

## Dave Kubeczko - DNR

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**To:** Dave Kubeczko - DNR  
**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Scan No. 2108012      CORRESPONDENCE      2A #401052441

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**From:** Amanda Blanchard [mailto:[ablanchard@sginterests.com](mailto:ablanchard@sginterests.com)]  
**Sent:** Tuesday, November 08, 2016 4:26 PM  
**To:** Dave Kubeczko - DNR; Tracy Arnett  
**Cc:** Eric Sanford  
**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Thanks Dave. COA revisions are acceptable to SG. ☺.

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**From:** Dave Kubeczko - DNR [mailto:[dave.kubeczko@state.co.us](mailto:dave.kubeczko@state.co.us)]  
**Sent:** Tuesday, November 08, 2016 4:23 PM  
**To:** Amanda Blanchard; Tracy Arnett  
**Cc:** Eric Sanford  
**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

COA 23 revised to:

**COA 23** - Operator must ensure secondary containment for any volume of fluids contained at the **oil and gas location** during 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 and drainages leading to nearby surface water. Any berm constructed at the **oil and gas location** will be stabilized, inspected at regular intervals; **at least every 14 days and after precipitation events (weather and access permitting) throughout drilling, completions, and production; and maintained in good condition.**

New Construction COA:

**COA 42 - Well pad and access road immediately adjacent to the well pad will be gravel or rock surfaced.**

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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**From:** Amana Blanchard [mailto:[ablanchard@sginterests.com](mailto:ablanchard@sginterests.com)]  
**Sent:** Tuesday, November 08, 2016 3:38 PM  
**To:** Dave Kubeczko - DNR; Tracy Arnett  
**Cc:** Eric Sanford  
**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Thanks Dave, removing the CDPHE reference is great. I am confused by the 70 percent reference. The CDPHE requirement is for 70 percent is for uniform vegetative cover/density of pre-disturbance levels, not amount of disturbance reclaimed. The COGCC reference of 70 percent cover is for the amount of disturbance reclaimed? Is that correct? It doesn't need to be changed again, it's just confusing...

Thanks for your time Dave,  
Amanda

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**From:** Dave Kubeczko - DNR [mailto:[dave.kubeczko@state.co.us](mailto:dave.kubeczko@state.co.us)]  
**Sent:** Tuesday, November 08, 2016 3:23 PM  
**To:** Amanda Blanchard; Tracy Arnett  
**Cc:** Eric Sanford  
**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Amanda,

COGCC has revised COA 23 (indicated below) to not reference CDPHE stormwater inspection regulations (and therefore, not the need for formal documentation of inspections), and to include gravelling of the well pad to ensure reclamation (and therefore stabilization) of greater than 70 percent post-construction, per discussions with SG Interests on November 3, 2016.

**COA 23** - Operator must ensure secondary containment for any volume of fluids contained at the **oil and gas location** during 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 and drainages leading to nearby surface water. Any berm constructed at the **oil and gas location** will be stabilized, inspected at regular intervals **(at least every 14 days and after precipitation events [weather and access permitting] throughout drilling, completions, and production until 70 percent reclamation is achieved), and maintained in good condition. Any corrective actions and maintenance required on berms will be tracked and implemented. Since the size of the location/disturbance after interim reclamation is not at or greater than 70 percent (size of disturbance at construction is 3.12 acres, while size of location after interim reclamation is 1.83 acres; only 41 percent reclamation/stabilization), berm inspections will continue at 14-day intervals, unless the working surface/portion of the well pad (that area not reclaimed) is graveled to a minimum depth of 6 inches.**

COGCC has revised COA 26 (indicated below) as requested.

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

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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**From:** Amanda Blanchard [mailto:[ablanchard@sginterests.com](mailto:ablanchard@sginterests.com)]  
**Sent:** Thursday, October 27, 2016 2:39 PM  
**To:** Dave Kubeczko - DNR; Tracy Arnett  
**Cc:** Eric Sanford  
**Subject:** RE: SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Hi Dave, I have a few responses below. Please let me know if you would like to discuss further via phone call.

Any berm constructed at the **oil and gas location** will be stabilized, inspected at regular intervals as required by CDPHE **[at least every 14 days and after precipitation events [weather and access permitting]]**, and maintained in good condition. **The 14 day inspection interval is a CDPHE requirement and will stay as written, with the qualifier in green. This COA (with the same or similar language) is placed on all Form 2A permits in Western Colorado. Did not Delete:(at least every 14 days and after precipitation events),**

Dave, the COGCC only has a 14-day inspection frequency, inspection after erosion-causing precipitation events, and a winter exclusion requirement for sites **during construction** of the location. The inspection requirement then **changes to monthly** when the site is **considered completed** (as defined by CDPHE); after the site reaches 70% cover (with addition reqs), it is considered finally stabilized and the permit is terminated. The way the sentence is written above it implies we will conduct 14-day inspections of berms for the life of the pad – which isn't accurate – it is only applicable during the **construction phase** of the project, therefore I requested to remove the 14-day language. However, it could be revised to include wording of construction only phase if you prefer, but it should reflect the actual permit language. I've attached our stormwater permit for your review; inspection reqs are in I.D.6, page 12.

COA 26 - Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated. **In addition, operator will conduct Audio, Visual, and Olfactory (AVO) inspections, as required by CDPHE regulations.** **Did not Include - shall be performed, as regulated, to ensure compliance with odors.** **NO; odors from oil and gas operations fall under COGCC regulation. This COA (with the same or similar language) is placed on all Form 2A permits in Western Colorado. The original COA language will remain, and SG's suggested text will be added as shown in green.**

Please remove entire sentence if the entire sentence will not be included as it is only applicable to CDPHE.

Thanks,  
Amanda

Amanda Blanchard  
Environmental and Regulatory Manager  
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**From:** Dave Kubeczko - DNR [<mailto:dave.kubeczko@state.co.us>]  
**Sent:** Thursday, October 27, 2016 2:13 PM  
**To:** Tracy Arnett  
**Cc:** Eric Sanford; Amanda Blanchard  
**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Tracy,

Please see COGCC's responses below in **bold blue** or in **bold black**; or text changes in **green**. Water storage facility has been replaced with **oil and gas location**.

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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**From:** Tracy Arnett [mailto:[tarnett@sginterests.com](mailto:tarnett@sginterests.com)]

**Sent:** Thursday, October 27, 2016 1:04 PM

**To:** [dave.kubeczko@state.co.us](mailto:dave.kubeczko@state.co.us)

**Cc:** Eric Sanford; Amanda Blanchard

**Subject:** FW: SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Dave,

Please see below comments/proposed changes highlighted and in red below. Please let me know if you would like to discuss.

Thank you,

Tracy

Tracy Arnett

SG Interests I, Ltd

922 East Second Avenue

Durango, CO 81301

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

**Sent:** Wednesday, October 26, 2016 4:23 PM

**To:** Tracy Arnett

**Subject:** SG Interests I LTD, Buck Creek 12-89-5 1 Pad, SWNE Sec 5 T12S R89W, Gunnison County, Form 2A #401052441 Review

Tracy,

I have been reviewing the SG Interests I LTD (SGI) Buck Creek 12-89-5 1 Pad **Form 2A #401052441**. COGCC would like to attach the following conditions of approval (COAs) based on the data SGI has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review. Most of these COAs, with minor revisions, were placed on the original Form 2A #400383181 (approved on 08-15-13).

**Planning:** The following condition of approval (COA) 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; 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.

**COGCC has corrected the Date planned to commence construction from 08/15/2016 to 05/1/2017; and Estimated date that interim reclamation will begin from 09/30/2016 to 09/30/2017.**

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

**COA 23** - Operator must ensure secondary containment for any volume of fluids contained at the **oil and gas location** **(Should this be Well Site? Construction layout does not show water storage facility) – OK** during 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 oil and gas location will be stabilized, inspected at regular intervals as required by CDPHE (at least every 14 days and after precipitation events [weather and access permitting]), and maintained in good condition. The 14 day inspection interval is a CDPHE requirement and will stay as written, with the qualifier in green. This COA (with the same or similar language) is placed on all Form 2A permits in Western Colorado. Did not Delete:(at least every 14 days and after precipitation events),

**COA 22** - The design/build of any perimeter berm or fluid management structures shall be sized, constructed, and compacted sufficiently to contain and/or manage potential fluid releases during operations in a manner that prevents or controls potential fluid release, sedimentation, and scouring on adjacent lands and drainages. Such design/build of perimeter berms or fluid management structures may include, but are not limited to the following: on location berms; diversion ditches; down gradient baffles intended to slow and control water flow and sediment; enhanced vegetation; or other design features necessary to achieve the goal of protecting adjacent lands and drainages from potential fluid releases, sedimentation, and scouring.

**COA 28** - The location is in an area of moderate to very high run-on/run-off potential; therefore standard stormwater BMPs must be implemented; prior to, during, and after construction, as well as during operations; at this location to insure compliance with CDPHE and COGCC requirements and to prevent erosion from stormwater run-on and /or stormwater run-off events.

**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.

**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.

**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.

**COA 59** - Because of proximity of the well pad to nearby scenic Highway 133, operator shall utilize berms, fences, vegetation, and other measures (low profile tanks painted to match surrounding area) to lessen the visual impact for motorists along the highway. Any permit requirements from the state agencies regulating the scenic by-ways will need to be received prior to any construction activities. Copies of any permits shall be sent via a Form 4 Sundry to COGCC.

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

**COA 10** - There is the potential for shallow groundwater; therefore, a closed loop system must be implemented.

**COA 11** - The moisture content of water/bentonite based mud (WBM) generated drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. 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.

**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. In addition, operator will conduct Audio, Visual, and Olfactory (AVO) inspections, as required by CDPHE regulations. Did not Include - shall be performed, as regulated, to ensure compliance with odors. NO; odors from oil and gas operations fall under COGCC regulation. This COA (with the same or similar language) is placed on all Form 2A permits in Western Colorado. The original COA language will remain, and SG's suggested text will be added as shown in green.



**Material Handling and Spill Prevention:** The following conditions of approval (COAs) will apply to the Form 2A Permit for any temporary surface (COAs 45, 46, 47, 48, and 54) or buried permanent (COAs 45 and 46) flowlines and/or offsite pipelines (poly or steel) are used during operations at this well pad location or nearby pipeline routes:

**COA 45** - Operator shall pressure test pipelines (flowlines from wellheads to separators to tanks; pipelines from onsite separators to offsite storage 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, and tested annually, unless agreed to by both parties that the flowlines can be managed under an approved COGCC variance.

**COA 46** - Operator will design their infrastructure and utilize pipeline materials to exceed required pressures and flow rates by a minimum of 30%. The DR 9 poly pipeline used in 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 used in this project will operate at pressures 20-30 psi below the maximum operating pressure of the poly pipeline at all times.

**COA 47** - 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 and fragmentation of wildlife habitat in the area. Operator will provide COGCC with a plan view drawing of the proposed temporary surface poly pipeline route via a Form 4 Sundry Notice.

**COA 48** - Operator must implement best management practices to contain any unintentional release of fluids along all portions of the surface pipeline route where temporary pumps and other necessary equipment are located. Prior to operation, pipelines will be air and/or hydro tested for integrity. When in operation, pump stations 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 line will be monitored, where feasible, during pumping and flowback operations. Operator will endeavor to minimize surface disturbance during pipeline monitoring. The operator shall maintain records of inspections, findings, and repairs.

**COA 54** - Operator must utilize appropriate secondary containment for any volume of fluids that may be released before pump shut down from the surface pipeline at all stream, intermittent stream, ditch, and drainage crossings. For stream or intermittent stream crossings, operator will ensure appropriate containment by installing over-sized pipe "sleeves" which 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.

Any catchment basins constructed, if necessary, would be sized to contain this volume of fluid as described in the permit approval documents for the McIntyre Flowback Pits.

COGCC would appreciate SGI's concurrence with attaching these COAs 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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