

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:

400818364

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Date Received:

05/07/2015

Oil and Gas Location Assessment

New Location Refile Amend Existing Location Location#: 429150

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:

429150

Expiration Date:

08/23/2018

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: 77330

Name: SG INTERESTS I LTD

Address: 100 WAUGH DR SUITE 400

City: HOUSTON State: TX Zip: 77007

Contact Information

Name: Catherine Dickert

Phone: (970) 3850696

Fax: (970) 3850636

email: cdickert@sginterests.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

Gas Facility Surety ID: _____

Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: Federal 11-90-24

Number: 3

County: GUNNISON

Quarter: LOT 4 Section: 24 Township: 11S Range: 90W Meridian: 6 Ground Elevation: 7396

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: 842 feet FSL from North or South section line

118 feet FEL from East or West section line

Latitude: 39.080720 Longitude: -107.387440

PDOP Reading: 1.3 Date of Measurement: 11/20/2011

Instrument Operator's Name: David Nicewicz

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>1</u>	Oil Tanks*	<u> </u>	Condensate Tanks*	<u>1</u>	Water Tanks*	<u>4</u>	Buried Produced Water Vaults*	<u> </u>
Drilling Pits	<u> </u>	Production Pits*	<u> </u>	Special Purpose Pits	<u> </u>	Multi-Well Pits*	<u> </u>	Modular Large Volume Tanks	<u> </u>
Pump Jacks	<u>1</u>	Separators*	<u>1</u>	Injection Pumps*	<u> </u>	Cavity Pumps*	<u> </u>	Gas Compressors*	<u> </u>
Gas or Diesel Motors*	<u> </u>	Electric Motors	<u> </u>	Electric Generators*	<u> </u>	Fuel Tanks*	<u> </u>	LACT Unit*	<u> </u>
Dehydrator Units*	<u> </u>	Vapor Recovery Unit*	<u> </u>	VOC Combustor*	<u> </u>	Flare*	<u>1</u>	Pigging Station*	<u> </u>

OTHER FACILITIES*

Other Facility Type

Number

Water Transfer Pump

1

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:

Flowline from wellhead to separator to tanks will be buried 2" steel. One buried 2-4 inch steel water pipeline and one buried 3-6 inch steel gas pipeline will be installed on pad and tied into gathering pipelines off the well pad location. Temporary 12" to 24" poly pipeline may be used on the surface at times to bring completion water to location from the McIntyre Flowback Pits 3 and 4. Flowback will return to the pits via this temporary pipeline system as well. These temporary poly pipelines would likely be located on the pad and along the access road.

CONSTRUCTION

Date planned to commence construction: 08/03/2016 Size of disturbed area during construction in acres: 1.86

Estimated date that interim reclamation will begin: 09/07/2016 Size of location after interim reclamation in acres: 1.72

Estimated post-construction ground elevation: 7396

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

Cutting Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

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: Nick R. Hughes

Phone: 970-874-1836

Address: 708 1250 Road

Fax: _____

Address: _____

Email: _____

City: Delta State: CO Zip: 81416

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: Surface Use Agreement

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

Date of Rule 306 surface owner consultation _____

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:	3179 Feet	3213 Feet
Building Unit:	3209 Feet	3245 Feet
High Occupancy Building Unit:	5280 Feet	5280 Feet
Designated Outside Activity Area:	5280 Feet	5280 Feet
Public Road:	2620 Feet	2661 Feet
Above Ground Utility:	3423 Feet	3457 Feet
Railroad:	5280 Feet	5280 Feet
Property Line:	842 Feet	687 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 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: 38. Fughes loam, 15-25% slopes _____
 NRCS Map Unit Name: _____
 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: 10/17/2011

List individual species: big sagebrush, shrubs and grasses

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: 210 Feet

water well: 2552 Feet

Estimated depth to ground water at Oil and Gas Location 50 Feet

Basis for depth to groundwater and sensitive area determination:

A stock pond is located NE of the well site approx. 210' from the well head and 3.3' from the edge of the disturbed area. This stock pond may be re-located per landowner direction. There are no water wells in close vicinity to the project site. Per the SEO, the closest water well (permit #33875, monitoring well) is approx. 2552' NW and has a reported depth of 50'. The closest domestic water well (permit #119253) is approx. 3240' NW and has a reported depth of 12'. For more detail, please see the Sensitive Area Determination filed with the original 2A Form.

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: _____

Is the Location within a Floodplain? No Yes Floodplain Data Sources Reviewed (check all that apply)

- Federal (FEMA)
- State
- County
- Local
- Other _____

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: The previously approved 2A for this location is document #400251597. We will apply the BMPs as included on the previously approved Form 2A, as well as those attached to this approved refile. No changes have been made to the location of this well pad and there have been no changes to the surrounding land use. Distances to cultural features have been updated to reflect current data and may differ some from the approved Form 2 for this well. The construction start date has been updated.

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

Signed: _____ Date: 05/07/2015 Email: cdickert@sginterests.com

Print Name: Catherine Dickert Title: Env & Permitting 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: 8/24/2015

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
	<p>NOTIFICATION COA:</p> <p>Notify the COGCC 48 hours prior to start of pad construction, 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).</p>
	<p>REVISED PIPELINE COAs:</p> <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>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Best Management Practices

No	BMP/COA Type	Description

Attachment Check List

Att Doc Num	Name
400818364	FORM 2A SUBMITTED
400834890	LOCATION DRAWING
400834891	CONST. LAYOUT DRAWINGS
400835924	HYDROLOGY MAP

Total Attach: 4 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review complete.	8/18/2015 1:57:17 PM
OGLA	Initiated/Completed OGLA Form 2A review on 08-13-15 by Dave Kubeczko; previously submitted and approved (06-05-12) Form 2A#400251597; OGCC Facility ID#429150; same COAs apply - fluid containment, spill/release BMPs, lined pits/closed loop, flowback to tanks, tank berming, no pit in fill, cuttings low moisture content, fenced/netted pits, sensitive area, sediment control access road and pad, and pipeline testing COAs; added notification COA, revised pipeline COAs; no CPW; passed OGLA Form 2A review on 08-13-15 by Dave Kubeczko; fluid containment, spill/release BMPs, lined pits/closed loop, flowback to tanks, tank berming, no pit in fill, cuttings low moisture content, fenced/netted pits, sensitive area, sediment control access road and pad, pipeline testing, notification, and pipeline COAs.	8/13/2015 3:20:57 PM

<p>OGLA</p>	<p>PREVIOUS FORM 2A#400251597, OGCC Facility ID#429150 COAs:</p> <ul style="list-style-type: none"> * Operator must ensure 110 percent 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, and maintained in good condition. * The access road will be constructed and maintained to prevent sediment migration from the access road to nearby surface water or any drainages leading to other nearby surface waters. * The surface soils and materials are fine-grained (clay and clay loams) and highly unconsolidated; therefore appropriate BMPs need to be in place during all pad construction, as well as 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. * Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried permanent pipelines. * Location may be in a sensitive area because of the potential for shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented. * Location may be in a sensitive area because of the potential for shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined. * The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. * No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut. * The drilling (reserve) pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels. * 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 pit located on the well pad or into tanker trucks for offsite disposal. The entire level pad will be surrounded by a berm with a drainage ditch constructed interior to that berm in order to contain any potential release on the well pad. The berm is approximately 2 ½ feet in height around the pad except at the access road entrance where a culvert is located. Any fluid in the interior drainage ditch would be contained in the ditch and culvert until clean up. During fracturing operations, the site will be manned 24-hours per day so that any leak or spill can be quickly identified and dealt with. Tanks will be set on compacted earth to decrease the permeability of the soil. * Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface pipelines or configuration of the permanent pipeline network. * 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. 	<p>8/13/2015 3:20:56 PM</p>
<p>Permit</p>	<p>Correct right to construct from Lease to SUA. Unchecked and removed Reclamation Financial Assurance Bond. Minerals are Federal.</p>	<p>7/8/2015 7:56:31 AM</p>

LGD	SG Interest I, Ltd. Document # 400818364 LGD Review Comments The Gunnison County Local Government Designee makes no comments regarding the SG Interests I, Ltd. document number #400818364 David Baumgarten, Gunnison County Attorney Gunnison County Local Government Designee LGD Comments submitted May 29, 2015.	5/29/2015 2:26:22 PM
Permit	Passed Completeness	5/11/2015 9:02:27 AM

Total: 6 comment(s)