

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Wednesday, November 04, 2015 5:53 PM
To: dave.kubeczko@state.co.us
Subject: FW: Resend of Catamount Energy Partners LLC, Lamke 33-5-29 1 Pad, SESE Sec 29 T33N R5W, Archuleta County, Form 2A #400867120 Review; Additional COA
Attachments: Lamke - Rule 306e Certification Ltr 9-28-15.pdf; Lamke - Rule 603a Utility Excep Rqst Ltr 9-28-15.pdf; Lamke Pad - Wagner Executed Wildlife Waiver 7-22-15.pdf
Importance: High

Scan No 2107675

OPERATOR CORRESPONDENCE

2A#400867120

From: Reed Fischer [mailto:rfischer@catamountep.com]
Sent: Wednesday, November 04, 2015 3:21 PM
To: Dave Kubeczko (dave.kubeczko@state.co.us)
Cc: Nolan Redmond; Rusty Kelly
Subject: FW: Resend of Catamount Energy Partners LLC, Lamke 33-5-29 1 Pad, SESE Sec 29 T33N R5W, Archuleta County, Form 2A #400867120 Review; Additional COA
Importance: High

Hi Dave:

Thanks for the quick call back today..

In response to the proposed COA #33, Catamount intends to continue conducting operations in full compliance with State, Federal and Local regulations but we interpret the proposed COA #33 as an attempt to place wildlife timing restrictions on our Lamke well project. This directly conflicts with our surface owner's wishes and, as such, Catamount does not and cannot concur with COA #33 and strongly believes that this COA should be omitted.

Regards
Reed

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Tuesday, November 03, 2015 8:45 AM
To: Nolan Redmond <nredmond@catamountep.com>; Reed Fischer <rfischer@catamountep.com>
Cc: Rusty Kelly <rkelly@catamountep.com>
Subject: Resend of Catamount Energy Partners LLC, Lamke 33-5-29 1 Pad, SESE Sec 29 T33N R5W, Archuleta County, Form 2A #400867120 Review; Additional COA
Importance: High

Nolan,

COGCC will also place the following COA on the Form 2A:

Planning: The following condition of approval (COA) will apply:

COA 33 - If construction, drilling, and/or completion activities will take place between November through March, operator shall conduct the appropriate surveys to ensure compliance with all Local, State, and Federal Regulations.

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
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Please consider the environment before printing this e-mail

From: Reed Fischer [mailto:rfischer@catamountep.com]
Sent: Wednesday, September 30, 2015 10:54 AM
To: Dave Kubeczko (dave.kubeczko@state.co.us)
Cc: Nolan Redmond; Rusty Kelly
Subject: FW: Resend of Catamount Energy Partners LLC, Lamke 33-5-29 1 Pad, SESE Sec 29 T33N R5W, Archuleta County, Form 2A #400867120 Review

Hi Dave:

Regarding your requests on the proposed COAs and clarification of our proposed wildlife BMP language as to the timing limitations:

- 1) I've attached a copy of Catamount's letter to COGCC's Director LePore certifying compliance with Rule 306.e.
- 2) I've attached Catamount's variance request letter to the COGCC's Director LePore indicating our intent to utilize a rig with a derrick height less than 75'
- 3) Regarding our rationale for the proposed post interim reclamation size of 1.50 acres:
The requested Lamke 33-5-29 #1 construction/drill pad size of 1.55 acres is 10% to 40% smaller than any of Catamount's previously approved drill pads. Catamounts request for a final producing well pad size of 1.50 acres is equal to Catamount's smallest approved producing well pad size and will provide the minimum square footage needed at this site for safe setbacks to existing infrastructure and surface features, compliant tank containment and efficient production equipment operations.
- 4) Per our landowner request (see attached landowner waiver letter), Catamount does not agree to wildlife timing limitations.
- 5) Clarification of Catamount's wildlife BMPs as to timing limitation:
Catamount's intent is to avoid winter operations if permitting and rig availability allow for the conclusion of operations in advance of the onset of winter and/or prior to the interference with yearly ranching, agricultural and recreational activities. Catamount believes that timing flexibility is necessary for both project economics and to comply with landowner requests.
Catamount would like the flexibility to contract any rig that provides the requisite footprint and derrick height ($\leq 75'$), can optimally drill our well plan and does not entail a long, costly rig move to or from this site. Rigs meeting the specifications necessary for this project are currently not available or are located outside the basin.

When an appropriate rig does become available Catamount would prefer to exclude activity in the dead of winter provided we can complete drilling, completion and infrastructure operations before our surface owners kick off their annual operations, before seasonal rig demand awakens and costs rise and in time for spring moisture to facilitate our reclamation obligations.

Catamount has drilled 5 wells and re-entered 3 wells in La Plata County over the past sixteen months. Of these 8 drilling related projects, none were spud earlier in the year than March 20th. This was by design and good fortune but we need the timing flexibility to ensure that we can overcome uncertainty with the availability of needed services and still comply with the demands and desires of our surface owner.

6) With the exception of those COAs noted above, Catamount concurs with the remaining COAs as proposed below.

Thanks for your guidance and assistance.

Reed

Contract Operations Engineer

[\(720\) 484-2346](tel:7204842346) office direct

[\(303\) 981-2921](tel:3039812921) cell

rfischer@catamountep.com

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

Sent: Tuesday, September 29, 2015 12:23 PM

To: Nolan Redmond <nredmond@catamountep.com>

Cc: Rusty Kelly <rkelly@catamountep.com>; Reed Fischer <rfischer@catamountep.com>

Subject: Resend of Catamount Energy Partners LLC, Lamke 33-5-29 1 Pad, SESE Sec 29 T33N R5W, Archuleta County, Form 2A #400867120 Review

This is a resend of the previous email sent on 09-23-15 removing COA 84.

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

Sent: Wednesday, September 23, 2015 5:06 PM

To: Nolan Redmond

Cc: Rusty Kelly

Subject: Catamount Energy Partners LLC, Lamke 33-5-29 1 Pad, SESE Sec 29 T33N R5W, Archuleta County, Form 2A #400867120 Review

Nolan,

I have been reviewing the Lamke 33-5-29 1 Pad **Form 2A#400867120**. COGCC requests that Catamount Energy Partners LLC (Catamount) submit evidence/certification that it has complied with the requirements of **Rule 306.e**. As previously discussed, Catamount also needs to resubmit the Variance Request Letter concerning distance to above ground utility to reflect that Catamount intends to use a rig that has a total height of 70 to 75 feet and/or a waiver from La Plata Electric Association that indicates that the rig distance from the above ground utility line meets their setback requirements. COGCC would like clarification/rationale for the proposed Size of Location after Interim Reclamation of **1.50 acres, from an original Size of Disturbed Area during Construction of 1.55 acres (only a reclamation of 0.05 acres)**. COGCC would like to attach the following conditions of approval (COAs) based on the information and data Catamount has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

Rule 306.e.(5):

306. CONSULTATION AND MEETING PROCEDURES. Following the notifications provided for in Rule 305.c, an Operator shall comply with the following consultation and meeting procedures:

e. Meetings with Building Unit Owners Within a Buffer Zone Setback.

(1) **Meetings with Building Unit Owners.** An Operator shall be available to meet with Building Unit owners who received an OGLA Notice or a Buffer Zone Notice pursuant to Rule 305.c. and requested a meeting regarding the proposed Oil and Gas Location. Operators shall also be available to meet with such Building Unit owners if requested to do so by the Local Governmental Designee and such meetings shall comply with Rule 306.b.(3). Such informational meetings may be held on an individual basis, in small groups, or in larger community meetings.

(2) **Information provided by operator.** When meeting with Building Unit owners or their appointed agent(s) pursuant to subsection (1), above, the Operator shall provide the following information: the date construction is anticipated to begin; the anticipated duration of pad construction, drilling and completion activities; the types of equipment anticipated to be present on the Location; and the operator's interim and final reclamation obligation. In addition, the Operator shall present a description and diagram of the proposed Oil and Gas Location that includes the dimensions of the Location and the anticipated layout of production or injection facilities, pipelines, roads and any other areas to be used for oil and gas operations. The Operator and Building Unit owners shall be encouraged to discuss potential concerns associated with Oil and Gas Operations, such as security, noise, light, odors, dust, and traffic, and shall provide information on proposed or recommended Best Management Practices or mitigation measures to eliminate, minimize or mitigate those issues.

(3) **Waiver.** The Building Unit owner or agent may waive, permanently or otherwise, the foregoing meeting requirements. Any such waiver shall be in writing, signed by the owner or agent, and shall be submitted by the Building Unit owner or agent to the operator and the Director.

(4) **Mitigation Measures.** Operators will consider all legitimate concerns related to public health, safety, and welfare raised during informational meetings or in written comments and, in consultation with the Director and Local Governmental Designee if the LGD so requests, will add relevant and appropriate Best Management Practices or mitigation measures as Conditions of Approval into the Form 2A and any associated Form 2s.

(5) **Operator Certification.** The Director shall not approve a Form 2A, Oil and Gas Location Assessment, until the operator certifies it has complied with the meeting requirements of this Rule 306.e.

Catamount needs to provide COGCC with a letter certifying that they have complied with the meeting requirements of Rule 306.e. above.

Planning: The following condition of approval (COA) will apply:

COA 91 - Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, start of hydraulic stimulation operations, start of flowback operations, and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

In addition, this location has been designated a "sensitive area" due to proximity to downgradient surface water (274') and potential for shallow groundwater (9' below ground surface).

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

COA 23 - Operator must ensure 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 maintained in good condition.

COA 44 - The access road will be constructed 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 to reduce fugitive dust and coating of vegetation and deposition in water sources.

COA 58 - 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 permanent produced water storage tanks.

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

COA 38 - The moisture content of any cuttings in a cuttings trench 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 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.

COA 26 - Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated.

COA 83 - Operator will place sound mitigation (if necessary) around the pump jack and production equipment (separators if needed) in the direction of the nearby building unit in order to mitigate nuisance noise levels to comply with the lowest (Residential/Agricultural/Rural) requirements in **Rule 802. Noise Abatement**. The design and construction of the sound mitigation barriers will be the responsibility of the operator and will be maintained for the operating duration of the wells.

COA 85 - Because of proximity of the well pad to the nearby Piedra River and other surface water drainages to the west and south, operator will grade the well pad surface to slope towards the east.

Material Handling and Spill Prevention: The following conditions of approval (COAs) will apply:

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 55 - Operator will utilize, to the extent practical, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines. This will reduce surface disturbance.

CDPHE Consultation: Colorado Department of Public Health and the Environment (CDPHE) staff were initially contacted by the Archuleta County LGD (John Shepard) about the potential impacts from this oil and gas location on water resources due to shallow groundwater and the adjacent Piedra River. The recommendations below were discussed and agreed on during the site location visit and provided in writing by Nolan Redmond representing Catamount Energy. These following surface water and groundwater quality protection best management practices (BMPs) are based on the CDPHE onsite consultation conducted on September 2, 2015 with CDPHE personnel (Kent Kuster and John Duggans), the property owner (Joshua Wagner), Archuleta County LGD (John Shepard), representatives from Catamount Energy (Reed Fischer, drilling operations consultant and Peter Jensen, wildlife consultant), and COGCC (Dave Kubeczko, Western Colorado Oil and Gas Location Assessment [OGLA] specialist). These BMPs will be placed on the Form 2A Permit (on the Operator BMP/COA tab):

Drilling/Completions Operations:

High Chloride/TDS Drilling Mud Handling and Containment - Drilling mud or brine will be contained in above ground steel tanks. Drill cuttings and solids that have been separated from the drilling fluid by the shale shakers, mud cleaner or centrifuge will be captured in above ground portable steel cuttings bins and hauled to a third party, offsite, disposal site that is permitted as required by applicable State and Federal rules and regulations. Excess drilling fluid will be stored in above ground portable steel tanks and will be transferred to the active circulating system as needed. At the completion of drilling activity remaining drilling fluid will be used on another well or disposed of as allowed by Local, State and Federal law. The well pad will have a secondary containment berm to prevent spills, releases, and pollution. The berm will be capable of containing 110% of the fluids stored on location. Groundwater will be protected by two strings of steel casing, both of which will be cemented to surface.

Material Handling and Spill Prevention:

Produced Water Containment - Produced water will be temporarily stored in above ground steel tanks until transported to commercial disposal facilities. The on-site storage tanks will consist of two 400 barrel tanks situated inside industrial grade polyethylene walls, 3 feet in height. The inside of the containment walls and all footage contained within the walls will be lined with a 40 mil polyethylene liner. At a minimum, the outside the tank containment capability of the polyethylene walls will exceed 500 barrels (125% of the largest tank). All

tanks will comply with Colorado Oil & Gas Commission rules and regulations regarding manufacture and labeling.

Tank Level Monitoring - The amount of water in the tanks will be monitored continuously by Catamount's SCADA system which includes continuous, real-time tank level data recording and feed. Radar in each tank will provide real-time liquid levels for each tank. Should either tank's water level approach a programmed maximum height a "High Level" alarm/notification will be sent to appropriate Catamount personnel who will then have the ability to remotely shut-down all operations. If levels continue to rise prior to a manual, remote shut down, the system will automatically activate a high level float switch shutting in the well and shutting off production.

CPW Wildlife Consultation/Comment: The following comment was placed on the Form 2A by CPW on 09-16-15:

"CPW has evaluated the proposed oil and gas location. This location is within approximately 1000 feet of a bald eagle roost and within approximately 300 feet of the Piedra River. Heavy construction and drilling/completion activities at the proposed location have the potential to harass/disturb roosting bald eagles. CPW recommends avoiding these activities between November 15 and March 15 to avoid harassment/disturbance of roosting bald eagles. The Operator has submitted a waiver signed by the landowner indicating a lack of consent to consulting with CPW per Rule 306.c. or complying with Rule 1202 and 1203 operating requirements. As such, CPW has not completed a consultation with the Operator or the landowner on this proposed location per Rule 306.c. and unmitigated impacts to wildlife resources may occur."

Does the operator agree that a winter timing limitation of November 15 to March 15 is appropriate/necessary for this location. If so, then the operator needs to develop wildlife/operational/biological survey BMPs that agree to the winter timing stipulation (proposed by CPW's comment), or equivalent in potential protection if wintering eagles roosts exist nearby, in your response to this email to COGCC. If the operator does not agree to timing limitations, then please state that in your reply to this email. In addition, the surface owner's response/concurrence to this requested timing limitation is necessary for COGCC to place this on the Form 2A permit.

COGCC would appreciate your concurrence with attaching the COGCC COAs (and any wildlife BMPs that Catamount believes are appropriate for this location) 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](tel:9703092514) (cell), or email. Thanks.

Dave

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



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