

FORM
2A

Rev
04/01

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400449426

Date Received:

07/29/2013

Oil and Gas Location Assessment

New Location

Amend Existing Location

Location#: 324487

Submit original plus one copy. This form is to be submitted to the COGCC prior to any ground disturbance activity associated with oil and gas development operations. This Assessment may be approved as a standalone application or submitted as an informational report accompanying an Application for Permit-To-Drill, Form 2. Approval of this Assessment will allow for the construction of the below specified location; however, it does not supersede any land use rules applied by the local land use authority. This form may serve as notice to land owners and other interested parties, please see the COGCC web site at <http://colorado.gov/cogcc/> for all accompanying information pertinent to this Oil and Gas Location Assessment.

Location ID:

324487

Expiration Date:

11/24/2016

This location assessment is included as part of a permit application.

1. CONSULTATION

This location is included in a Comprehensive Drilling Plan. CDP # _____

This location is in a sensitive wildlife habitat area.

This location is in a wildlife restricted surface occupancy area.

This location includes a Rule 306.d.(1)A.ii. variance request.

2. Operator

Operator Number: 100122

Name: GUNNISON ENERGY CORPORATION

Address: 1801 BROADWAY #1200

City: DENVER State: CO Zip: 80202

3. Contact Information

Name: Brett Murray

Phone: (303) 296-4222

Fax: (303) 296-4555

email: brett.murray@oxbow.com

4. Location Identification:

Name: Jacobs Federal 1290

Number: #6-32 H1 & H2

County: GUNNISON

Quarter: SWNE Section: 6 Township: 12S Range: 90W Meridian: 6 Ground Elevation: 8052

Define a single point as a location reference for the facility location. This point should be used as the point of measurement in the drawings to be submitted with this application. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 1530 feet FNL, from North or South section line, and 1670 feet FEL, from East or West section line.

Latitude: 39.045075 Longitude: -107.486072 PDOP Reading: 2.0 Date of Measurement: 06/14/2013

Instrument Operator's Name: Robert L. Kay

5. Facilities (Indicate the number of each type of oil and gas facility planned on location):

Special Purpose Pits: <input type="checkbox"/>	Drilling Pits: <input type="checkbox"/>	Wells: <input type="text" value="3"/>	Production Pits: <input type="checkbox"/>	Dehydrator Units: <input type="checkbox"/>
Condensate Tanks: <input type="checkbox"/>	Water Tanks: <input type="text" value="4"/>	Separators: <input type="text" value="2"/>	Electric Motors: <input type="checkbox"/>	Multi-Well Pits: <input type="checkbox"/>
Gas or Diesel Motors: <input type="checkbox"/>	Cavity Pumps: <input type="checkbox"/>	LACT Unit: <input type="checkbox"/>	Pump Jacks: <input type="checkbox"/>	Pigging Station: <input type="text" value="1"/>
Electric Generators: <input type="text" value="1"/>	Gas Pipeline: <input type="text" value="1"/>	Oil Pipeline: <input type="checkbox"/>	Water Pipeline: <input type="text" value="1"/>	Flare: <input type="checkbox"/>
Gas Compressors: <input type="checkbox"/>	VOC Combustor: <input type="checkbox"/>	Oil Tanks: <input type="checkbox"/>	Fuel Tanks: <input type="checkbox"/>	

Other: _____

6. Construction:

Date planned to commence construction: 05/01/2014 Size of disturbed area during construction in acres: 1.15
Estimated date that interim reclamation will begin: 10/20/2014 Size of location after interim reclamation in acres: 0.84
Estimated post-construction ground elevation: 8052 Will a closed loop system be used for drilling fluids: Yes
Will salt sections be encountered during drilling: Yes No Is H2S anticipated? Yes No
Will salt (>15,000 ppm TDS Cl) or oil based muds be used: Yes No
Mud disposal: Offsite Onsite Method: Land Farming Land Spreading Disposal Facility
Other: land farming/other drillsite

7. Surface Owner:

Name: _____ Phone: _____
Address: _____ Fax: _____
Address: _____ Email: _____
City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: 08/06/2013
Surface Owner: Fee State Federal Indian
Mineral Owner: Fee State Federal Indian
The surface owner is: the mineral owner committed to an oil and gas lease
 is the executer of the oil and gas lease the applicant
The right to construct the location is granted by: oil and gas lease Surface Use Agreement Right of Way
 applicant is owner
Surface damage assurance if no agreement is in place: \$2000 \$5000 Blanket Surety ID _____

8. Reclamation Financial Assurance:

Well Surety ID: 20110179 Gas Facility Surety ID: _____ Waste Mgnt. Surety ID: _____

9. Cultural:

Is the location in a high density area (Rule 603.b.): Yes No
Distance, in feet, to nearest building: 8783, public road: 1096, above ground utility: 8783,
railroad: 42240, property line: 1052

10. Current Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
Non-Crop Land: Rangeland Timber Recreational Other (describe): _____
Subdivided: Industrial Commercial Residential

11. Future Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
Non-Crop Land: Rangeland Timber Recreational Other (describe): _____
Subdivided: Industrial Commercial Residential

12. Soils:

List all soil map units that occur within the proposed location. Attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to be used when segregating topsoil.

The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.gov/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: 122. Clayburn-Quander-Guero complex, 5-30% Slopes

NRCS Map Unit Name: 200. Wetopa-Wesdy complex, 5-65% Slopes

NRCS Map Unit Name: _____

13. Plant Community:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes No

Plant species from: NRCS or, field observation Date of observation: 06/20/2013

List individual species: _____

Check all plant communities that exist in the disturbed area.

- Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
- Native Grassland (Bluestem, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)
- Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)
- Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)
- Mountain Riparian (Cottonwood, Willow, Blue Spruce)
- Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)
- Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)
- Alpine (above timberline)
- Other (describe): _____

14. Water Resources:

Rule 901.e. may require a sensitive area determination be performed. If this determination is performed the data is to be submitted with the Form 2A.

Is this a sensitive area: No Yes Was a Rule 901.e. Sensitive Areas Determination performed: No Yes

Distance (in feet) to nearest surface water: 944, water well: 9248, depth to ground water: 150

Is the location in a riparian area: No Yes Was an Army Corps of Engineers Section 404 permit filed No Yes

Is the location within a Rule 317B Surface Water Suppl Area buffer zone:

No 0-300 ft. zone 301-500 ft. zone 501-2640 ft. zone

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified: No Yes

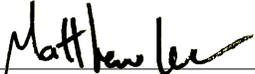
15. Comments:

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: _____ Date: 07/29/2013 Email: brett.murray@oxbow.com

Print Name: Brett A. Murray Title: Land Manager

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 11/25/2013

**CONDITIONS OF
APPROVAL, IF ANY:**

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

Description

Final review completed. There are LGD comments.

PIPELINE COAs:

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/steel or buried poly/steel pipelines.

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.

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.

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.

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.

GROUNDWATER MONITORING COA:

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

GENERAL SITE COAs:

Notify the COGCC 48 hours prior to start of 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).

Operator must ensure 110 percent secondary containment for any volume of fluids (excluding freshwater) 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.

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

The access road and well pad will be maintained as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water.

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.

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.

The moisture content of any 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.

Berms or other containment devices shall be constructed to be sufficiently impervious to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.

Attachment Check List

Att Doc Num	Name
2106781	CORRESPONDENCE
400449426	FORM 2A SUBMITTED
400449659	LOCATION PICTURES
400449660	LOCATION DRAWING
400449662	HYDROLOGY MAP
400449664	ACCESS ROAD MAP
400449665	CONST. LAYOUT DRAWINGS
400449666	REFERENCE AREA MAP
400449667	REFERENCE AREA PICTURES
400460717	NRCS MAP UNIT DESC
400464828	MULTI-WELL PLAN

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Initiated/Completed OGLA Form 2A review on 09-10-13 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, tank berming, flowback to tanks, GW baseline sampling, sediment control access road, pipeline, notification, and cuttings low moisture content COAs from operator on 09-10-13; received acknowledgement of COAs from operator on 09-30-13; no CPW; passed OGLA Form 2A review on 09-30-13 by Dave Kubeczko; fluid containment, spill/release BMPs, tank berming, flowback to tanks, GW baseline sampling, sediment control access road, pipeline, notification, and cuttings low moisture content COAs.	9/10/2013 6:01:53 PM
Permit	Amended 2A submitted to add two wells to existing pad.	8/21/2013 1:54:46 PM
LGD	<p>The Jacobs Trust 12-90 #6-32 Well, Permit #OG2007-04, was approved on July 25, 2007 by Gunnison County as No Significant Impact Operation, Certification No. 66 Series 2007. The existing well was drilled in September of 2007.</p> <p>In reviewing the hydrology map for the H1 and H2 wells, it identifies "existing water" within 150' of the existing well pad. As part of the pre-application conference on July 3, 2013 among Gunnison County representatives and Gunnison Energy Corporation, Gunnison Energy Corporation submitted a hydrology map that identified those areas as "ephemeral" drainages.</p> <p>Gunnison County in its Regulations for Oil and Gas Operations has an inner buffer that extends 150', measured horizontally, from the nearest high water mark of any down gradient water body to any disturbed area. No feature of an oil and gas operation shall be located within the inner buffer except linear features or new well (s) on existing well pad(s). The instant application appears to be for new well(s) on existing pad(s).</p> <p>Dated this 19th day of August, 2013.</p> <p>Submitted by David Baumgarten, Gunnison County Local Government Designee</p>	8/19/2013 2:45:02 PM
Permit	Passed completeness	8/8/2013 12:33:36 PM
Permit	Returned to draft: Requested a multi-well plan be attached. Number of wells at the well site should be 3 on the facility list.	3/8/2013 6:31:12 AM
Permit	Returned to DRAFT. Requested a multi-well plan be attached.	8/1/2013 10:59:06 AM
Permit	Returned to draft. Requested information on refile, NRCS map unit attachments, Plant community tab information, and verification of mineral owner.	7/31/2013 7:06:19 AM

Total: 7 comment(s)

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>