

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Wednesday, October 30, 2013 10:50 AM
To: dave.kubeczko@state.co.us
Subject: FW: Maralex Resources Inc, Jennie Rose 33-7-3 #3B Pad, NENW Sec 3 T33N R7W, La Plata County, Form 2A (#400423697) Review

Categories: Operator Correspondence

Scan No 2106803 CORRESPONDENCE 2A#400423697

COGCC's COAs were discussed onsite with the operator on 06-10-13 and operator indicated they would not have issues with them.

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Thursday, June 27, 2013 12:23 PM
To: naomi@maralexinc.com
Subject: Maralex Resources Inc, Jennie Rose 33-7-3 #3B Pad, NENW Sec 3 T33N R7W, La Plata County, Form 2A (#400423697) Review

Naomi,

I have been reviewing the Jennie Rose 33-7-3 #3B Pad **Form 2A** (#400423697). COGCC will attach the following conditions of approval (COAs) based on the data Maralex Resources Inc (Maralex) has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review

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

COA 91 - Notify the COGCC 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).

COA 23 - 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 (at least every 14 days), and maintained in good condition.

COA 5 - Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or permanent buried pipelines. Additional containment shall be required where temporary or permanent pumps and other necessary equipment or chemicals are located.

COA 1 - Location is in a sensitive area due to shallow groundwater; therefore, either a closed loop system must be used, or the drilling pit must be lined (24-mil HDPE) and constructed above the top of groundwater.

COA 49 - For pits containing fluids other than freshwater only; the pit must be fenced. A minimum six-foot high fence is required for active (drilling/flowback operations are ongoing) drilling/completion pits and inactive cuttings pits containing free liquids (no fencing or netting is required for inactive cuttings pits where free liquids are removed).

If completion operations are delayed for more than 10 days from the end of 24 hour drilling operation then any pit containing fluids shall be fenced with a minimum six foot high fence and netting shall be installed to prevent access by birds.

Within 30 days after completion operations end, the operator will do one of the following to comply with Rule 902.d.: (1) initiate removal of liquids from all pits for final closure and remediation (2) submit a Sundry Notice,

Form 4, with appropriate water quality documentation demonstrating that any liquids remaining in the pit will not harm wildlife; or (3) install a minimum six-foot fence with netting, to prevent access by birds, and a one-foot exclusionary fence (e.g. minimum one-foot height silt fencing or fine mesh) along the base of the fence anchored to the ground (not buried). In the event that circumstances preclude the operator from selecting one of these options within 30 days after completion operations end, then the operator may seek a variance to extend this 30-day period.

COA 38 - The moisture content of any freshwater generated drill cuttings in a cuttings trench, area, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, if the freshwater generated drill cuttings are to be onsite, they must also meet the applicable standards of table 910-1.

COA 25 - 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.

Surface Pipeline COAs: The following conditions of approval (COAs) will apply to the Form 2A if temporary or permanent surface pipelines (steel or poly) are used:

COA 45 - Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service.

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.

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 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

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Western Colorado

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