

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:

401673103

Date Received:

07/12/2018

Oil and Gas Location Assessment

☒ New Location ☐ Refile ☐ Amend Existing Location Location#: _____

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:

457588

Expiration Date:

09/23/2021

☒ 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: Meghan Campbell

Phone: (720) 410 8487

Fax: ()

email: meghan.campbell@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: Lochbuie Land Number: 25H-D166 Pad

County: WELD

QuarterQuarter: NWNW Section: 25 Township: 1N Range: 66W Meridian: 6 Ground Elevation: 5077

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: 948 feet FNL from North or South section line

297 feet FWL from East or West section line

Latitude: 40.026932 Longitude: -104.733900

PDOP Reading: 1.3 Date of Measurement: 04/30/2018

Instrument Operator's Name: Ian Carabajal

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 #

FACILITIES

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

Wells	12	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	2
Pump Jacks		Separators*	12	Injection Pumps*		Cavity Pumps*		Gas Compressors*	
Gas or Diesel Motors*		Electric Motors		Electric Generators*		Fuel Tanks*		LACT Unit*	1
Dehydrator Units*		Vapor Recovery Unit*	7	VOC Combustor*	8	Flare*		Pigging Station*	

OTHER FACILITIES*

Other Facility Type

Number

Off-spec LP Separator	1
Vapor Recovery Tower	1
Water Vapor Knockout	1
Automation Rack	1
Closed Drain Tank	1
Meter House - gas	1
Instrument Air Skid	1
Oil Vapor Knockout	1
Chemical Tote and Injection Pumps	1
Buffer Vessel	1
Bulk Treater	1
Sales Gas Scrubber	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 from the wellheads to the production facilities through flowlines (one flowline from each wellhead). The flowline is 3" FCA3 steel, epoxy coated, welded and pressure tested. It will be buried 4' deep. A gas sales pipeline will be determined by KMG at a later date. Oil and water will be trucked off site.

CONSTRUCTION

Date planned to commence construction: 10/01/2018 Size of disturbed area during construction in acres: 13.40
Estimated date that interim reclamation will begin: 04/01/2019 Size of location after interim reclamation in acres: 3.50
Estimated post-construction ground elevation: 5077

DRILLING PROGRAM

Will a closed loop system be used for drilling fluids: Yes

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? Yes

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Method: Commercial Disposal

Cutting Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

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: Lochbuie Land I LLC

Phone:

Address: 905 W 124th Ave

Fax:

Address: Suite 210

Email:

City: Westminster State: CO Zip: 80234-1716

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 05/15/2018

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.

	From WELL	From PRODUCTION FACILITY
Building:	1245 Feet	1249 Feet
Building Unit:	1245 Feet	1277 Feet
High Occupancy Building Unit:	5280 Feet	5280 Feet
Designated Outside Activity Area:	5280 Feet	5280 Feet
Public Road:	880 Feet	822 Feet
Above Ground Utility:	281 Feet	228 Feet
Railroad:	5280 Feet	5280 Feet
Property Line:	297 Feet	410 Feet

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

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: _____

- 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.

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 (on or offsite) and the Production Facilities are proposed to be located less than 1,000 feet from a Building Unit. *(Pursuant to Rule 604.c.(2)E.i., the operator must evaluate alternative locations for the Production Facilities that are farther from the Building Unit, and determine whether those alternative locations were technically feasible and economically practicable for the same proposed development.)*
- ☐ 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 be 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: 70 - Valent sand, 3 to 9 percent slopes

NRCS Map Unit Name: 72 - Vona loamy sand, 0 to 3 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: 04/30/2018

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: 866 Feet

water well: 926 Feet

Estimated depth to ground water at Oil and Gas Location 20 Feet

Basis for depth to groundwater and sensitive area determination:

Location is not sensitive due to adequate distance from surface water and depth to groundwater. Nearest domestic well 926 feet from location. Depth to groundwater taken from water well permit #123043 is 392'. Nearby well, permit #0048211 has a static water level of 141'. Monitoring well permit 308755 approximately 754 feet to the east of the location has a total depth of 20 feet.

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

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: _____ Date: 07/12/2018 Email: toby.sachen@crestonepr.com

Print Name: Toby Sachen Title: Contractor

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: 9/24/2018

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.

COA Type**Description**

	The Approved Form 2A permit will be posted at the location during construction, drilling, and completions operations.
--	---

Best Management Practices**No BMP/COA Type****Description**

1	General Housekeeping	Flammable liquids shall not be stored within fifty (50) feet of the wellbore, except for the fuel in the tanks of operating equipment or supply for injections pumps. Where terrain and location configuration do not permit maintaining this distance, equivalent safety measures should be taken.
2	Storm Water/Erosion Control	Crestone will comply with COGCC Rule 1002.f.(2). by utilizing BMPs at the oil and gas location to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, site degradation and protects surface waters. Examples of engineering controls that could be used when needed are: Surface roughening Silt fence Erosion control blanket Temporary slope drain Temporary outlet protection Sediment control log Vehicle tracking control Sediment trap Stabilized staging area

3	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</p> <p>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: • 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>	
4	Dust control	Crestone Peak Resources places road base, rock and recycled asphalt to assist with dust abatement. During construction, drilling, completions and reclamations phases, Crestone monitors each site and if needed we will run water trucks.	
5	Construction	Crestone will comply with the "COGCC Policy on the Use of Modular Large Volume Tanks in Colorado" dated June 13, 2014. Crestone certifies that the MLVTs on this location will be designed and implemented consistent with the COGCC Policy on the use of MLVTs in the state of Colorado.	

6	Noise mitigation	Crestone will perform a baseline noise survey prior to any operational activity measuring dBA at a distance 350 feet from the noise source or sound levels will be measured at a point twenty-five (25) feet from the structure towards the noise source. In situations where measurement of noise levels at three hundred and fifty (350) feet is impractical or unrepresentative due to topography, the measurement may be taken at a lesser distance and extrapolated to a 350-foot equivalent using the formula stated in Rule 802 of the State of Colorado Oil and Gas Conservation Commission. As necessary, based on the survey, Crestone will install temporary sound walls to minimize noise and light impacts during drilling and completions and will install permanent noise mitigation at the facility location as necessary to meet all COGCC regulations.
7	Odor mitigation	Crestone operations will be in compliance with the Department of Public Health and Environment, Air Quality Control Commission, Regulation No. 2 Odor Emission, 5 C.C.R. 1001-4, Regulation No. 3 (5 C.C.R. 1001-5), and Regulation No. 7 Section XVII.B.1 (a-c) and Section XII. Where possible, drilling rig and completion equipment engine exhaust will be directed away from occupied buildings to assist in mitigating potential odors. As necessary, Crestone may utilize chemical additives during drilling operations to mitigate odor impacts. Sealed tanks with pressure relief valves and emissions controls will be utilized for the production facilities.
8	Drilling/Completion Operations	Green Completions -Test separators and associated flow lines, sand traps and emission control systems shall be installed on-site to accommodate green completions techniques. 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.

Total: 8 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2316423	WASTE MANAGEMENT PLAN
2316430	LOCATION DRAWING
401673103	FORM 2A SUBMITTED
401673166	NRCS MAP UNIT DESC
401673168	NRCS MAP UNIT DESC
401673543	LOCATION PICTURES
401673544	REFERENCE AREA MAP
401673545	REFERENCE AREA PICTURES
401688508	ACCESS ROAD MAP
401688512	MULTI-WELL PLAN
401691452	HYDROLOGY MAP

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	09/17/2018
Permit	Per operator, slight correction to distance from well to nearest property line (from 298' to 297') to reflect data submitted on Form 2s.	09/17/2018
OGLA	Operator confirmed distance from equipment to building and building unit are correct. Updated distance from equipment to road from 838 feet to 822 feet. Added 2 MLVTs to facilities. Location is not in a designated setback location. OGLA review complete and task passed.	09/10/2018
Permit	Operator responded via email - replaced waste management plan, monitoring wells to the east were drilled in March 2018 and new to the map. Updated depth to water for monitoring wells with a depth of 20 feet approximately 750 feet southeast of the location, added 2 MLVT to facility list. Waiting on confirmation of cultural distances.	08/30/2018
OGLA	OGLA review: No MLVTs listed under facility list but on drawing and BMP section, check on the distance of production to building and building unit, check on distance to public road, monitoring wells to the east have a total depth between 20 and 25 feet – shallow groundwater is most likely approximately 20 feet below ground surface – does not change sensitive area, Waste Management plan does not address how cuttings and fluids will meet 900-series rules and has a different location listed at the top. Send email to the Operator.	08/24/2018
OGLA	LGD requested a 10-day public comment extension - extended from 8/9/2018 to 8/19/2018 for public comment.	08/09/2018
Permit	Passed Completeness.	07/20/2018

Total: 7 comment(s)