

## Dave Kubeczko - DNR

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**From:** Dave Kubeczko - DNR  
**Sent:** Tuesday, March 31, 2015 1:53 PM  
**To:** dave.kubeczko@state.co.us  
**Subject:** SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review

**Categories:** Operator Correspondence

**Scan No 2107329      CORRESPONDENCE      2A#400653954**

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**From:** Catherine Dickert [mailto:[cdickert@sginterests.com](mailto:cdickert@sginterests.com)]  
**Sent:** Monday, March 30, 2015 11:52 AM  
**To:** Dave Kubeczko - DNR  
**Cc:** Eric Sanford  
**Subject:** RE: SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review

We accept the COAs with the changes shown below.

Catherine Dickert  
Environmental and Permitting Manager  
SG Interests

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**From:** Dave Kubeczko - DNR [mailto:[dave.kubeczko@state.co.us](mailto:dave.kubeczko@state.co.us)]  
**Sent:** Monday, March 30, 2015 10:36 AM  
**To:** Catherine Dickert  
**Cc:** Eric Sanford  
**Subject:** RE: SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review  
**Importance:** High

Catherine,

Please see the revisions **highlighted black** below. COGCC has revised the COAs as requested (generally).

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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**From:** Catherine Dickert [mailto:[cdickert@sginterests.com](mailto:cdickert@sginterests.com)]  
**Sent:** Friday, March 27, 2015 9:32 AM  
**To:** Kubeczko, Dave  
**Subject:** FW: SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review  
**Importance:** High

Dave,

Please see our requested changes in **blue** text below. Thank you.

Catherine

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**From:** Dave Kubeczko - DNR [<mailto:dave.kubeczko@state.co.us>]

**Sent:** Wednesday, March 18, 2015 12:07 PM

**To:** Catherine Dickert

**Subject:** SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review

**Importance:** High

Catherine,

I have been reviewing Falcon Seaboard 11-90-12 #3 Pad **Form 2A** (#400653954). COGCC would like to attach the following conditions of approval (COAs) based on the data SG Interests I LTD (SG) 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 reconstruction/regrading, rig mobilization, spud, start of hydraulic stimulation operations, start of flowback operations (if different than start of hydraulic stimulation operations), and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

**COA 92** - Due to the presence of the drilling pit that was built during construction of the original well pad, the operator **shall** thoroughly **dry all soils at the base of the pit** prior to **using those soils** during the construction of the new well pad.

**Construction:** Due to the proximity of the well pad to Roberts Creek, the following conditions of approval (COAs) will apply to the Form 2A for all access road and well pad construction activities:

**COA 23** - Operator must ensure adequate 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 after significant precipitation events), and maintained in good condition.

**COA 46** - The pad shall be constructed as quickly as possible and appropriate BMPs need to be in place prior to, during, and after well pad construction activities, as well as during all drilling, well completion, and production 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 7** - A closed loop drilling system must be implemented.

**COA 58** - Berms or other containment devices shall be constructed to be corrugated steel with poly liner to contain any spilled or released material around permanent crude oil, condensate, and produced water storage tanks.

**COA 44** - The access road and well pad will be constructed, graded, and 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 encouraging established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.

**COA 85** - Because of proximity of the well pad to the nearby surface water (Roberts Creek) to the south-southeast, operator will grade the well pad surface to slope towards the **cut side, which is to the south/southeast where any fluids on the pad can be collected in the well pad's interior perimeter ditch.** After the wells have been completed and placed into production, the pad will be pulled back from the southern boundary **as well as the north/northwest side of the well pad and** interim reclamation begun. In addition, a lined tertiary containment will be required at the production well pad location consisting of one to two lateral collection trenches/ditches along the south and west sides of the pad. The trenches will be graded to flow into one or two oversized rock-filled catchment basins located near the southwest corner and/or the west side of the well pad. The basin(s) will be surrounded by straw waddle and/or silt fencing **until the soils disturbed by**

construction of the ditch and ponds have been reclaimed. At this point, permanent erosion control measures, such as rock-armored outfalls, will be implemented.

**COA 92** - Operator will take aggressive action to establish vegetation on cut and fill slopes to prevent stormwater erosion and the generation of fugitive dust.

**COA 98** - Interim reclamation will commence immediately upon conclusion of **drilling and** completion operations **of all four planned and permitted wells**, weather permitting.

**Drilling/Completions:** Due to the proximity of the well pad to Roberts Creek, the following conditions of approval (COAs) will apply:

**COA 62** - A spill response trailer will be at the location 24 hours a day, 7 days a week during construction, drilling, and completion operations to facilitate a timely response to any spills that may occur.

**COA 63** - Appropriate heavy equipment (e.g., a backhoe) will be staged at the location during all drilling and completion operations so that any emergency diversions or pits to contain spills can be built immediately upon discovery.

**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 or storage vessel located on the well pad; or into tanker trucks for offsite disposal. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material. Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated **(according to applicable COGCC rules)**.

**COA 73** - All operator (SG Interests I LTD) personnel **(excluding contractors)** working at the location during all drilling and completion operations will receive training on spill response and reporting. Documentation of this training will be maintained in the operator's office/onsite trailer.

**COA 95** - Emissions from condensate, crude oil, and produced water tanks and from glycol dehydrators shall be controlled as described in Rule 805.b.(2), notwithstanding the exceptions for production facilities emitting less than five tons per year (TPY) of volatile organic compounds (VOC).

**COA 99** - All drilling, completion, and production operations must also comply with the applicable COGCC's **600-Series Rules, Safety Regulations** and **800-Series Rules, Aesthetic and Noise Control Regulations**.

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

**COA 46** - Operator must implement best management practices (secondary containment and spill response equipment) 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 47** - 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.

**COA 48** - Prior to operation, pipelines will be air and/or hydro tested for integrity. When in operation, pump stations associated with any aboveground temporary pipelines will be manned continuously to ensure immediate response to pressure changes or pump issues. Qualified personnel, interconnected via 2-way radio, manning each booster pump will carefully synchronize pump turn-on and shut-down according to written and practiced procedure. The entire aboveground temporary pipeline will be monitored, where feasible, during pumping and flowback operations. For stream or intermittent stream crossings, operator will ensure appropriate

containment by installing over-sized pipe “sleeves” over aboveground temporary pipelines that extend the length of the crossing and beyond to a distance deemed adequate to capture and/or divert any possible release of fluids and prevent infusion into the stream water. Operator will design their infrastructure and utilize temporary aboveground pipeline materials to exceed required pressures and flow rates by a minimum of 30%. The DR 9 poly pipeline, that possibly may be used during this project, is rated to support pressure surges up to 500 psi, continual surges of 375 psi, and a maximum operating pressure of 250 psi. Pumps possibly used in this project will operate at pressures 20-30 psi below the maximum operating pressure of the temporary aboveground poly pipeline at all times.

**COA 49** - Operator will utilize, to the extent practicable, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines.

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

David A. Kubeczko, PG  
Oil and Gas Location Assessment Specialist  
Western Colorado



Colorado Oil & Gas Conservation Commission  
Northwest Area Office  
796 Megan Avenue, Suite 201  
Rifle, CO 81650  
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[dave.kubeczko@state.co.us](mailto:dave.kubeczko@state.co.us) | [www.colorado.gov/cogcc](http://www.colorado.gov/cogcc)

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**From:** Catherine Dickert [mailto:[cdickert@sginterests.com](mailto:cdickert@sginterests.com)]  
**Sent:** Friday, March 27, 2015 9:32 AM  
**To:** Kubeczko, Dave  
**Subject:** FW: SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review  
**Importance:** High

Dave,

Please see our requested changes in **blue** text below. Thank you.

Catherine

**From:** Dave Kubecko - DNR [<mailto:dave.kubecko@state.co.us>]

**Sent:** Wednesday, March 18, 2015 12:07 PM

**To:** Catherine Dickert

**Subject:** SG Interests I LTD, Falcon Seaboard 11-90-12 #3 Pad, NESW Sec 12 T11S R90W, Gunnison County, Form 2A#400653954 Review

**Importance:** High

Catherine,

I have been reviewing Falcon Seaboard 11-90-12 #3 Pad **Form 2A** (#400653954). COGCC would like to attach the following conditions of approval (COAs) based on the data SG Interests I LTD (SG) 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 reconstruction/regrading, rig mobilization, spud, start of hydraulic stimulation operations, start of flowback operations (if different than start of hydraulic stimulation operations), and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

**COA 92** - Due to the presence of the drilling pit that was built during construction of the original well pad, the operator will need to remove all fluids from the pit and dispose of them offsite. The remaining saturated soils at the base of the pit will need to be inspected for any potential impacts or contamination. If the soils looked to be impacted, they shall also be disposed of offsite. If the soil appear to be clean, they must be dried thoroughly prior to being used during the construction of the new well pad. Operator shall submit a Form 4 Sundry to document any offsite disposal of soils, if necessary. **This pit was constructed, but never used. The only fluids in it would be rain water. We request that this COA be removed from the list.**

**Construction:** Due to the proximity of the well pad to Roberts Creek, the following conditions of approval (COAs) will apply to the Form 2A for all access road and well pad construction activities:

**COA 23** - Operator must ensure adequate 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 after significant precipitation events), and maintained in good condition.

**COA 46** - The pad shall be constructed as quickly as possible and appropriate BMPs need to be in place prior to, during, and after well pad construction activities, as well as during all drilling, well completion, and production 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 7** - A closed loop drilling system must be implemented.

**COA 58** - Berms or other containment devices shall be constructed to be corrugated steel with poly liner to contain any spilled or released material around permanent crude oil, condensate, and produced water storage tanks.

**COA 44** - The access road and well pad will be constructed, graded, and 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 encouraging established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.

**COA 85** - Because of proximity of the well pad to the nearby surface water, Roberts Creek, to the south-southeast, operator will grade the well pad surface to slope towards the ~~north-northwest~~ south and southeast.

**We propose to grade the pad toward the cut side, which is to the S, SE so that it is consistent with our Gunnison County permit. Fluid will then be collected in our interior perimeter ditch.**

During the drilling and completion operations, there should be a retention trench and retention pond along the southern and western pad boundary within the bermed area. After the wells have been completed and placed into production, the pad will be pulled back from the southern boundary and interim reclamation begun. **Our construction layout drawing shows the interim reclamation on the N, NW side of the pad as well.** In addition, a lined tertiary containment will be required at the production well pad location consisting of one to two lateral collection trenches/ditches along the south and west sides of the pad (outside of the well pad berm/ditches). The trenches will be graded to flow into one or two oversized rock-filled catchment basins located near the southwest corner and/or the west side of the well pad. The basin(s) will be surrounded by straw waddle and/or silt fencing **until the soils disturbed by construction of the ditch and ponds have been reclaimed. At this point, permanent erosion control measures, such as rock-armored outfalls, will be implemented.**

**COA 92** - Operator will take aggressive action to establish vegetation on cut and fill slopes to prevent stormwater erosion and the generation of fugitive dust.

**COA 98** - Interim reclamation will commence immediately upon conclusion of completion operations, weather permitting. **We request that this COA be revised to require interim reclamation following completion of all four planned and permitted wells (APDs are pending).**

**Drilling/Completions:** Due to the proximity of the well pad to Roberts Creek, the following conditions of approval (COAs) will apply:

**COA 62** - A spill response trailer will be at the location 24 hours a day, 7 days a week during construction, drilling, and completion operations to facilitate a timely response to any spills that may occur.

**COA 63** - Appropriate heavy equipment (e.g., a backhoe) will be staged at the location during all drilling and completion operations so that any emergency diversions or pits to contain spills can be built immediately upon discovery.

**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 or storage vessel located on the well pad; or into tanker trucks for offsite disposal. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material. Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated **(according to applicable COGCC rules).**

**COA 73** - All operator (SG Interests I LTD) personnel working at the location during all drilling and completion operations will receive training on spill response and reporting. Documentation of this training will be maintained in the operator's office/onsite trailer. **Clarify that this does not apply to contract personnel.**

**COA 95** - Emissions from condensate, crude oil, and produced water tanks and from glycol dehydrators shall be controlled as described in Rule 805.b.(2), notwithstanding the exceptions for production facilities emitting less than five tons per year (TPY) of volatile organic compounds (VOC).

**COA 99** - All drilling, completion, and production operations must also comply with the applicable COGCC's **600-Series Rules, Safety Regulations** and **800-Series Rules, Aesthetic and Noise Control Regulations.**

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**COA 48** - Prior to operation, pipelines will be air and/or hydro tested for integrity. When in operation, pump stations associated with any aboveground temporary pipelines will be manned continuously to ensure immediate response to pressure changes or pump issues. Qualified personnel, interconnected via 2-way radio, manning each booster pump will carefully synchronize pump turn-on and shut-down according to written and practiced procedure. The entire aboveground temporary pipeline will be monitored, where feasible, during pumping and flowback operations. For stream or intermittent stream crossings, operator will ensure appropriate containment by installing over-sized pipe "sleeves" over aboveground temporary pipelines that extend the length of the crossing and beyond to a distance deemed adequate to capture and/or divert any possible release of fluids and prevent infusion into the stream water. Operator will design their infrastructure and utilize temporary aboveground pipeline materials to exceed required pressures and flow rates by a minimum of 30%. The DR 9 poly pipeline, that possibly may be used during this project, is rated to support pressure surges up to 500 psi, continual surges of 375 psi, and a maximum operating pressure of 250 psi. Pumps possibly used in this project will operate at pressures 20-30 psi below the maximum operating pressure of the temporary aboveground poly pipeline at all times.

**COA 49** - Operator will utilize, to the extent practicable, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines.

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

David A. Kubeczko, PG  
Oil and Gas Location Assessment Specialist  
Western Colorado



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Northwest Area Office  
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