

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Monday, August 01, 2016 8:16 AM
To: dave.kubeczko@state.co.us
Subject: FW: GRMR Oil & Gas LLC, Peter McCue 30-3 Pad, Lot 7 (NENW) Sec 30 T5N R90W, Moffat County, Form 2A#401046029 Review

Categories: Operator Correspondence

Scan No. 2107902 OPERATOR CORRESPONDENCE 2A#401046029

From: Mike Griffis [mailto:Mike.Griffis@grmroilandgas.com]
Sent: Thursday, July 28, 2016 2:37 PM
To: Dave Kubeczko - DNR; Kris Lee
Subject: RE: GRMR Oil & Gas LLC, Peter McCue 30-3 Pad, Lot 7 (NENW) Sec 30 T5N R90W, Moffat County, Form 2A#401046029 Review

Dave,

GRMR has read and will comply with these COAs as laid out in the text below. Please see my comments below in Green.

Thank You,

Mike Griffis
Operations Manager
GRMR Oil & Gas
Office: 303-515-5921
Cell: 303-819-7354

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Thursday, July 28, 2016 2:01 PM
To: Kris Lee <krislee@skybeam.com>; Mike Griffis <Mike.Griffis@grmroilandgas.com>
Subject: GRMR Oil & Gas LLC, Peter McCue 30-3 Pad, Lot 7 (NENW) Sec 30 T5N R90W, Moffat County, Form 2A#401046029 Review

Kristina and Mike,

I have been reviewing the GRMR Oil & Gas LLC (GRMR) Peter McCue 30-3 Pad **Form 2A# 401046029**. COGCC requests that GRMR review the attached policy (**NOTICE TO OPERATORS, Rule 912. VENTING OR FLARING PRODUCED NATURAL GAS - STATEWIDE, January 12, 2016**) and the following rule about venting and flaring:

912. VENTING OR FLARING NATURAL GAS

- a. The unnecessary or excessive venting or flaring of natural gas produced from a well is prohibited.
- b. Except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, gas from a well shall be flared or vented only after notice has been given and approval obtained from the Director on a Sundry Notice, Form 4, stating the estimated volume and content of the gas. The notice shall indicate whether the gas contains more than one (1) ppm of hydrogen sulfide. If necessary to protect the public health, safety or welfare, the Director may require the flaring of gas.
- c. Gas flared, vented or used on the lease shall be estimated based on a gas-oil ratio test or other equivalent test approved by the Director, and reported on Operator's Monthly Report of Operations, Form 7.

- d. Flared gas that is subject to Sundry Notice, Form 4, shall be directed to a controlled flare in accordance with Rule 903.b.(2) or other combustion device operated as efficiently as possible to provide maximum reduction of air contaminants where practicable and without endangering the safety of the well site personnel and the public.
- e. Operators shall notify the local emergency dispatch or the local governmental designee of any natural gas flaring. Notice shall be given prior to flaring when flaring can be reasonably anticipated, or as soon as possible, but in no event more than two (2) hours after the flaring occurs.

GRMR maintains that gas production levels in the field still don't meet the economic threshold required to install a gas gathering system.

In addition, COGCC would like to attach to the Form 2A the following COAs based on the information and data GRMR 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 install a pit liner, 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; 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.

In addition, based on proximity of the well pad to downgradient surface water (intermittent streams, one approximately 100' to the west and one approximately 204' to the east [as shown on the Hydrology Map attachment]), and due to the potential for shallow groundwater based on information from nearby water wells completed in shallower aquifers located in the proximity of steams (ranging from 30' to 40 feet below ground surface); this location will be designated a "sensitive area".

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; 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. **GRMR agrees.**

COA 44 - The access road will be constructed and maintained as to not allow sediment to migrate from the access road to nearby surface water or any drainages leading to surface water. **GRMR agrees.**

COA 76 - Strategically apply fugitive dust control measures, including encouraging established speed limits on access roads, to reduce fugitive dust and coating of vegetation and deposition in water sources. **GRMR agrees.**

Drilling/Completions: The following condition of approval (COA) will apply:

COA 11 - The moisture content of water/bentonite-based mud (WBM) generated cuttings or foam/mist generated cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. The operator has indicated that 'Cuttings Disposal' will be "ONSITE" and that the 'Cuttings Disposal Method' will be "CUTTINGS TRENCH" (as shown in the 'DRILLING WASTE MANAGEMENT PROGRAM SECTION' of the Form 2A. No offsite disposal of cuttings to another oil and gas location shall occur without prior approval of a Waste Management Plan (submitted via a Form 4 Sundry Notice) specifying disposal location and waste characterization method. After drilling and completion operations have been completed, any of the WBM 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.

Representative cuttings samples (determined by the operator) for material left on location will be analyzed for all Table 910-1 constituents. Any material which does not meet Table 910-1 criteria will either be manifested and disposed offsite at an approved commercial facility, or amended further onsite to comply with Table 910-1. Operator has indicated that commercial disposal will be the method of disposal for all drill cuttings that exceed Table 910-1. **GRMR agrees.**

COA 12 - A closed loop system must be implemented during drilling (as indicated on the Form 2 and Form 2A). No oil-based drilling mud (OBM) shall be used unless operator has submitted and received approval of a Form 4 Sundry Notice indicating the change in drilling mud, as well as management of any OBM-generated drill cuttings. **GRMR agrees.**

COA 25 - Based on information from the operator, fracing of these horizontal wells is not planned. However, if during the completion process, the operator decides that portions of the production zone will require fracing and stimulation; all 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. **GRMR agrees.**

COA 58 - Berms or other containment devices shall be constructed to be sufficiently impervious (preferably corrugated steel with poly liner or equivalent protection) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks. **GRMR agrees.**

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

COA 33 - Operator shall follow all requirements of COGCC's current policy - **NOTICE TO OPERATORS, Rule 912. VENTING OR FLARING PRODUCED NATURAL GAS – STATEWIDE, dated January 12, 2016;** and to **Rule 912. VENTING OR FLARING NATURAL GAS. a. thru e.** in regards to venting and flaring.

Material Handling and Spill Prevention: The following condition of approval (COA) 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, and tested annually, unless agreed to by both parties that the flowlines can be managed under an approved COGCC variance. **GRMR agrees.**

Please respond to this email indicating that you have read the policy and rules concerning venting and flaring and will adhere to both. COGCC would also appreciate your concurrence with attaching the COAs to the Form 2A 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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Commission
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