STATE OF COLORADO

Andrews - DNR, Doug <doug.andrews@state.co.us>

COGCC Form 2A review of HighPoint Operating's Critter Creek 14 SW location - Doc #401589362

8 messages

Andrews - DNR, Doug <doug.andrews@state.co.us> Thu, Apr 26, 2018 at 12:12 PM
To: rmilne@hpres.com, "Garrison - DNR, Penny" <penny.garrison@state.co.us>

Rachel,

I have reviewed the referenced Form 2A Oil & Gas Location Assessment and have the following comments.

1) HighPoint has indicated they will be using oil based drilling fluids, however the Waste Management Plan only discusses the disposal of water-based bentonitic drilling fluids and cuttings at your Krier spread field. What are HighPoint's plans for the disposal of the oil based drilling fluids and associated cuttings?

2) In the Cultural Setback Distance section HighPoint has indicated the nearest well to a Public Road is 761 feet. The nearest Public Road is Weld County Road 69 to the west. A review of the Location Drawing appears to indicate the distance of 761 feet is based on the furthest east proposed well (Critter Creek 240-1411H). Proposed well Critter Creek 550-1411H is the western most well and is approximately 700 feet from Weld County Road 69. Therefore, I would like to revise this distance to the nearest Public Road from 761 feet to 700 feet.

3) During my review it appears a portion of the proposed area of maximum disturbance will overlap onto the 49-Paoli fine sandy loam, 0-6 percent slopes. Please send me the NRCS Soil Map Description for this soil unit and I will add it to the Form 2A.

4) In the Water Resources section HighPoint has indicated the nearest water well is 1,909 feet from the proposed Oil & Gas Location. I was unable to confirm any water well at this distance. The nearest water well I was able to identify is the same one shown on your Hydrology Map at a distance of 4,168 feet to the southeast. Therefore, I would like to revise the distance to the nearest water well from 1,909 feet to 4,168 feet.

5) The Reference Area Picture provided with this 2A were taken when the vegetation was dormant and snow covered. Therefore, I will place a Condition of Approval on this Form 2A requiring HighPoint provide updated Reference Area Pictures, to be taken during the 2018 growing season, and submitted via a Form 4 Sundry.

6) The COGCC has received many permits over the past 6-12 months for multi-well pads in far northern Weld County. On many of these permits, the operator has indicated they intend to flare/burn the produced gas. This is a waste of the resources and not in compliance with our Rules. Fifth Creek permitted a well just a quarter-mile to the east in Section 15 (Critter Creek 9-15H) that is producing and selling gas, so a gas sales line must be available. Please provide an Emissions mitigation BMP that discusses HighPoint's plans for handling any salable quality gas produced from these proposed wells.

Please respond to this correspondence by May 26, 2018. If you have any questions, please contact me. Thank you.

Doug Andrews

Oil & Gas Location Assessment Specialist - Northeast Colorado

COLORADO
Oil & Gas Conservation Commission
Department of Natural Resources

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doug.andrews@state.co.us | http://cogcc.state.co.us/

Rachel Milne <rmilne@hpres.com> Thu, Apr 26, 2018 at 12:44 PM
To: "Andrews - DNR, Doug" <doug.andrews@state.co.us>
Cc: Penny Garrison - DNR <penny.garrison@state.co.us>

Hi Doug,

Please see my below comments in red, please let me know if you have any other questions.

Rachel

From: Andrews - DNR, Doug [mailto:doug.andrews@state.co.us]
Sent: Thursday, April 26, 2018 12:13 PM
To: Rachel Milne <rmilne@hpres.com>; Garrison - DNR, Penny <penny.garrison@state.co.us>
Subject: COGCC Form 2A review of HighPoint Operating's Critter Creek 14 SW location - Doc #401589362

Rachel,

I have reviewed the referenced Form 2A Oil & Gas Location Assessment and have the following comments.

1) HighPoint has indicated they will be using oil based drilling fluids, however the Waste Management Plan only discusses the disposal of water-based bentonitic drilling fluids and cuttings at your Krier spread field. What are HighPoint's plans for the disposal of the oil based drilling fluids and associated cuttings?

- This was a mistake HighPoint will not be using oil based muds only water based muds

2) In the Cultural Setback Distance section HighPoint has indicated the nearest well to a Public Road is 761 feet. The nearest Public Road is Weld County Road 69 to the west. A review of the Location Drawing appears to indicate the distance of 761 feet is based on the furthest east proposed well (Critter Creek 240-1411H). Proposed well Critter Creek 550-1411H is the western most well and is approximately 700 feet from Weld County Road 69. Therefore, I would like to revise this distance to the nearest Public Road from 761 feet to 700 feet.

- Please change

3) During my review it appears a portion of the proposed area of maximum disturbance will overlap onto the 49-Paoli fine sandy loam, 0-6 percent slopes. Please send me the NRCS Soil Map Description for this soil unit and I will add it to the Form 2A.

- 49—Paoli fine sandy loam, 0 to 6 percent slopes
- Please see attachment

4) In the Water Resources section HighPoint has indicated the nearest water well is 1,909 feet from the proposed Oil & Gas Location. I was unable to confirm any water well at this distance. The nearest water well I was able to identify is the same one shown on your Hydrology Map at a distance of 4,168 feet to the southeast. Therefore, I would like to revise the distance to the nearest water well from 1,909 feet to 4,168 feet.

- Please change

5) The Reference Area Picture provided with this 2A were taken when the vegetation was dormant and snow covered. Therefore, I will place a Condition of Approval on this Form 2A requiring HighPoint provide updated Reference Area Pictures, to be taken during the 2018 growing season, and submitted via a Form 4 Sundry.

- We concur

6) The COGCC has received many permits over the past 6-12 months for multi-well pads in far northern Weld County. On many of these permits, the operator has indicated they intend to flare/burn the produced gas. This is a waste of the resources and not in compliance with our Rules. Fifth Creek permitted a well just a quarter-mile to the east in Section 15 (Critter Creek 9-15H) that is producing and selling gas, so a gas sales line must be available.

Please provide an Emissions mitigation BMP that discusses HighPoint's plans for handling any salable quality gas produced from these proposed wells.

- HighPoint will act in accordance with rule 912 which prohibits unnecessary or excessive flaring from a well, all salable quality gas will be piped to a sales line.

Please respond to this correspondence by May 26, 2018. If you have any questions, please contact me. Thank you.

Doug Andrews

Oil & Gas Location Assessment Specialist - Northeast Colorado

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Map Unit Description_ Paoli fine sandy loam, 0 to 6 percent slopes---Weld County, Colorado, Northern Part.pdf
82K

Rachel Milne <rmilne@hpres.com> Thu, Apr 26, 2018 at 12:51 PM
To: "Andrews - DNR, Doug" <doug.andrews@state.co.us>
Cc: Penny Garrison - DNR <penny.garrison@state.co.us>

Hi Andrew,

HighPoint wants to change the BMP just to say, sorry about that.

- HighPoint will act in accordance with rule 912 which prohibits unnecessary or excessive flaring from a well. Gas will be piped to a sales line.

Rachel

From: Rachel Milne
Sent: Thursday, April 26, 2018 12:44 PM
To: 'Andrews - DNR, Doug' <doug.andrews@state.co.us>
Cc: 'Penny Garrison - DNR' <penny.garrison@state.co.us>
Subject: RE: COGCC Form 2A review of HighPoint Operating's Critter Creek 14 SW location - Doc #401589362

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Andrews - DNR, Doug <doug.andrews@state.co.us> Thu, Apr 26, 2018 at 1:06 PM
To: Rachel Milne <rmilne@hpres.com>

Rachel,

Would HighPoint be OK if the last part of the Emissions mitigation BMP stated "*at first sign of salable quality gas it will be piped to a sales line.*" Part of the issue we see is that some operators state they will connect to a sales line, but not when. This implies that they don't know when a gas sales line will be available. The oil is what they are primarily after, so they end up flaring/burning the gas until such time as a gas sales line becomes available. This is where the waste of the resource occurs as within a year of production the better part of the gas produced by the well has literally gone up in smoke. We need operators to either clearly commit to sending the gas to sales at first sign of salable quality or find some other way to get use out of it. If they can't commit to this, our Rules require the wells be shut-in or they get a Variance from our Rules. This is often a problem for the operator and we end up having to meet with them to discuss this. Suffice to say this delays the approval of permits.

I'm sharing this with you so that HighPoint will have some understanding on this from our perspective. Fifth Creek has some permits in with us that have not yet been approved as this issue needs to be better ironed out. Now that the merger/acquisition of them has occurred, we will now look to HighPoint to work this out with us. Especially so if HighPoint has plans to permit more wells in this area of Weld County.

Thanks for your understanding and patience with me on this.

Doug Andrews
Oil & Gas Location Assessment Specialist - Northeast Colorado

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Rachel Milne <rmilne@hpres.com> Thu, Apr 26, 2018 at 1:39 PM
To: "Andrews - DNR, Doug" <doug.andrews@state.co.us>

Hi Andrew,

What does the commission define as salable quality gas, or can I find that definition somewhere? I just want to make sure before I give you the go ahead I check in with drilling and production and make that clear.

Rachel

From: Andrews - DNR, Doug [mailto:doug.andrews@state.co.us]
Sent: Thursday, April 26, 2018 1:07 PM
To: Rachel Milne <rmilne@hpres.com>
Subject: Re: COGCC Form 2A review of HighPoint Operating's Critter Creek 14 SW location - Doc #401589362

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Rachel Milne <rmilne@hpres.com> Thu, Apr 26, 2018 at 2:42 PM
To: "Andrews - DNR, Doug" <doug.andrews@state.co.us>

Hi Doug,

Will the commission accept this as the BMP.

After initial enhanced flowback is complete, HighPoint will obtain prior written approval to vent or flare gas from a well, except as expressly allowed pursuant to Rule 912.b. In addition, at the end of the Separation Flowback Stage, the gas production will flow to sales lines and/or gathering lines.

Rachel

From: Rachel Milne
Sent: Thursday, April 26, 2018 1:40 PM
To: 'Andrews - DNR, Doug' <doug.andrews@state.co.us>

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Andrews - DNR, Doug <doug.andrews@state.co.us> Fri, Apr 27, 2018 at 11:10 AM
To: Rachel Milne <rmilne@hpres.com>

Rachel,

I don't think I can accept that either without getting our Engineering group input as I don't know what "enhanced flowback" is and I suspect Engineering would want to talk about that concept with HighPoint. We are willing to have a conference call with you next week. We have a Commission hearing scheduled for Monday and Tuesday of next week, so Wednesday is probably the earliest me, OGLA Supervisor John Noto and Engineering Supervisor Diana Burn would be available. Please let me know what works best for HighPoint and a number we can call in to. Thanks.

Doug Andrews
Oil & Gas Location Assessment Specialist - Northeast Colorado

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Rachel Milne <rmilne@hpres.com> Tue, May 1, 2018 at 3:59 PM

To: "Andrews - DNR, Doug" <doug.andrews@state.co.us>

Hi Doug,

Does this below BMP work, I added the language you requested.

- HighPoint will act in accordance with rule 912 which prohibits unnecessary or excessive flaring from a well, first sign of salable quality gas will be piped to a sales line.

Rachel Milne

From: Andrews - DNR, Doug [mailto:doug.andrews@state.co.us]
Sent: Friday, April 27, 2018 11:10 AM

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