

FORM
2A

Rev
04/18

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

401667379

Date Received:

07/13/2018

Oil and Gas Location Assessment

New Location Refile Amend Existing Location Location#: 430140

This Oil and Gas Location Assessment is to be submitted to the COGCC for approval prior to any ground disturbance activity associated with oil and gas operations. Approval of this Oil and Gas Location Assessment will allow for the construction of the below specified Location; however, it does not supersede any land use rules applied by the local land use authority. Please see the COGCC website at <http://cogcc.state.co.us/> for all accompanying information pertinent this Oil and Gas Location Assessment.

Location ID:

430140

Expiration Date:

08/30/2021

This location assessment is included as part of a permit application.

CONSULTATION

- This location is included in a Comprehensive Drilling Plan. CDP # _____
- This location is in a sensitive wildlife habitat area.
- This location is in a wildlife restricted surface occupancy area.
- This location includes a Rule 306.d.(1)A.ii. variance request.

Operator

Operator Number: 10633
Name: CRESTONE PEAK RESOURCES OPERATING LLC
Address: 1801 CALIFORNIA STREET #2500
City: DENVER State: CO Zip: 80202

Contact Information

Name: Erin Lind
Phone: (720) 410 8478
Fax: ()
email: erin.lind@crestonepr.com

FINANCIAL ASSURANCE

- Plugging and Abandonment Bond Surety ID (Rule 706): 20160104 Gas Facility Surety ID (Rule 711): _____
- Waste Management Surety ID (Rule 704): _____

LOCATION IDENTIFICATION

Name: Melbon Ranch 17H-M265 Number: Facility
County: WELD
Quarter: SWSW Section: 17 Township: 2N Range: 65W Meridian: 6 Ground Elevation: 4937
Define a single point as a location reference for the facility location. When the location is to be used as a well site then the point shall be a well location.
Footage at surface: 696 feet FSL from North or South section line
1199 feet FWL from East or West section line
Latitude: 40.133296 Longitude: -104.693160
PDOP Reading: 1.4 Date of Measurement: 04/10/2018
Instrument Operator's Name: Christopher Guffey

RELATED REMOTE LOCATIONS

(Enter as many Related Locations as necessary. Enter the Form 2A document # only if there is no established COGCC Location ID#)

This proposed Oil and Gas Location is:

LOCATION ID # **FORM 2A DOC #**

Production Facilities Location serves Well(s)

401667378

426111

FACILITIES

Indicate the number of each type of oil and gas facility planned on location

Wells _____	Oil Tanks* _____	Condensate Tanks* 16	Water Tanks* 4	Buried Produced Water Vaults* _____
Drilling Pits _____	Production Pits* _____	Special Purpose Pits _____	Multi-Well Pits* _____	Modular Large Volume Tanks _____
Pump Jacks _____	Separators* 14	Injection Pumps* _____	Cavity Pumps* _____	Gas Compressors* _____
Gas or Diesel Motors* _____	Electric Motors _____	Electric Generators* _____	Fuel Tanks* _____	LACT Unit* 1
Dehydrator Units* _____	Vapor Recovery Unit* 8	VOC Combustor* 10	Flare* _____	Pigging Station* _____

OTHER FACILITIES*

Other Facility Type

Number

<u>Other Facility Type</u>	<u>Number</u>
Sales Gas Scrubber	1
Oil Vapor Knockout	1
Instrument Air Skid	1
Automation Rack	1
Closed Drain Tank	1
Water Vapor Knockout	1
Bulk Treater	1
Buffer Vessel	1
Meter House	1
Chemical Tote and Injection Pumps	1
Vapor Recovery Tower	1
Off spec LP Separator	1

Those facilities indicated by an asterisk () shall be used to determine the distance from the Production Facility to the nearest cultural feature on the Cultural Setbacks Tab.

Per Rule 303.b.(3)C, description of all oil, gas, and/or water pipelines:

Oil, water and gas will flow combined to the facilities pad from the well pad through flowlines (one flowline from each wellhead). The flowlines are 3" FCA3 steel, epoxy coated, welded and pressure tested. They will be buried 4' deep. Gas pipeline will be determined by KMG at a later date.

CONSTRUCTION

Date planned to commence construction: 11/01/2018 Size of disturbed area during construction in acres: 4.00
Estimated date that interim reclamation will begin: 05/01/2019 Size of location after interim reclamation in acres: 4.00
Estimated post-construction ground elevation: 4937

DRILLING PROGRAM

Will a closed loop system be used for drilling fluids: No

Is H₂S anticipated? No

Will salt sections be encountered during drilling: No

Will salt based mud (>15,000 ppm Cl) be used? No

Will oil based drilling fluids be used? No

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: _____ Drilling Fluids Disposal Method: _____

Cutting Disposal: _____ Cuttings Disposal Method: _____

Other Disposal Description:

This is a tank battery only location with no wells and no drilling waste

Beneficial reuse or land application plan submitted? _____

Reuse Facility ID: _____ or Document Number: _____

Centralized E&P Waste Management Facility ID, if applicable: _____

SURFACE & MINERALS & RIGHT TO CONSTRUCT

Name: Melbon Ranch Inc

Phone: _____

Address: 9435 County Road 41

Fax: _____

Address: _____

Email: _____

City: Fort Lupton State: CO Zip: 80202

Surface Owner: Fee State Federal Indian

Check all that apply. The Surface Owner: is the mineral owner

is committed to an oil and Gas Lease

has signed the Oil and Gas Lease

is the applicant

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed from or produced to this Oil and Gas Location: Yes

The right to construct this Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

Date of Rule 306 surface owner consultation 01/29/2018

CURRENT AND FUTURE LAND USE

Current Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP

Non-Crop Land: Rangeland Timber Recreational Other (describe): _____

Subdivided: Industrial Commercial Residential

Future Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
Non-Crop Land: Rangeland Timber Recreational Other (describe):
Subdivided: Industrial Commercial Residential

CULTURAL DISTANCE INFORMATION

Provide the distance to the nearest cultural feature as measured from Wells or Production Facilities onsite.

Table with 2 columns: Feature Name and Distance (Feet). Rows include Building (1008), Building Unit (1020), High Occupancy Building Unit (5280), Designated Outside Activity Area (5280), Public Road (517), Above Ground Utility (1142), Railroad (5280), and Property Line (530).

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well or edge of nearest Production Facility to nearest of each cultural feature as described in Rule 303.b.(3)A.
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.
- For measurement purposes only, Production Facilities should only include those items with an asterisk(*) on the Facilities Tab.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a:

- Buffer Zone
Exception Zone
Urban Mitigation Area

- Buffer Zone - as described in Rule 604.a.(2), within 1,000' of a Building Unit.
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.
- Large UMA Facility - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government:
Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners:

FOR MULTI-WELL PADS AND PRODUCTION FACILITIES WITHIN DESIGNATED SETBACK LOCATIONS ONLY:

- Check this box if this Oil and Gas Location has or will have Production Facilities that serve multiple wells (onl or offsite) and the Production Facilities are proposed to be located less than 1,000 feet from a Building Unit.
By checking this box, I certify that no alternative placements for the Production Facilities, farther from the nearest Building Unit, were available based on the analysis conducted pursuant to Rule 604.c.(2)E.i.

In the space below, explain rationale for siting the multi-well Production Facility(ies) that supports your Rule 604.c.(2)E.i determination. Attach documentation that supports your determination to this Form 2A.

SOIL

List all soil map units that occur within the proposed location. attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to used when segregating topsoil.

The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.org/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: 47 - Olney fine sandy loam, 1 to 3 percent slopes

NRCS Map Unit Name: 70 - Valent sand, 3 to 9 percent slopes

NRCS Map Unit Name: _____

PLANT COMMUNITY:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes No

Plant species from: NRCS or, field observation Date of observation: _____

List individual species:

Check all plant communities that exist in the disturbed area.

- Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
- Native Grassland (Bluestem, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)
- Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)
- Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)
- Mountain Riparian (Cottonwood, Willow, Blue Spruce)
- Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)
- Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)
- Alpine (above timberline)
- Other (describe): _____

WATER RESOURCES

Is this a sensitive area: No Yes

Distance to nearest

downgradient surface water feature: 1129 Feet

water well: 945 Feet

Estimated depth to ground water at Oil and Gas Location 23 Feet

Basis for depth to groundwater and sensitive area determination:

Location is sensitive due to depth to groundwater.
Dept to groundwater taken from water well permit #49608-A. Closest well shows a depth to groundwater of 368'.

Is the location in a riparian area: No Yes

Was an Army Corps of Engineers Section 404 permit filed No Yes If yes attach permit.

Is the location within a Rule 317B Surface Water Supply Area buffer No zone:

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified: _____

Is the Location within a Floodplain? No Yes Floodplain Data Sources Reviewed (check all that apply)

Federal (FEMA)

State

County

Local

Other _____

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

WILDLIFE

This location is included in a Wildlife Mitigation Plan

This location was subject to a pre-consultation meeting with CPW held on _____

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of a Building Unit) and is in an Urban Mitigation Area
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments The original equipment will be consolidated with the new equipment and all the equipment will fit inside the footprint shown on the location drawing. The equipment count listed on the 2A includes everything for all 15 wells that Crestone owns in that vicinity.

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.
Signed: _____ Date: 07/13/2018 Email: erin.lind@crestonepr.com

Print Name: Erin Lind Title: Regulatory Analyst

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 8/31/2018

Conditions Of Approval

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

<u>COA Type</u>	<u>Description</u>

Best Management Practices

No	BMP/COA Type	Description
1	Material Handling and Spill Prevention	<p>1. Integrity testing of flowlines connecting wellheads to the separators: CONSTRUCTION PHASE: The flowlines that Crestone uses are designed/constructed/tested to ASME B31.3/4/8 and API 1104 standards. Only materials with Material Test Reports (MTRs) provided by the pipeline supplier are used in the construction of the flowlines. Construction is tested with 100% x-ray and goes through hydrotest per the applicable B31-code. OPERATIONS PHASE: Pressure testing of the flowlines is conducted on an annual basis. Additionally, Crestone is already in compliance with 1104.i. Continuous Pressure Monitoring Requirements of the 1100 Series Flowline Regulations. Crestone utilizes a series of standard operating procedures to define our flowline integrity testing program.</p> <p>2. Frequency on valve and fitting inspections: Crestone Lease Operators inspect all equipment on their locations at a minimum of once every 48 hours, but most sites are inspected every 24 hours. Valves and fittings inspections are part of the daily job duties of our lease operators. Any valve or fitting that is found to be leaking is either repaired immediately by the lease operator or shut-in procedures are implemented as described below. Additionally, lease operators conduct a documented monthly inspection of the facility and this includes inspection of all valves and fittings.</p> <p>3. Description of Lease Operator Inspections, Monthly Documented Inspections & Environmental Inspections: The Crestone lease operator inspections are done as a routine part of the lease operators job. The lease operator would typically visit each of their assigned locations daily. They conduct a visual inspection of the facility which includes all valves, fittings, wellhead, tanks, vapor control systems and all connections. The lease operator also checks our Cygnet automation system for system pressures and flows. Pressure and flow sensors are placed on multiple points throughout the system and are specifically designed to measure the system for irregularities that would indicate a leak in the system or change in production of oil, water, or gas. The Cygnet system is also set-up with alarms that are triggered by anomalous pressure or flows. Low pressure warnings can activate automatic shut-in of the well and system. The monthly documented inspection is done using an electronic form that is recorded in the EU system. This thorough inspection and documentation requires the lease operator to inspect all aspects of the site and then triggers work orders for any leaks, or housekeeping issues. This inspection would note any leaks of either gas or fluids which triggers an immediate repair or shut-in. The Lease operators also conduct a weekly CDPHE Regulation 7 – Audible, Visual, and Olfactory (AVO) inspection, which focus on the tanks and vapor control system. The Regulation 7 AVO is also a documented inspection. In addition, the sites are inspected with optical gas imaging cameras on a routine schedule, annually for compliance purposes with our Spill Prevention Containment and Countermeasures (SPCC) plan, depending on the status of reclamation the sites are also inspected on either a 14-day, 30-day, annual or rain triggered event in accordance with both the COGCC and the CDPHE Stormwater Management Plans (SWMP).</p> <p>4. Measures for when leaks are discovered: <ul style="list-style-type: none"> • If we suspect a leak we shut in the well and hydrotest the line. If it passes, then the well is brought back onto production. • If there is an actual leak, well is kept shut in while leak is found and fixed. Not until the line has passed hydrotesting, would the well be brought back online. </p>
2	Material Handling and Spill Prevention	All loadlines will be capped for every location in the DJ.
3	Material Handling and Spill Prevention	Well effluent containing more than ten (10) barrels per day of condensate or within two (2) hours after first encountering hydrocarbon gas of salable quality will be directed to a combination of sand traps, separators, surge vessels, and tanks as needed to ensure safe separation of sand, hydrocarbon liquids, water, and gas and to ensure salable products are efficiently recovered for sale or conserved and that non-salable products are disposed of in a safe and environmentally responsible manner.

4	Construction	Crestone utilizes 24" tall corrugated galvanized metal berm walls with a capacity in excess of 150% of the largest tank contained within the wall. In addition, Crestone best practices mandates the use of impervious liners that extends under each storage tank and up the walls, permanently affixed to the top of the metal berm wall. Protrusions of piping that come through the liner include a fully sealed "boot" to prevent leakage.
5	Noise mitigation	The subject location will be constructed to allow potential future noise mitigation installation without disturbance.
6	Emissions mitigation	Flow lines, separators, and sand traps capable of supporting green completions as described in Rule 805 will be installed on subject location at which commercial quantities of gas are reasonably expected to be produced based on existing adjacent wells within 1 mile.
7	Emissions mitigation	Temporary flowback flaring and oxidizing equipment will include: adequately sized equipment to handle 1.5 times the largest flowback volume of gas experienced in a ten mile radius. If there is overrun, Crestone will shut in the well versus freely venting. First sign of salable gas will be turned down the line.
8	Emissions mitigation	When commercial quantities of salable quality gas are achieved at each well, the gas shall be immediately directed to a sales line or shut in and conserved. If a sales line is unavailable or other conditions prevent placing the gas into a sales line, the operator shall not produce the wells without an approved variance per Rule 805.b.(3)C. Salable gas will be from the facility location and the wells will be connected to a third party gas pipeline. Wells will be shut in versus freely venting/flaring.
9	Drilling/Completion Operations	All newly installed or replaced crude oil and condensate storage tanks will be designed, constructed, and maintained in accordance with National Fire Protection Association (NFPA) Code 30 (2008 version). Crestone will maintain written records verifying proper design, construction, and maintenance, and will make these records available for inspection by the Director. In addition, onsite inspections are conducted internally to insure guidelines are met.

Total: 9 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2316411	NRCS MAP UNIT DESC
2316412	CORRESPONDENCE
401667379	FORM 2A SUBMITTED
401668080	WASTE MANAGEMENT PLAN
401668081	NRCS MAP UNIT DESC
401677851	ACCESS ROAD MAP
401677857	LOCATION DRAWING
401677858	LOCATION PICTURES
401700824	HYDROLOGY MAP

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	08/29/2018
OGLA	Operator provided email (attached as correspondence) with full description of changes, NRCS map unit desc for Unit #70 - attached and completions/emissions information regarding sales of gas. Changed sensitive water area from yes to no as depth to ground water is greater than 20 feet and distance to nearest surface water body is over 1,000 feet. Location is not a designated setback location. Add related remote well location 426111 to the north to also be served by this location. OGLA review complete and task passed.	08/13/2018
OGLA	Spoke with Operator on the phone - equipment count on the 2A is existing and new equipment. Operator will provide email with full description.	08/06/2018
OGLA	OGLA review: Request Operator describe what equipment is stay vs replacing - unsure of count and unsure if existing wells at location 426111 will go to new production. No waste program as tank battery only. Water resources should be no to sensitive area, ask Operator if NRCS #70 is part of the disturbed area, check with Operator on BMPs as some are not applicable unless completions for remote well locations will occur at this location.	08/02/2018
Permit	Passed Completeness.	07/18/2018

Total: 5 comment(s)