

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Monday, September 23, 2013 12:34 PM
To: dave.kubeczko@state.co.us
Subject: FW: Axia Energy, Bulldog 17-21H-891 Pad, COA's

Categories: Operator Correspondence

Scan No 2106763 CORRESPONDENCE 2A#400387987

From: Jess Peonio [mailto:jpeonio@axiaenergy.com]
Sent: Monday, September 09, 2013 9:16 AM
To: LSPermitco@aol.com; Dave Kubeczko - DNR
Subject: RE: Axia Energy, Bulldog 17-21H-891 Pad, COA's

Axia agrees to the below COA's.

Jess A. Peonio

Sr. Drilling Engineer/Regulatory Manager

Axia Energy

1430 Larimer, Suite #400; Denver, CO 80202

O: 720-746-5212; C: 303-349-6026

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From: LSPermitco@aol.com [mailto:LSPermitco@aol.com]
Sent: Sunday, September 08, 2013 2:00 PM
To: Jess Peonio
Cc: lisa@permitco-usa.com
Subject: Axia Energy, Bulldog 17-21H-891 Pad, COA's

Hi Jess,

Please respond to Dave K. with a cc to me. Thanks.

Lisa Smith - President

PermitCo Inc. - PO Box 99 - Eastlake, CO 80614

303-857-9999 (office) - 303-324-9350 (cell) - 303-450-9200 (fax)

From: dave.kubeczko@state.co.us

To: lspermitco@aol.com

Sent: 9/3/2013 12:08:40 P.M. Mountain Daylight Time

Subj: Axia Energy, Bulldog 17-21H-891 Pad, NWNE Sec 17 T8N R91W, Moffat County, Form 2A (#400387987)

Lisa,

I have been reviewing the Bulldog 17-21H-891 Pad **Form 2A** (#400378987). COGCC will attach the following conditions of approval (COAs) based on the data Axia Energy has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

Construction (Section 6): The box answering the question will salt (>15,000 ppm TDS Cl) or oil based muds (OBM) be used? has been marked Yes; therefore the following condition of approval (COA) will apply:

COA 11 - A closed loop system must be implemented during drilling (which operator has indicated on the Form 2A); or, if a drilling pit is constructed, it must be lined. All cuttings generated during drilling with oil based muds or high chloride/TDS mud must be kept in the lined drilling pit, or placed either in containers or on a lined/bermed portion of the well pad; prior to offsite disposal. 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.

General: The following conditions of approval (COAs) will apply:

COA 91 - Notify the COGCC 48 hours prior to start of pad construction, 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).

COA 9 - Reserve pit, or any other pit used to contain/hold fluids, if constructed, must be lined or a closed loop system (which operator has indicated on the form 2A) must be implemented during drilling.

COA 5 - 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.

COA 23 - Operator must ensure secondary containment for any volume of fluids (excluding freshwater, unless stored in a large volume aboveground storage tank [LVT]), 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 (at least every 14 days), and maintained in good condition.

COA 44 - The access road will be constructed as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water.

COA 76 - 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 25 - If the wells are to be hydraulically stimulated, then flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline, storage vessel, or lined pit (only if an amended Form 2A has been submitted/approved and a Form 15 Earthen Pit Permitted has been submitted/approved) 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.

COA 58 - Berms or other containment devices shall be constructed to be sufficiently impervious (preferably corrugated steel with poly liner) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.

Groundwater Baseline Sampling:

COA 9 - Operator shall comply with Rule 609. STATEWIDE GROUNDWATER BASELINE SAMPLING AND MONITORING.

Temporary Surface Pipelines: The following conditions of approval (COAs) will apply to the Form 2A Permit if any temporary surface pipelines (poly or steel) are used during operations at the well pad location or nearby well pads:

COA 45 - Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface or permanent buried pipelines and following any reconfiguration of the pipeline network. Operator shall notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to testing surface poly or buried steel pipelines.

COA 48 - 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 49 - Operator must routinely inspect the entire length of the surface pipeline to ensure integrity. Operator shall conduct daily inspections of surface poly pipeline routes for leaks during active transfer of fluids. Inspections shall be conducted by viewing the length of the pipeline; operator will endeavor to minimize surface disturbance during pipeline monitoring. The operator shall maintain records of inspections, findings and repairs, if necessary, for the life of the pipelines.

COA 54 - Operator must ensure 110 percent secondary containment for any potential volume of fluids that may be released from the surface pipeline at all sensitive area crossings, including, but not limited to stream, intermittent stream, ditch, and drainage crossings.

COA 55 - 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.

COGCC would appreciate your concurrence with attaching these COAs to the Form 2A permit prior to passing the OGLA review. 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
Western Colorado

Colorado Oil & Gas Conservation Commission
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