



State
of
Colorado

Kubeczko - DNR, Dave <dave.kubeczko@state.co.us>

Hunter Ridge Energy Services Divide Road Water Facility

Kubeczko - DNR, Dave <dave.kubeczko@state.co.us>

Fri, May 3, 2013 at 3:56 PM

To: Dave Kubeczko - DNR <dave.kubeczko@state.co.us>

Scan No 2106592

CORRESPONDENCE

2A#40078297

----- Forwarded message -----

From: **Oates, Jason C.** <Jason.Oates@encana.com>

Date: Fri, May 3, 2013 at 12:11 PM

Subject: Fw: Response to a Phone Conversation about the DRWF on 4/30/2013

To: "Dave.Kubeczko@state.co.us" <Dave.Kubeczko@state.co.us>

Cc: "greg.deranleau@state.co.us" <greg.deranleau@state.co.us>

I approve the COA changes listed in the email below.

Jason

Jason Oates

Encana Oil & Gas (USA) Inc.

South Rockies Business Unit

Group Lead, Regulatory

w 720.876.3228 || c 720.785.4806

www.encana.com

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From: **Deranleau - DNR, Greg** <greg.deranleau@state.co.us>

Date: Thu, May 2, 2013 at 10:10 AM

Subject: Hunter Ridge Energy Services Divide Road Water Facility

To: "Jason C. Oates" <Jason.Oates@encana.com>

Cc: Dave Kubeczko <Dave.Kubeczko@state.co.us>

Jason,

I have received a verbal authorization to proceed with the approval of Form 2A document #400378297, including the request for variance from the provision of Rule 908.b. that requires Director approval of a Form 28 prior to commencement of construction of a Centralized E&P Waste Management Facility.

Director Lepore has suggested that you prepare a brief summary to present to the Commissioners at next week's hearing. COGCC staff will also be there to speak on the matter, if they have any questions.

Please review the following COAs one more time. Upon receipt of your written concurrence, COGCC will approve the Form 2A for this proposed facility. Please note the language in COA 2A281 and COA 2A2810, as slight modifications have been made from what was previously discussed. Also, COA 2A2812 is new.

General Site:

COA G1 - Notify the COGCC 48 hours prior to start of water facility access road and pad

construction, tank construction, start of hydrostatic test, and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified).

COA G2 - Operator must implement best management practices to contain any unintentional release of fluids at the water facility location, as well as any fluids conveyed via temporary surface or buried permanent pipelines.

COA G3 - Operator must ensure secondary containment for any volume of fluids contained at water facility site during operations (as described on the BMP tab and shown on the Construction Layout Drawings attachment); 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 frac pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.

COA G4 - Operator shall stabilize exposed soils and slopes as an interim measure during operation of tanks.

COA G5 - The location is in an area of moderate to high run-on / run-off potential; therefore the tank pad and access road shall be constructed to prevent any stormwater run-on and/or stormwater run-off. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.

COA G6 - The nearby downgradient hillsides below the water facility must be periodically monitored for any day-lighting of fluids throughout tank operations.

COA G7: Additional containment shall be required where temporary or permanent pumps and other necessary equipment or chemicals are located.

COA G8 - Operator will use adequately sized containment devices for all chemicals and/or hazardous materials stored or used on location and the facility shall comply with the operators SPCC Plan.

COA G9 - Strategically apply fugitive dust control measures, including enforcing established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.

COA G10 - Secondary containment shall be constructed as specified in Form 28, and the spray on liner shall be placed on the entire inside of the containment structure. Secondary containment design shall be subject to modification during the review and approval process of the Form 28.

Groundwater/Surface Water Baseline Sampling:

COA GW1: Operator shall conduct surface and shallow groundwater monitoring in accordance with Section 15 and 16 of the Form 28 submittals. Sampling program and points may be modified during the review and approval process of the Form 28. At a minimum, analytes will be selected to include waste streams identified in the Form 28 (Appendix 9).

Form 2A and Form 28 Permit: The following conditions of approval (COAs) will apply to both the Form 2A and the Form 28 Permit: (Note, upon review and approval of the Form 28, additional COAs may be applied.)

COA 2A281 - Within 30 calendar days of conclusion of the initial grading and earthwork in Phase I and after the conclusion of Phase IV, operator shall submit as-built drawings, including plan view and cross-sections (with perpendicular axes), prepared and stamped by a Professional Land Surveyor or Professional Engineer and including the tank pad and access road.

COA 2A282- No portion of any tanks that will be used to hold liquids shall be constructed on fill material, unless the tank and fill portion of the pad area are designed and certified by a

professional engineer, subject to review and approval by the Director prior to construction of the tank. The construction of the tanks shall be supervised by a professional engineer or their agent. Tank construction daily records shall be reviewed and certified by a Professional Engineer; these daily records shall be maintained by the operator and provided to the COGCC if requested.

COA 2A283 - Operator shall construct, operate and maintain tank(s) in accordance with manufacturer specifications and requirements, as provided and referenced in data submitted with and subsequent to this Form 2A.

COA 2A284 - Prior to operating any field constructed engineered steel tank, the tank shall be tested by filling with at least 70 percent of operating capacity of fresh water, measured from the base of the tank (not to exceed 2-foot freeboard requirement on tanks constructed with no lid or with a floating top). The operator shall monitor the tank for leaks for a period of 72 hours prior to either draining the tank for repairs or commencing operations. Operator shall notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) 48 hours prior to start of the hydrotest. Hydrotest monitoring results must be maintained by the operator for the life of the tank and provided to COGCC prior to using the tank (via Form 4 Sundry to Dave Kubeczko; email dave.kubeczko@state.co.us). Hydrostatic testing must be conducted on all tanks annually. Operator may request relief from this COA by proposing an alternative test method for prior COGCC approval on a Form 4 Sundry Notice.

COA 2A285 - Operator will implement measures to ensure that adequate separation of hydrocarbons from the influent occurs to prevent accumulation of oil on the surface of stored completions fluids. Operator shall also employ a method for monitoring buildup of phase-separated hydrocarbons on the surface of stored fluids.

COA 2A286 - No oil is permitted on the surface of completions fluids.

COA 2A287 - Surface water samples (one closest to the water facility location) from the unnamed intermittent stream located north of the facility (if water is present), as well as from Middle Fork Parachute Creek to the east (one upgradient and one downgradient from the water facility location), shall be collected prior to the facility use and every 12 months (until facility closure) to evaluate potential impacts from pit operations. At a minimum, the surface water samples will be analyze for the following parameters: major cations/anions (chloride, fluoride, sulfate, sodium); total dissolved solids (TDS); and BTEX/DRO. Upon the completed review of the Form 28, additional parameters may be required.

COA 2A288 - The operator shall submit, and receive approval of, a reuse and recycling plan per Rule 907.a.(3), prior to any offsite reuse/recycling of tank fluids.

COA 2A289 - Conditions of Approval (COAs) attached to the subsequently approved Form 28 Permit will also apply to this Form 2A permit for this location. If the results of the Form 28 review and approval process creates a conflict with the approval of this Form 2A, the operator shall request relief from the conditions of the Form 2A via a Form 4 Sundry Notice.

COA 2A2810 - In order to comply with Rules 704, 908.d., and 908.g., Hunter Ridge Energy Services LLC will provide financial assurance to the COGCC in the amount of \$3MM prior to commencing construction operations. If the COGCC determines additional assurance is needed upon review and approval of the Form 28, Hunter Ridge Energy Services LLC will secure the additional amount when that determination is made.

COA 2A2811 - At the time of facility closure, operator must submit and receive approval of a Site Investigation and Remediation Workplan, Form 27.

COA 2A2812: Some documents submitted to Garfield County and included in the Form 2A and/or Form 28 include a 4th and 5th large (206,000 bbl) tank. Addition or construction of any large tanks beyond Tanks T-101, T-105 and 106 are not covered by this Form 2A approval, and addition or construction of any large tanks beyond those and T-102 and T-103, are not covered by the Form 28. Additional tanks will require amending the Oil and Gas Location with a Form 2A and modifying

the Centralized E&P Waste Management Facility with a Form 4.

Pipelines: The following conditions of approval (COAs) will apply to both the Form 2A and the Form 28 Permit if any pipelines (poly or steel) are used during completion operations at nearby well pads:

COA PL1 - Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service.

COA PL2 - Operator must implement best management practices to contain any unintentional release of fluids along all portions of the surface pipeline route where temporary pumps and other necessary equipment are located.

COA PL3 - Operator must routinely inspect the entire length of the surface pipeline to ensure integrity.

COA PL4 - Operator must ensure 110 percent secondary containment for any potential volume of fluids that may be released from the surface pipeline at all stream, intermittent stream, ditch, and drainage crossings.

COA PL5 - Operator will utilize, to the extent practical, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines. This will reduce surface disturbance and fragmentation of wildlife habitat in the area.

Thank you for your cooperation and assistance in getting COGCC staff the information needed in a timely manner.

Regards,

Greg

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Greg Deranleau
Oil and Gas Location Supervisor
Colorado Oil and Gas Conservation Commission
303-894-2100 ext. 5153