

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Wednesday, March 23, 2016 10:43 AM
To: dave.kubeczko@state.co.us
Subject: Caerus Piceance LLC, Battlement Mesa 36B-795 Pad, Lot 2 (NWNE) Sec 36 T7S R95W, Garfield County, Form 2A#400982403 Review

Categories: Operator Correspondence

Scan No 2107779 CORRESPONDENCE 2A#400982403

From: Reed Haddock [mailto:rhaddock@caerusoilandgas.com]
Sent: Tuesday, March 08, 2016 10:18 AM
To: Dave Kubeczko - DNR
Subject: RE: Caerus Piceance LLC, Battlement Mesa 36B-795 Pad, Lot 2 (NWNE) Sec 36 T7S R95W, Garfield County, Form 2A#400982403 Review

Dave:

Caerus has reviewed the COAs and we are fine with them. Reed

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Monday, March 07, 2016 4:36 PM
To: Reed Haddock <rhaddock@caerusoilandgas.com>
Subject: Caerus Piceance LLC, Battlement Mesa 36B-795 Pad, Lot 2 (NWNE) Sec 36 T7S R95W, Garfield County, Form 2A#400982403 Review

Reed,

I have been reviewing the Battlement Mesa 36B-795 Pad **Form 2A #400982403**. Since this location was built prior to 2009 (and therefore no Form 2A was required), the following conditions of approval (COAs) that were established by the COGCC for all locations within three miles of the original Project Rulison well will **Apply**, and will be placed on this Form 2A:

PROJECT RULISON COAs:

COA PR (14) - Comply with all DOE Office of Legacy Management requests for sampling and analysis of natural gas and other materials associated with drilling and production. **Does Apply**

COA PR (28) - All materials removed for setting the conductor or for any other excavation on this site must be screened for gamma emitters; if any gamma emitter detection above background is encountered, the operator must isolate the materials and contact COGCC, CDPHE and DOE for further instructions. **Does Apply**

COA PR (31) - Produced water from this location may not be transported to or re-used at another location without specific written approval from COGCC and only after analysis confirms compliance with the Rulison SAP. **Does Apply**

COA PR (32) - Drill solids and cuttings from this location may not be transported to, disposed of or re-used at another location without specific written approval from COGCC and only after analysis confirms compliance with the Rulison SAP. **Does Apply**

COA PR (34) - No individual operator shall utilize more than one rig within one mile of the Project Rulison blast site at any given time and no individual operator shall utilize more than two rigs within a three mile radius of the site at any given time; the total number of rigs allowed by all operators within three miles of the site shall be limited to five at any given time. **Does Apply**

COA PR (37) - Pit construction shall comply with the Reserve Pit and Liner Design Technical Specifications, dated July 2008. **Does Apply (if a pit is constructed)**

COA PR (39) - 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; **Does Apply (if a pit is constructed)**

COA PR (40) - The proposed surface casing is more than 50' below the depth of the deepest water well within 1 mile of the surface location when corrected for elevation differences; the deepest water well within 1 mile is 250 feet deep. water wells within one (1) mile of all locations must be checked. (Rule 321) the operator shall comply with Rule 321; and it shall be the operator's responsibility to ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well. **Does Apply (unless otherwise indicated by COGCC Engineering on the Form 2s)**

COGCC would like to attach the following conditions of approval (COAs) based on the information and data Caerus Piceance LLC (Caerus) 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 - In addition to the notifications required by COGCC listed in the **Northwest Notification Policy (Notice of Intent to Construct a New Location, Notice of Intent to Spud Surface Casing, and Notice of Intent to Commence Hydraulic Fracturing Operations)** and **Rule 316C. COGCC Form 42. FIELD OPERATIONS NOTICE (a. Notice of Intent to Conduct Hydraulic Fracturing Treatment and c. Notice of Construction or Major Change)**; operator shall notify the COGCC 48 hours prior to rig mobilization and 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.

COA 93 - In lieu of standard Form 42 spud notices, submit **Form 42 Rulison SAP / Rio Blanco SAP - Spud Notices**, specifying the bottom hole location sector and tier.

COA 94 - Operator shall provide complete well-specific emergency contact information to COGCC via email prior to spuding wells on this pad. Rulison.Submittal@state.co.us.

COA 95 - The operator shall follow all requirements of the **Project Rulison Sampling and Analysis Plan (SAP), Revision 3.0, dated July 2010**.

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 Construction Layout Drawings, Location Drawing, and Proposed BMPs attachments); 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.

COA 44 - The access road will be 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.

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

COA 25 - Flowback and stimulation fluids must be sent to enclosed tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline storage vessel, or other open top containment located on the well pad; or into tanker trucks for offsite disposal. No open top tanks can be

used for initial flowback fluids containment. 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. No additional downgradient berming is required if operator constructs a sufficiently sized perimeter berm.

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

Material Handling and Spill Prevention: The following conditions of approval (COAs) will apply to the Form 2A:

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 and following any reconfiguration of the pipeline network.

Underground Injection Control (UIC): The following conditions of approval (COAs) will apply to the proposed injection well **Battlement Mesa 36B-SWD-36-795** and any temporary or permanent equipment onsite used for injection:

COA 2 - Approval of this Form 2A and the subsequent Form 2 for the injection well does not authorize operator the right to inject. Authorization to inject into the selected Formation(s) requires approval of both the Form 31 and the Form 33.

COA 46 - Operator will use qualified containment devices for all appropriate chemicals/hazardous materials and injection equipment (pumps) used onsite during the operation of the injection well.

COA 41 - All tanks and aboveground vessels containing fluids must have secondary containment structures. All secondary containment structures/areas must be lined. Operator must ensure a minimum of 110 percent secondary containment for the largest structure containing fluids within each bermed area at the facility during operations. The construction and lining of the secondary containment structures/areas shall be supervised by a professional engineer or their agent.

COA 51 - Operator shall equip and maintain on all tanks an electronic fluid level monitoring device.

COA 22 - Unless otherwise determined by COGCC staff (Bob Koehler) that a water sample of the proposed injection formation is not required, before hydraulic stimulation of the injection well, operator shall collect a groundwater sample from the Cozzette-Corcoran Formation and the Ohio Formation (and/or other Formations that will be indicated on the future Form 2 for the injection well) and analyze for total dissolved solids (TDS); submit laboratory analytical results to COGCC (emails: bob.koehler@state.co.us and arthur.koelspell@state.co.us).

COGCC would appreciate your concurrence with attaching the COGCC COAs to the Form 2A permit prior to passing the OGLA review. Based on the Project Rulison Sampling and Analysis Plan (SAP), Revision 3.0, dated July 2010; once the operator has received the approved Form 2A for this well pad location, Caerus can submit a Form 4 Sundry Notice requesting relief from the more stringent sampling requirements (produced gas and produced water) for approximately two (2) wells at this location based on previous sampling results from an existing well on this pad in Sector 6 (previously submitted and approved [06-09-05] Form 2#1399037, Presco Inc, Battlement Mesa 36-13; API 05-045-10840-00; OGCC Facility ID#334310, Battlement Mesa-67S95W #36NWNE Pad).

It should be noted that six (6) of the proposed wells: Battlement Mesa 31A-36-795 [Form 2# 400954426]; Battlement Mesa 41A-36-795 [Form 2# 400954371]; Battlement Mesa 41B-36-795 [Form 2# 400954384]; Battlement Mesa 41C-36-795 [Form 2# 400954366]; Battlement Mesa 41D-36-795 [Form 2# 400954351]; and Battlement Mesa 41E-36-795 [Form 2# 400954338]; have bottomhole locations that are located in Sector 5 where previous wells have not been drilled and sampled, and therefore; all sampling requirements in the Project Rulison SAP will be required for these wells.

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
Department of Natural Resources

Colorado Oil & Gas Conservation Commission
Northwest Area Office
796 Megan Avenue, Suite 201
Rifle, CO 81650
FAX: (970) 625-5682
Cell: (970) 309-2514
dave.kubeczko@state.co.us | www.colorado.gov/cogcc

 *Please consider the environment before printing this e-mail*