

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:

400768804

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Date Received:

01/22/2015

Oil and Gas Location Assessment

New Location Refile Amend Existing Location Location#: _____

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:

441273

Expiration Date:

03/26/2018

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: 47120

Name: KERR MCGEE OIL & GAS ONSHORE LP

Address: P O BOX 173779

City: DENVER State: CO Zip: 80217-3779

Contact Information

Name: CHERYL LIGHT

Phone: (720) 929-6461

Fax: (720) 929-7461

email: CHERYL.LIGHT@ANADARKO.COM

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

Gas Facility Surety ID: _____

Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: JOKER

Number: 1N2-9HZ

County: WELD

Quarter: SESE Section: 9 Township: 1N Range: 65W Meridian: 6 Ground Elevation: 4972

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: 620 feet FSL from North or South section line

850 feet FEL from East or West section line

Latitude: 40.060442 Longitude: -104.662628

PDOP Reading: 1.9 Date of Measurement: 09/19/2014

Instrument Operator's Name: BART PFEIFER

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 #**

Well Site is served by Production Facilities

400742811

FACILITIES

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

| | | | | | | | | | |
|-----------------------|-------|----------------------|-------|----------------------|-------|------------------|-------|-------------------------------|-------|
| Wells | 7 | Oil Tanks* | _____ | Condensate Tanks* | _____ | Water Tanks* | _____ | Buried Produced Water Vaults* | _____ |
| Drilling Pits | _____ | Production Pits* | _____ | Special Purpose Pits | _____ | Multi-Well Pits* | _____ | Modular Large Volume Tanks | _____ |
| Pump Jacks | 7 | Separators* | _____ | Injection Pumps* | _____ | Cavity Pumps* | _____ | Gas Compressors* | _____ |
| Gas or Diesel Motors* | _____ | Electric Motors | _____ | Electric Generators* | _____ | Fuel Tanks* | _____ | LACT Unit* | _____ |
| Dehydrator Units* | _____ | Vapor Recovery Unit* | _____ | VOC Combustor* | _____ | Flare* | _____ | Pigging Station* | _____ |

OTHER FACILITIES*

Other Facility Type

Number

| | |
|-------------------------|----|
| TEMPORARY 500 BBL TANKS | 2 |
| FLOW LINES | 21 |

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:

Two 500 barrel skid-mounted frac tanks will be temporarily placed onsite for use of the pre-spud rig only. One tank will store water and the other will store water-based mud.

Please see Comments section for flow line description.

CONSTRUCTION

Date planned to commence construction: 03/13/2015 Size of disturbed area during construction in acres: 10.00

Estimated date that interim reclamation will begin: 09/16/2015 Size of location after interim reclamation in acres: 0.50

Estimated post-construction ground elevation: 4972

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? Yes

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Method: Commercial Disposal

Cutting Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

See comments for disposal. Both water based and OBM will be used.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: _____ or Document Number: _____

Centralized E&P Waste Management Facility ID, if applicable: 149021

SURFACE & MINERALS & RIGHT TO CONSTRUCT

Name: ANADARKO E&P ONSHORE LLC

Phone: 720-929-6000

Address: 1099 18TH STREET SUITE 1800

Fax: _____

Address: _____

Email: _____

City: DENVER State: CO Zip: 80202

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: Yes

The right to construct this Oil and Gas Location is granted by: applicant is owner

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

Date of Rule 306 surface owner consultation 11/06/2014

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: | 46 Feet | _____ Feet |
| Building Unit: | 417 Feet | _____ Feet |
| High Occupancy Building Unit: | 5280 Feet | _____ Feet |
| Designated Outside Activity Area: | 5280 Feet | _____ Feet |
| Public Road: | 655 Feet | _____ Feet |
| Above Ground Utility: | 322 Feet | _____ Feet |
| Railroad: | 1640 Feet | _____ Feet |
| Property Line: | 620 Feet | _____ 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: 11/24/2014

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: 82—Wiley-Colby complex, 1 to 3 percent slopes
 NRCS Map Unit Name: 83—Wiley-Colby complex, 3 to 5 percent 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: _____

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): _____

WATER RESOURCES

Is this a sensitive area: No Yes

Distance to nearest

downgradient surface water feature: 273 Feet

water well: 0 Feet

Estimated depth to ground water at Oil and Gas Location 24 Feet

Basis for depth to groundwater and sensitive area determination:

Joker 1N2-9HZ hydro
Nearest surface water features:
Pond: 273' N 4945' - MITIGATION REQUIRED
Ditch: 693' N 4940' - MITIGATION REQUIRED
Pond: 771' NE 4945' - MITIGATION REQUIRED
Ditch: 953' N 4940' - MITIGATION REQUIRED
Loc Elev: 4972'
Nearest water wells:
0' E, Permit 1599, depth 805', Static Water Level 175', Elev 4972'
3771' N, Permit 852, depth 7140', Static Water Level 24', Elev 4972'
Sensitive area determination: SENSITIVE AREA. Surface water feature within 1000'.

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 318A

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 The Building Unit located 417' from the proposed wellpad is owned by Anadarko E&P Onshore LLC. This Building unit is currently obtaining demolishing approval and will be removed prior to drilling operations. No other building units fall within 1000' of the proposed location (closest Building Unit not owned by the surface owner/operator - 1147')

In addition to the removal of Building Units from the property, buildings depicted on the location will be removed prior to pad construction.

Flow Lines: 21 flow lines will flow to the production facility location. During production, flow direction in the flow lines is from the well head to the production facility. The size of flow lines is typically 2". Flow lines will be constructed from steel pipe, buried, and will equal the distance between the well heads and the tank battery, approximately 750'.
7 fuel gas supply lines will also be installed from the well head to the production facility. During operation flow direction in the supply lines will be from the production facility to the well head. The size of the supply lines is typically 1". Supply lines will be constructed from poly or steel pipe, buried, and will equal the distance between the well heads and the tank battery, approximately 750'.

Gas lift lines are also occasionally installed (one per well) from the well head to the production facility. During operation flow direction in the gas lift lines will be from the production facility to the well head. The size of the gas lift lines is typically 2". Gas lift lines will be constructed from steel pipe, buried, and will equal the distance between the well heads and the tank battery, approximately 750'.

Drilling fluids disposal: KMG will reuse water-based drilling fluids to the maximum extent possible, at which point they will either be land applied or taken to a licensed, commercial disposal site; the decision will be based upon laboratory analysis of fluids.
KMG will reuse oil-based drilling fluids to the maximum extent possible, at which point they will be returned to the fluids manufacturer for reconditioning or disposal at a licensed, commercial disposal site.

Cuttings disposal: If the surface owner authorizes, and if it is feasible for this location at the time of drilling, water-based cuttings will be disposed of onsite using bioremediation/solidification product.
If the surface owner does not authorize onsite disposal and/or it is not feasible for this location at the time of drilling, water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field.
Oil-based cuttings will be disposed of offsite and at a licensed, commercial disposal site.

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.
Signed: _____ Date: 01/22/2015 Email: CRAIG.RICHARDSON@ANADARKO.COM
Print Name: CRAIG RICHARDSON Title: REGULATORY ANALYST

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: Matthew Lee Director of COGCC Date: 3/27/2015

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 |
|-----------------|--|
| | Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42. |
| | Implement stormwater BMPs to prevent impacts to the downgradient pond that is approximately 273 feet north of the site. Impacts include erosion, runoff, concentrated flow that could impact the surface water body. |
| | Thoroughly evaluate soil profiles to properly characterize and excavate topsoil based on Rule 1002.b. Clearly mark the topsoil pile based on characterization and implement BMPs to stabilize and prevent stockpile erosion. |

Best Management Practices

| No | BMP/COA Type | Description |
|-----------|--|---|
| 1 | Planning | 604c.(2).E. Multi-Well Pads: In order to reduce surface impact, this application is for a 7-well pad. |
| 2 | Planning | 604c.(2).Q. Guy Line Anchors: Should guy line anchors be left buried for future use, they shall be identified by a bright marker greater than four (4) feet high and no more than one (1) foot east of the guy line anchor. |
| 3 | Planning | 604c.(2).R. Tank Specifications: Two 500 barrel skid-mounted frac tanks will be temporarily placed on-site for use of the pre-spud rig only. One tank will store water and the other will store water based mud. |
| 4 | Planning | 604c.(2).S. Access Roads: KMG will utilize a lease access road from CR 10 for drilling operations and maintenance equipment. The road will be properly constructed and maintained to accommodate for local emergency vehicle access. Water will be placed on dirt access roads to mitigate dust as needed. If feasible, magnesium chloride will also be used as needed on access roads to further abate dust. |
| 5 | Traffic control | 604c.(2).D. Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations. |
| 6 | General Housekeeping | 604c.(2).O. Loadlines: All loadlines shall be bullplugged or capped. |
| 7 | General Housekeeping | 604c.(2).P. Removal of Surface Trash: A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation. |
| 8 | Storm Water/Erosion Control | 604c.(2).G. Berm Construction: Kerr-McGee will create tertiary containment by construction of a berm or diversion dike, site grading, or other comparable measures sufficient to further protect the Pond: 273' N 4945', Ditch: 693' N 4940', Pond: 771' NE 4945', and Ditch: 953' N 4940' of the proposed oil and gas location. |
| 9 | Storm Water/Erosion Control | 604c.(2).W. Site-Specific Measures: KMG maintains a Storm Water Management Plan that assesses erosion control for every KMG operated location. This location will be added to this plan once construction begins. This site will be inspected every fourteen (14) days during construction activities, every thirty (30) days after construction is completed, and after any major weather event. |
| 10 | Material Handling and Spill Prevention | 604c.(2).N. Control of Fire Hazards: KMG and its contractors will employ best management practices during the drilling and production of its wells and facilities and will comply with appropriate COGCC rules concerning safety and fire. KMG will ensure that any material that might be deemed a fire hazard will remain no less than twenty-five (25) feet from the wellhead(s), tanks and separator(s). |
| 11 | Construction | 604c.(2).M. Fencing Requirements: The completed wellsites will be surrounded with a fence and gate with adequate lock to restrict access to authorized personnel only. KMG personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or KMG personnel shall be on-site during drilling and completion operations. |

| | | |
|----|--------------------------------|--|
| 12 | Noise mitigation | 604c.(2).A. Noise: Pending a safety review after construction of the location, sound mitigation barriers (hay bales) will be placed along the south and east sides of the pad location to damper noise during drilling and completions to the nearby residences and to Weld County Roads 10 and 43. Sound surveys that have been conducted on each rig type are utilized to anticipate any additional noise mitigation once a drilling rig is determined. |
| 13 | Drilling/Completion Operations | 604c.(2).B. Closed Loop Drilling System: KMG will use a closed loop or "pitless" system for drilling and fluid management and will not construct a reserve pit. |
| 14 | Drilling/Completion Operations | 604c.(2).H. BOPE: Our rigs at a minimum will have a double ram with blind and pipe ram; and annular preventer. |
| 15 | Drilling/Completion Operations | 604c.(2).I. BOPE Testing for Drilling Operations: Upon initial rig-up, BOPEs will be tested at a minimum of every 30 days. |
| 16 | Drilling/Completion Operations | 604c.(2).J. BOPE for Well Servicing Operations: Blowout prevention equipment will be used on any servicing operations associated with this well. Backup stabbing valves will be used during any future servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using low-pressure air and high-pressure fluid. |
| 17 | Drilling/Completion Operations | 604c.(2).K. Pit Level Indicators: All tanks (used in lieu of pits) contain pit level monitors with Electronic Drilling Recorders (EDR). KMG uses EDRs with pit level monitor(s) and alarm(s) for production rigs. Basic level gauges are used on tanks utilized for the surface rig. |
| 18 | Drilling/Completion Operations | 604c.(2).L. Drill Stem Tests: No drill stem tests are planned and none will be performed without prior approval from the Director. |
| 19 | Final Reclamation | 604c.(2).T. Well Site Cleared: The wellsite will be cleared of all non-essential equipment within ninety (90) days after all wells associated with the pad have been plugged and abandoned. |
| 20 | Final Reclamation | 604c.(2).U. Identification of Plugged and Abandoned Wells: Pursuant to rule 319.a.(5)., once the well has been plugged and abandoned, KMG will identify the location of the wellbore with a permanent monument that will detail the well name and date of plugging. |

Total: 20 comment(s)

Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u> |
|---------------------------|---------------------------|
| 1668670 | RULE 306.E. CERTIFICATION |
| 400768804 | FORM 2A SUBMITTED |
| 400774575 | NRCS MAP UNIT DESC |
| 400774576 | WELL LOCATION PLAT |
| 400774577 | HYDROLOGY MAP |
| 400774578 | WASTE MANAGEMENT PLAN |
| 400774579 | LOCATION DRAWING |
| 400774589 | MULTI-WELL PLAN |
| 400774602 | LOCATION PICTURES |
| 400774767 | OTHER |
| 400775579 | ACCESS ROAD MAP |

Total Attach: 11 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|--------------------------|
| Permit | Changed distance to nearest road from 678 to 655 per location drawing. Measurements are from the Joker 26N2-9HZ. | 3/27/2015 9:18:07 AM |
| Permit | Final Review Completed. No LGD or public comment received. | 3/24/2015 3:27:46 PM |
| Permit | Per operator all Buildings and Building Units will be removed before pad construction begins. | 3/24/2015 3:27:04 PM |
| OGLA | Operator contacted engineering regarding changing to OBM - changed plus added offsite commercial disposal. Both OBM and Water based will be used - see operators comments for disposal. | 3/23/2015 3:42:09 PM |
| Permit | Operator changed to oil based mud. ON HOLD: requesting change to Drilling Waste Management disposal. | 3/20/2015 3:49:00 PM |
| OGLA | OGLA review is complete. No public comments received. OGLA task passed. | 3/4/2015 10:25:36 AM |
| Permit | Per operator added Cuttings Disposal comment to Submitted tab. Permitting Review Complete. | 2/6/2015 1:16:10 PM |
| Permit | ON HOLD: Cuttings Disposal not described in Comments section. | 2/6/2015 11:52:47 AM |
| Permit | Changed Surety ID from "20070124" to "20010124" per COGCC Operator information. Passed completeness. | 1/23/2015 12:12:10 PM |
| OGLA | Passed Buffer Zone completeness review - address these issues during the technical review - Cuttings Disposal not described in Comments section, Rule 604.b.(1)A box is checked but is not applicable | 1/23/2015 10:42:02 AM |

Total: 10 comment(s)