

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Wednesday, November 25, 2015 9:14 AM
To: dave.kubeczko@state.co.us
Subject: Resend of Petrox Resources Inc, Lark 33-5 #21-4 Pad, SWSW Sec 21 T33N R5W, Archuleta County, Form 2A#400906960 Review (minor corrections)

Categories: Operator Correspondence

Scan No 2107709 CORRESPONDENCE 2A#400906960

From: Mike Clark [mailto:mike.petrox@gmail.com]
Sent: Tuesday, November 24, 2015 12:32 PM
To: Dave Kubeczko - DNR
Subject: Re: Resend of Petrox Resources Inc, Lark 33-5 #21-4 Pad, SWSW Sec 21 T33N R5W, Archuleta County, Form 2A#400906960 Review (minor corrections)

Dave--As we discussed Petrox would like to extend the time frames to 8:00 am to 5:00 pm for day light operations for BMP 6. BMPs 3 and 4 are not applicable. The attached COGCC COA's are acceptable.

Thanks
Mike

On Fri, Nov 20, 2015 at 10:32 AM, Dave Kubeczko - DNR <dave.kubeczko@state.co.us> wrote:
Mike,

I have been reviewing the Lark 33-5 #21-4 Pad **Form 2A #400906960**. COGCC would like to attach the following conditions of approval (COAs) based on the data Petrox Resources Inc (Petrox) has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

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

COA 91 - In addition to the notifications required by COGCC listed in **Rule 316C. COGCC Form 42. FIELD OPERATIONS NOTICE (a. Notice of Intent to Conduct Hydraulic Fracturing Treatment; b. Notice of Spud; and c. Notice of Construction or Major Change)**; operator shall notify the COGCC 48 hours prior to pipeline testing (flowlines from wellheads to separators to tanks; and/or any temporary surface lines used for hydraulic stimulation and/or flowback operations) using the Form 42 (as described in **Rule 316C.m. Notice of Completion of Form 2/2A Permit Conditions**). The appropriate COGCC individuals will automatically be email notified.

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

COA 23 - Operator must ensure secondary containment for any volume of fluids contained at the well site during drilling and completion operations (as shown on the Proposed BMPs attachment); 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 fluid containment/control as well as stormwater management for the control of run-on and run-off) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals as required by CDPHE (at least every 14 days and after precipitation events), and maintained in good condition. The design/build of any

perimeter berm shall be sized, constructed, and compacted sufficiently to contain fluids during drilling operations, as well as all fluids contained in temporary frac tanks during completion operations.

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

COA 11 - A closed loop system (which operator has indicated on the Form 2A) must be implemented during drilling.

COA 38 - 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.

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.

Material Handling and Spill Prevention: The following condition of approval (COA) will apply:

COA 45 - Operator shall pressure test pipelines (flowlines from wellheads to separators to tanks; and any temporary surface lines used for hydraulic stimulation and/or flowback operations) in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface or permanent buried pipelines, or following any reconfiguration of the pipeline network on the well pad.

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

WCOA 1 - No new surface disturbance, construction, or drilling/completion activities in mule deer critical winter range and elk winter concentration area from the time period of December 1 through April 15 annually.

WCOA 2 - Reclamation in mule deer and elk SWH will be with native shrubs, grasses, and forbs appropriate to the ecological site disturbed. Attached is a seed mix specifically developed for the San Juan Basin Area.

The surface owners had verbally agreed to all 5 wildlife BMPs presented to them in an email from COGCC dated 10-27-15, however, BMPs 3, 4, and 5 are operational and do not affect the surface owners or their property. I explained this to them and they have agree to BMPs 1 and 2. Please review BMPs 3, 4, and 5 (since these are operational BMPs and do not affect the surface owner [as I explained to Jim Larke on 11-03-15 and 11-04-15] and indicate which BMPs Petrox believes are appropriate and that they agree to them (by placing the word Agree after each BMP), or which ones the operator does not think are appropriate or necessary for this location (by placing the word Disagree after each BMP with reasons why [optional]). COGCC's review of these wildlife BMPs indicates that BMPs 3 and 4 (highlighted yellow) may not applicable at this time since no pits or open containment are planned, and Petrox would need to submit an amended Form 2A if a pit were to be needed). COGCC has also added BMP 6 about site visits, including workovers, during winter timing.

Wildlife: The following best management practices (BMPs) should be reviewed by the operator for inclusion on this Form 2A application:

BMP 3 - The operator indicates that they intend to use a closed loop drilling system. If this type of system is unavailable, then the reserve pits will be fenced and netted to exclude birds, bats, and other wildlife as pits are a significant risk of mortality to wildlife.

BMP 4 - Secondary containment catchment basins for any vessels holding hazardous materials will be screened to exclude birds, bats, and other wildlife.

BMP 5 - Exhaust vent stacks on production equipment will be screened to exclude birds, bats, and other wildlife.

BMP 6 - Restrict well site visitations to portions of the day between **8:00 am and 5:00 pm** during December 1 to April 15.

COGCC would appreciate your concurrence with attaching these COAs and any wildlife BMPs the operator 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 (cell), or email. Thanks.

Dave

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



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