

FORM
2A

Rev
08/13

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:

400711228

0

Date Received:

10/21/2014

Oil and Gas Location Assessment

New Location Refile Amend Existing Location Location#: 336392

Submit signed original form. This Oil and Gas Location Assessment is to be submitted to the COGCC for approval prior to any ground disturbance activity associated with oil and gas operations. Approval of this Oil and Gas Location 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. Please see the COGCC website at <http://cogcc.state.co.us/> for all accompanying information pertinent this Oil and Gas Location Assessment.

Location ID:

336392

Expiration Date:

11/17/2017

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

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.

Operator

Operator Number: 49100

Name: KOCH EXPLORATION COMPANY, LLC

Address: 950 17TH STREET #1900

City: DENVER State: CO Zip: 80202

Contact Information

Name: Todd Spivey

Phone: (303) 217-4493

Fax: (303) 217-9111

email: tspivey@epgaz.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

Gas Facility Surety ID: _____

Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: WRD Unit _____

Number: 62N96W/29
NWSW

County: RIO BLANCO

Quarter: NWSW Section: 29 Township: 2N Range: 96W Meridian: 6 Ground Elevation: 5980

Define a single point as a location reference for the facility location. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 2007 feet FSL from North or South section line

752 feet FWL from East or West section line

Latitude: 40.111261 Longitude: -108.195594

PDOP Reading: 1.4 Date of Measurement: 04/21/2014

Instrument Operator's Name: Robert Kay

RELATED REMOTE LOCATIONS

(Enter as many Related Locations as necessary. Enter the Form 2A document # only if there is no established COGCC Location ID#)

This proposed Oil and Gas Location is:

LOCATION ID # FORM 2A DOC #

FACILITIES

Indicate the number of each type of oil and gas facility planned on location

| | | | | | | | | | |
|-----------------------|----------|----------------------|----------|----------------------|----------|------------------|----------|-------------------------------|----------|
| Wells | <u>2</u> | Oil Tanks* | <u>1</u> | Condensate Tanks* | <u>1</u> | Water Tanks* | <u>2</u> | Buried Produced Water Vaults* | <u>0</u> |
| Drilling Pits | <u>0</u> | Production Pits* | <u>0</u> | Special Purpose Pits | <u>1</u> | Multi-Well Pits* | <u>0</u> | Modular Large Volume Tanks | <u>0</u> |
| Pump Jacks | <u>1</u> | Separators* | <u>2</u> | Injection Pumps* | <u>0</u> | Cavity Pumps* | <u>0</u> | Gas Compressors* | <u>0</u> |
| Gas or Diesel Motors* | <u>0</u> | Electric Motors | <u>0</u> | Electric Generators* | <u>0</u> | Fuel Tanks* | <u>0</u> | LACT Unit* | <u>0</u> |
| Dehydrator Units* | <u>0</u> | Vapor Recovery Unit* | <u>0</u> | VOC Combustor* | <u>0</u> | Flare* | <u>0</u> | Pigging Station* | <u>0</u> |

OTHER FACILITIES*

Other Facility Type

Number

| <u>Other Facility Type</u> | <u>Number</u> |
|----------------------------|---------------|
| | |

Those facilities indicated by an asterisk () shall be used to determine the distance from the Production Facility to the nearest cultural feature on the Cultural Setbacks Tab.

Per Rule 303.b.(3)C, description of all oil, gas, and/or water pipelines:

Install a gas sales pipeline and a produced water line from the WRD Federal 30-34 to tie into the existing WRD Federal 29-31 pipeline located in NWSW, Section 29, T2N, R96W, Rio Blanco County, Colorado. The pipe will be 4-inch steel with a wall thickness of 0.188 inch. The line will be pressure tested prior to service. Safety pressure relief equipment will be installed at the well location. It is proposed to install the pipeline along the route on the attached map. The pipeline right-of-way length will be approximately 116 feet (0.13 acres) on federal surface. The maximum width of the disturbed area will not exceed 50 feet. The line will be coated pipe with welded connections. The welds will be coated, wrapped, and buried to a depth not less than 4 feet. Flowlines from the wellheads to the separators and water, condensate, and oil tanks will be 2" steel and buried 4' below grade.

CONSTRUCTION

Date planned to commence construction: 11/17/2014 Size of disturbed area during construction in acres: 2.89

Estimated date that interim reclamation will begin: 05/01/2015 Size of location after interim reclamation in acres: 0.85

Estimated post-construction ground elevation: 5980

DRILLING PROGRAM

Will a closed loop system be used for drilling fluids: Yes

Is H₂S anticipated? No

Will salt sections be encountered during drilling: No

Will salt based mud (>15,000 ppm Cl) be used? No

Will oil based drilling fluids be used? No

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE

Drilling Fluids Disposal Method: Commercial Disposal

Cuttings Disposal: ONSITE

Cuttings Disposal Method: Cuttings trench

Other Disposal Description:

Cuttings will be tested per COGCC standards, if they pass, the cuttings will be buried a minimum depth of 3' and covered with clean fill. Cuttings above the 910-1 levels will be amended onsite until they are below the standards.

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: _____ or Document Number: _____

Centralized E&P Waste Management Facility ID, if applicable: _____

SURFACE & MINERALS & RIGHT TO CONSTRUCT

Name: BLM White River Field Off

Phone: 970-878-3800

Address: 220 East Market Street

Fax: 970-878-3805

Address: _____

Email: _____

City: Meeker State: CO Zip: 81641

Surface Owner: Fee State Federal Indian

Check all that apply. The Surface Owner: is the mineral owner

is committed to an oil and Gas Lease

has signed the Oil and Gas Lease

is the applicant

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed from or produced to this Oil and Gas Location: No

The right to construct this Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

Date of Rule 306 surface owner consultation 09/24/2014

CURRENT AND FUTURE LAND USE

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

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

CULTURAL DISTANCE INFORMATION

Provide the distance to the nearest cultural feature as measured from Wells or Production Facilities onsite.

| | From WELL | From PRODUCTION FACILITY |
|-----------------------------------|------------------|---------------------------------|
| Building: | 2266 Feet | 2154 Feet |
| Building Unit: | 5280 Feet | 5280 Feet |
| High Occupancy Building Unit: | 5280 Feet | 5280 Feet |
| Designated Outside Activity Area: | 5280 Feet | 5280 Feet |
| Public Road: | 1249 Feet | 1142 Feet |
| Above Ground Utility: | 1249 Feet | 1774 Feet |
| Railroad: | 5280 Feet | 5280 Feet |
| Property Line: | 3759 Feet | 3621 Feet |

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well or edge of nearest Production Facility to nearest of each cultural feature as described in Rule 303.b.(3)A.
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.
- For measurement purposes only, Production Facilities should only include those items with an asterisk(*) on the Facilities Tab.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone - as described in Rule 604.a.(2), within 1,000' of a Building Unit.
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

FOR MULTI-WELL PADS AND PRODUCTION FACILITIES WITHIN DESIGNATED SETBACK LOCATIONS ONLY:

- Check this box if this Oil and Gas Location has or will have Production Facilities that serve multiple wells (on or offsite) and the Production Facilities are proposed to be located less than 1,000 feet from a Building Unit. *(Pursuant to Rule 604.c.(2)E.i., the operator must evaluate alternative locations for the Production Facilities that are farther from the Building Unit, and determine whether those alternative locations were technically feasible and economically practicable for the same proposed development.)*
- By checking this box, I certify that no alternative placements for the Production Facilities, farther from the nearest Building Unit, were available based on the analysis conducted pursuant to Rule 604.c.(2)E.i.

In the space below, explain rationale for siting the multi-well Production Facility(ies) that supports your Rule 604.c.(2)E.i determination. Attach documentation that supports your determination to this Form 2A.

SOIL

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.org/> 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: 104 - Yamac loam, 2-15% slopes
 NRCS Map Unit Name: 53 - Moyerson stony clay loam, 15-65% slopes
 NRCS Map Unit Name: _____

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: 06/17/2014

List individual species: Needle and thread grass (Hesperostipa comata), spiny phlox (Phlox hoodii), roughseed cryptantha (Cryptantha flavoculata), blue grama (Bouteloua gracilis), pale madwort (Alyssum alyssoides).

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): _____

WATER RESOURCES

Is this a sensitive area: No Yes

Distance to nearest

downgradient surface water feature: 658 Feet

water well: 5251 Feet

Estimated depth to ground water at Oil and Gas Location 40 Feet

Basis for depth to groundwater and sensitive area determination:

CDWR website

Is the location in a riparian area: No Yes

Was an Army Corps of Engineers Section 404 permit filed No Yes If yes attach permit.

Is the location within a Rule 317B Surface Water Supply Area buffer No 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: _____

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
 Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
 Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
 Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
 Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments

Facilities count is for total facilities existing and proposed on location. Individual existing and new facilities counts are:
 Existing Facilities Count: Well: 1; Condensate Tank: 1; Water Tank: 1; Seperator: 1; Gas pipeline: 1; Water pipeline: 1
 New Facilities Count: Well: 1; Oil Tank: 1; Water Tank: 1; Pumpjack: 1; Seperator: 1; Special Purpose Pit: 1; Gas pipeline: 1.

A special purpose pit is proposed for emergency need only; pit will only be dug if needed.

No OGLA letter required, BLM surface. BLM NOS submitted 9/4/2014. BLM onsite completed 9/24/2014.

This Form 2A replaces the original Form 2A submitted as Document # 400513550, which has been withdrawn.

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

Signed: _____ Date: 10/21/2014 Email: tspivey@epgaz.com

Print Name: Todd Spivey Title: Agent

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: 11/18/2014

Conditions Of Approval

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.

| COA Type | Description |
|-----------------|---|
| | <p>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.</p> |
| | <p>The moisture content of drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. After drilling and completion operations have been completed, the drill cuttings that will remain on the well pad location (cuttings management area, the cut portion of the pad, cuttings trench, dry cuttings drilling pit), must meet the applicable standards of Table 910-1. After the drill cuttings have been amended (if necessary) and placed on the well pad, sampling frequency of the drill cuttings (to be determined by the operator) shall be representative of the material left on location. No offsite disposal of cuttings to another oil and gas location shall occur without prior approval of a Waste Management Plan (submitted via a Form 4 Sundry Notice) specifying disposal location and waste characterization method. Commercial disposal of drill cuttings will only require notification to COGCC via a Form 4 Sundry Notice.</p> <p>If the well(s) is(are) to be hydraulically stimulated, flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or storage vessel 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 constructed to be sufficiently impervious to contain any spilled or released material.</p> <p>Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated.</p> |
| | <p>Operator must ensure secondary containment for any volume of fluids contained at well pad site during operations; including, but not limited to, construction/reconstruction 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 after precipitation events), and maintained in good condition.</p> <p>The access road 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.</p> <p>Strategically apply fugitive dust control measures, including encouraging established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.</p> <p>Berms or other containment devices shall be constructed to be sufficiently impervious (corrugated steel with poly liner or equivalent) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.</p> |
| | <p>Notify the COGCC 48 hours prior to start of pad reconstruction/regarding (if necessary), rig mobilization, spud, pipeline testing, start of hydraulic stimulation operations, and start of flowback operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations). Since Koch has already built this pad, timing of notifications for pad reconstruction and rig mobilization do not need to be adhered to for this well. Any additional wells (if drilled in the future) will need to follow the notification timelines in the future.</p> |

Best Management Practices

| No | BMP/COA Type | Description |
|-----------|--|---|
| 1 | Wildlife | 1. Where drilling and completion activities must occur in mule deer critical winter range, conduct these activities outside the time period from December 1 through April 15, unless an approval is granted by the BLM authorized officer. 2. Restrict work-over rig activities to between the hours of 10:00 am and 3:00 pm from December 1 to April 15 when possible, to accommodate mule deer critical winter range, unless an approval is granted by the BLM authorized officer. 3. Concentrate post-development water truck delivery trips to between the hours of 10:00 am and 3:00 pm from December 1 to April 15 when possible to accommodate mule deer critical winter range. 4. Follow company guidelines to minimize wildlife mortality from vehicle collisions on roads. |
| 2 | Storm Water/Erosion Control | A Master Stormwater Management Plan, as required by the CDPHE, is in place for the White River Dome field and includes the subject location. The plan details BMPs related to storm water management and erosion control that will be implemented during construction and interim reclamation. A Post-Constriction Stormwater Plan is in place and will be implemented after interim reclamation is complete. |
| 3 | Material Handling and Spill Prevention | Koch Exploration Company (KEC) operates certain natural gas production wells in Rio Blanco County, Colorado that are subject to SPCC planning and requirements because they have oil storage capacity greater than 1,320 gallons (approximately 31 bbls). For those wells that meet or exceed the threshold storage requirements (referred to henceforth as the "SPCC Wells") KEC is required to develop and implement an SPCC plan. This field wide SPCC Plan has been developed for the KEC SPCC wells that together are referred to as the Rio Blanco County Well Sites, Colorado in response to the regulations listed above. |
| 4 | Drilling/Completion Operations | Koch Exploration Company will comply with the most current revision of the Northwest Colorado Notification Policy. |

Total: 4 comment(s)

Attachment Check List

| Att Doc Num | Name |
|--------------------|-------------------------|
| 2107153 | CORRESPONDENCE |
| 2167903 | MULTI-WELL PLAN |
| 400711228 | FORM 2A SUBMITTED |
| 400711268 | NRCS MAP UNIT DESC |
| 400711269 | NRCS MAP UNIT DESC |
| 400711275 | ACCESS ROAD MAP |
| 400711276 | HYDROLOGY MAP |
| 400711279 | LOCATION PICTURES |
| 400711281 | REFERENCE AREA MAP |
| 400711282 | REFERENCE AREA PICTURES |
| 400711286 | TOPO MAP |
| 400713525 | CONST. LAYOUT DRAWINGS |
| 400713532 | LOCATION DRAWING |
| 400713535 | FACILITY LAYOUT DRAWING |
| 400713539 | LOCATION DRAWING |
| 400713541 | SURFACE PLAN |

Total Attach: 16 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------------|
| Permit | Final review complete. | 11/18/2014 7:02:44 AM |
| OGLA | Initiated/Completed OGLA Form 2A review on 11-17-14 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, flowback to tanks only, cuttings low moisture content, notification, tank berming, sediment control, dust control, odor control, tank berming, and pipeline testing COAs from operator on 10-22-14; received acknowledgement of COAs from operator on 11-17-14; passed by CPW on 10-27-14 with operator submitted BMPs and BLM stipulations and COAs acceptable; passed OGLA Form 2A review on 11-17-14 by Dave Kubeczko; fluid containment, spill/release BMPs, flowback to tanks only, cuttings low moisture content, notification, tank berming, sediment control, dust control, odor control, tank berming, and pipeline testing COAs. | 11/17/2014 12:35:02 PM |
| Permit | Planned construction start date is prior to public comment period, corrected as per opr. Attached multi-well plan as per opr. Ready to pass pending public comment 11/17/14. | 10/29/2014 10:53:24 AM |
| DOW | The BMPs supplied by the operator on the submitted Form2A and the conditions of approval from the Bureau of Land Management are sufficient to address any wildlife concerns at this time. By: Taylor Elm, 10/27/2014, 9:13 a.m. | 10/27/2014 9:12:40 AM |
| Permit | Passed Completeness | 10/23/2014 1:57:25 PM |

Total: 5 comment(s)