

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Friday, December 27, 2013 7:52 AM
To: dave.kubeczko@state.co.us
Subject: FW: SG Interests I LTD, Federal 11-90-15 1 Pad, SESW Sec 15 T11S R90W, Gunnison County, Form 2A #400428523 Review

Categories: Operator Correspondence

Scan No 2106828 CORRESPONDENCE 2A#400428523

Discussed COAs with SG Interests in Durango on 12-17-13 and received verbal acknowledgement.

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Monday, December 09, 2013 12:13 PM
To: Catherine Dickert
Subject: SG Interests I LTD, Federal 11-90-15 1 Pad, SESW Sec 15 T11S R90W, Gunnison County, Form 2A #400428523 Review

Catherine,

I have been reviewing the Federal 11-90-15 1 Pad **Form 2A** (#400428523). COGCC would like to attach the following conditions of approval (COAs) based on the data SG Interests I LTD has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

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

COA 91 - Notify the COGCC 48 hours prior to start of pad/access road reconstruction/regarding (if necessary), 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 - Operator shall comply with Rule 609. STATEWIDE GROUNDWATER BASELINE SAMPLING AND MONITORING.

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

COA 23 - Operator must ensure 110 percent secondary containment for any volume of fluids (excluding freshwater) contained at well site during drilling and completion operations (as shown on the Proposed BMPs 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 well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.

COA 7 - There is the potential for shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.

COA 44 - 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.

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 46 - The surface soils and materials are unconsolidated and generally fine-grained; therefore appropriate BMPs need to be in place during all access road/pad reconstruction/regrading (if necessary), as well as during drilling and well completion operations. 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 58 - 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.

Drilling/Completions: The following conditions of approval (COAs) will apply:

COA 38 - 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.

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.

Material Handling and Spill Prevention: The following conditions of approval (COAs) will apply to the Form 2A if any temporary surface or buried pipelines (poly or steel) are used during operations at the frac 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/steel or buried poly/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 pits.

COA 54 - Operator must ensure appropriate secondary containment for volume of fluids that may be released before pump shut down from the surface pipeline at all stream, intermittent stream, ditch, and drainage crossings. Catchment basins would be sized to contain this volume of fluid as described in the permit approval documents for the McIntyre Flowback Pits. Pump stations along the surface poly pipeline route will be continuously monitored when operating in order to swiftly respond to such a failure.

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. In addition, I have placed SG Interests' BMPs listed on previously submitted Form 2As onto the BMP tab for this Form 2A. 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

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