment - Air Pollution Control Division Regulations.
9. The Operator shall employ reduced emissions Well Completions as described in Rule 805.b.(3).
10. Prior to construction of the location, the Operator shall submit to the Director a copy of the construction stormwater permit issued by the Colorado Department of Health and Environment.
11. The operator shall notify the Director of the intent to begin interim reclamation and intent to terminate the Colorado Department of Health and Environment construction stormwater permit. The notification shall include the Post-Construction Stormwater Program described in Rule 1002.f.(3) including facility-specific maps described in Rule 1002.f.(3).c.

Rick Allison, P.G.

Oil and Gas Location Specialist - Northeast Colorado

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