

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:

401732132

Date Received:

10/12/2018

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:

Expiration Date:

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: 10689
 Name: INCLINE OPERATING LLC
 Address: 5019 N CENTRAL EXPRESSWAY SUITE B
 City: DALLAS State: TX Zip: 80631

Contact Information

Name: Julie Friday
 Phone: (720) 534 0834
 Fax: ()
 email: julie@inclineresources.com

FINANCIAL ASSURANCE

- Plugging and Abandonment Bond Surety ID (Rule 706): 20180028 Gas Facility Surety ID (Rule 711): _____
- Waste Management Surety ID (Rule 704): _____

LOCATION IDENTIFICATION

Name: Hungenberg Number: Pad
 County: WELD
 Quarter: SESE Section: 27 Township: 6N Range: 65W Meridian: 6 Ground Elevation: 4693

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: 1030 feet FSL from North or South section line
283 feet FEL from East or West section line

Latitude: 40.452490 Longitude: -104.640825

PDOP Reading: 1.4 Date of Measurement: 07/02/2018

Instrument Operator's Name: Ryan Desmond

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: Hungenberg UH Farms LLLP Phone:

Address: 976 N Balsam Fax:

Address: Email:

City: Greeley State: CO Zip: 80631-9533

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: No

The right to construct this Oil and Gas Location is granted by: Surface Use Agreement

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

Date of Rule 306 surface owner consultation 06/22/2018

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:	510 Feet	498 Feet
Building Unit:	548 Feet	584 Feet
High Occupancy Building Unit:	5280 Feet	5280 Feet
Designated Outside Activity Area:	5280 Feet	5280 Feet
Public Road:	271 Feet	92 Feet
Above Ground Utility:	243 Feet	64 Feet
Railroad:	5280 Feet	5280 Feet
Property Line:	271 Feet	104 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: 08/15/2018

- 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.

Operator designed the Hungenberg Production Facility to be a safe distance from neighboring houses and buildings, clear of the 100 year flood plain and located efficiently for regular maintenance and access. Operator agreed upon an oil and gas operations area per the landowner/operator Surface Use Agreement pertaining to these horizontal wells. Where possible, consolidation of existing facilities has been attempted to keep the disturbed area to a minimum. Operator feels this production facility location is the best option given the property boundaries, utility easements and current COGCC setbacks.

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: 51 - Otero sandy loam, 1 to 3 percent slopes

NRCS Map Unit Name: _____

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: 14 Feet

water well: 608 Feet

Estimated depth to ground water at Oil and Gas Location 15 Feet

Basis for depth to groundwater and sensitive area determination:

Location is sensitive due to proximity to ditch and shallow depth to groundwater.
Depth to groundwater taken from water well permit #2378.

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 _____

Operator Proposed Wildlife BMPs

No BMP

CPW Proposed Wildlife BMPs

No BMP

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: 10/12/2018 Email: regulatory@ascentgeomatics.com

Print Name: Justin Garrett 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: _____

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
Rejected	<p>REJECTED - As part of the review of this Form 2A Oil & Gas Location Assessment, it was determined that four attachments need revising/correcting. They are as follows:</p> <ul style="list-style-type: none"> * Pre-application Notification Certification - The letter references Rule 318A.a. - Exception Location Requests. It should reference Rule 305.a.(2) * Waste Management Plan - It indicates water based fluids and cuttings will be disposed of at COGCC approved land farms and land application sites. If this is the case, which land farms/land application sites. However, the Form 2A indicates they will be disposed of at a Commercial Disposal facility. Also, the Form 2A indicates oil based muds will not be used, but the Odor mitigation BMP discusses controlling odors from oil based muds. * Facility Layout Drawing does not show all of the production facilities listed in the Facilities section of the Form 2A. Also, the drawing shows some boxes labelled as Misc Facility. These need to be better labelled as to what they area. * Location Drawing - We have received a Public Comment from Jessie and Jamie Silva (the nearest Building Unit owner) indicating that the upstairs portion of their detached garage is a mother-in-law suite. This would make it a Building Unit and the closest Building Unit. The Location Drawing and Cultural Setback Distance section should be revised to reflect this. <p>Additionally, as this proposed location is in a Buffer Zone, the following 604.c.(2) mitigation measure BMPs need to be included on this Form 2A but were not.</p> <ul style="list-style-type: none"> B. Closed Loop Drilling System - Pit Restrictions C. Green Completions - Emission Control Systems E. Multi-well Pads F. Leak Detection Plan G. Berm Construction L. Drill stem tests T. Well site cleared U. Identification of plugged and abandoned wells V. Development from existing well pads <p>Please make these revisions/corrections and resubmit the Form 2A.</p>

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	604.c.(2)J.ii Backup stabbing valves will be required on well servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using both low-pressure air and high-pressure fluid.
2	Planning	604.c.(2)N. Control of fire hazards: All material that is considered a fire hazard shall be a minimum of 25' from the wellhead tanks or separators. Electrical equipment shall comply with API IRP 500 and will comply with the current national electrical code.
3	Traffic control	Access Roads: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. Weld County doesn't require a traffic control plan or a traffic study for drilling operations. An access permit will be obtained from Weld County prior to construction.
4	General Housekeeping	Housekeeping will consist of neat and orderly storage of materials and fluids. Wastes will be temporarily stored in sealed containers and regularly collected and disposed of at offsite, suitable facilities. If spills occur prompt cleanup is required to minimize any commingling of waste materials with stormwater runoff. Routine maintenance will be limited to fueling and lubrication of equipment. Drip pans will be used during routine fueling and maintenance to contain spills or leaks. Any waste product from maintenance will be containerized and transported offsite for disposal or recycling. There will be no major equipment overhauls conducted onsite. Equipment will be transported offsite for major overhauls. Cleanup of trash and discarded materials will be conducted at the end of each work day. Cleanup will consist of patrolling the roadway, access areas, and other work areas to pickup trash, scrap debris, other discarded materials, and any contaminated soil. These materials will be disposed of properly.

5	Storm Water/Erosion Control	Storm Water Management Plan (SWMP) will be in place to address construction, drilling and operations associated with oil and gas development through the state of Colorado in accordance with CDPHE General Permit Rules. BMP's will vary according to location and will remain in place until the pad reaches final reclamation.
6	Material Handling and Spill Prevention	604.c.(2)R Tank Specifications: Tanks will be designed, constructed and maintained in accordance with NFPA Code 30 (2008 version). All tanks are visually inspected by the operator weekly at a minimum to a maximum of daily and annual SPCC inspections will be conducted and documented. Inspection and record retention of tank inspections will be in accordance per SPCC regulation. All records will be made available to the COGCC upon request. Operator shall comply with state and federal laws, rules and regulations governing the presence of any petroleum products, toxic or hazardous chemicals or wastes on the Subject lands.
7	Material Handling and Spill Prevention	Spill prevention control and countermeasure plan is in place to address construction, drilling and operations associated with oil and gas development throughout the state of Colorado in accordance with CFR 112.
8	Dust control	805.c. Operator shall employ practices for control of fugitive dust caused by their operations. Such practices shall include but are not limited to the use of speed restrictions, regular road maintenance, restriction of construction activity during high wind days, and silica dust controls when handling sand used in hydraulic fracturing operations. Additional management practices such as road surfacing, wind breaks and barriers may be used.
9	Construction	803. Light sources during all phases of operations will be directed downwards and away from occupied structures where possible. Permanent lighting shall be mounted at compressor stations on a pole or building and directed downward to illuminate key areas within the facility, while minimizing the amount of light projected outside the facility.
10	Construction	Guy line anchors: All guy line anchors shall be brightly marked pursuant to Rule 604.c.(2)Q.
11	Construction	604.c.(2).K. Pit level Indicators will not be used on location.
12	Construction	604.c.(2)M. Fencing: A meeting with the surface owner will determine a fencing plan. The location will be adequately fenced to restrict access by unauthorized persons.
13	Construction	604.c.(2).O. All oil and water loadouts that are commonly used have a load bucket and isolation valve. Since they are used often, there is not a bull plug installed. Any loadouts (water on back of tanks for example) that are rarely used, are bull plugged without a load bucket.
14	Construction	Rule 603.h.(2)B. Tanks, including partially buried tanks, and separation equipment must be anchored to the ground. Anchors must be engineered to support the Tank and separation equipment and to resist flotation, collapse, lateral movement, or subsidence.
15	Noise mitigation	Sound walls and/or hay bales may be used to shield sensitive areas during drilling operations should noise be of concern to Building Unit owner(s). Additional Sound mitigation measures will be considered and implemented pursuant to third party recommendations.
16	Odor mitigation	805. Oil & gas facilities and equipment shall be operated in such a manner that odors do not constitute a nuisance or hazard to public welfare. Operator will utilize advanced oil based mud systems which target the reduction of aromatics.
17	Interim Reclamation	Operator shall be responsible for segregating the topsoil, backfilling, re-compacting, reseeding, and re-contouring the surface of any disturbed area so as not to interfere with Owner's operations and shall reclaim such area to be returned to pre-existing conditions as best as possible with control of all noxious weeds.

Total: 17 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401732132	FORM 2A SUBMITTED
401737409	ACCESS ROAD MAP
401737411	FACILITY LAYOUT DRAWING
401737412	HYDROLOGY MAP
401737413	LOCATION DRAWING
401737414	LOCATION PICTURES
401737416	MULTI-WELL PLAN
401737418	NRCS MAP UNIT DESC
401737471	WASTE MANAGEMENT PLAN
401737472	SURFACE AGRMT/SURETY
401793606	PRE-APPLICATION NOTIFICATION CERTIFICATION

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	<p>The following Public Comment was emailed to the COGCC on November 12, 2018.</p> <p>Dear COGCC,</p> <p>We are writing today to ask the COGCC to hold a new operator in the DJ basin (Incline Operating, LLC) to standards that have already been accepted by other operators in the basin for well located in a buffer zone. To date Incline only operates a single vertical well and has not drilled, completed, or produced a horizontal well in the DJ basin. We believe it is important to make sure that new operators to the basin live up to expectations already established.</p> <p>We live at 21873 WCR 64, Greeley CO, 80631. Our house is located ~540' from the proposed wells and we will be the most impacted by these proposed operations. The house across the street is a rental and we doubt they will comment. Growing up in Weld county we are familiar with oil and gas operations but not as familiar with the permitting process. Please accept these comments as we missed the opportunity during the pre-application process.</p> <p>Site selection is key to the future of oil and gas development, and from the notification zone drawing it appears as though the Hungenberg pad has been located as close to homes as possible without regard for the COGCC rule of 604.c.(2)E.i. where Multi-well production facilities SHALL be located as far as possible from Building Units. It is obvious that the farmland to the North was given higher value than the proximity to our home. Or perhaps the industrial land to the east would be much better suited from a land use perspective? The siting rational for this location seems weak, at the WOGLA consultation Incline committed to looking into alternative sites. Please have this additional work included in the siting rational.</p> <p>Additional Requests: Our Mother-in-law suite on top of the garage is located 540' from the proposed wells. Currently this is identified as a building and not a building unit. Can the Notification Drawing be revised along with the cultural distances in the 2a to reflect this information? Please see attached notification zone drawing edits, it also appears there may be some mistakes in the measured distances. An oil terminal is located in the adjacent property, and we ask the an Oil Pipeline be added as a COA for dust, traffic, and noise ~600' to the North East LACT is already noted on Site Layout for an oil pipeline connect Salt water disposal wells are located nearby and we ask that a water pipeline be added as a COA for dust, traffic, and noise NGL C4 and C4A SWD is located ~3700' East EWS 2~ SWD is located ~6300' South East</p>	11/28/2018

Access for location will be from WCR 45, per SUA and Notification Zone drawing
 4 VOC combustors are identified on the 2a but only 2 are shown on the Site Layout Drawing?
 Assume this combustor will not be located in a manner that would be closer than the cultural distances identified?
 No maintenance tank is identified on the Site Layout drawing
 Assume this tank will not be located in a manner that would be closer than the cultural distances identified?

Standards to live up to:
 Please note a more complete list of BMP's. As a new operator to the basin, an never drilled or operated a horizontal well, we feel that it would be prudent to make sure shortcuts are not taken out of ignorance.

Facilities: to ensure longevity of flowlines we request fusion bonded steel pipe and have proper cathodic protection throughout the run. All welds on these are 100% x-ray and hydro tested to the API and Manufactures specs for a class 1500 series flange.

Note Oil Based Drilling muds will not be used under the drilling program on page 2, and then a BMP #16 states utilizing an advanced oil based mud? Seems confusing.

With all these changes/error in identification of building units, cultural distances, and the location appearing to be located as close as possible to homes, would it be beneficial to reject these permits so this new operator can get it right from the beginning?

Additional BMP Request: (typical buffer zone BMP/COA)

6 Traffic control 604.c.(2)S. Access Roads: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. Traffic will be routed to minimize local interruption. During construction and through the life of this location, Operator will utilize recycled asphalt. Additionally, the access road will be constructed with aggregate road base material and vehicle speeds will be limited to ten miles per hour to reduce dust.

Low profile tanks for fluid storage
 Light sources will be directed downwards
 Sound Wall along Southern edge of property and ~20' from corner to mitigate sound

604.c.(2).G. Berm construction. Tank berms shall be constructed of steel rings with a synthetic or engineered liner and designed to contain 150% of the capacity of the largest tank. All berms will be visually checked weekly at a minimum to a maximum of daily to ensure proper working condition. Secondary containment devices shall be sufficiently impervious to contain any spilled or released material. No potential ignition sources shall be installed inside the secondary containment area unless the containment area encloses a fired vessel.

604.c.(3)B. Berm Construction. Tank berms shall be constructed of steel rings with a synthetic or engineered liner and designed to contain 150% of the capacity of the largest tank. Metal containment rings will be placed around the separators. All berms will be visually checked weekly at a minimum to a maximum of daily to ensure proper working condition. Secondary containment devices shall be sufficiently impervious to contain any spilled or released material. Tertiary containment, such as an earthen berm, will be installed around production facilities. All berms will be visually checked daily to ensure proper working condition. Inspection and record retention of berm inspections will be in accordance per SPCC regulation. All records will be made available to the COGCC upon request. Operator will bring a new or expand existing gas sales lines, in a timely manner, to send salable quality gas immediately down the sales line. Operator will ensure the connect is in place to take gas downline immediately.

604.c.(2)C.i. Green Completions - Emission Control System. Test separators and associated flow lines and sand traps shall be installed on-site to accommodate green completions techniques pursuant to COGCC Rules.
 Tanks will be filled using a local water source through temporary waterlines. No water will be trucked to location.

Kindest Regards
 Jesse and Jamie Silva
 Jesse and Jamie Silva

	305.d.(1)A. The new comment period end date is 11/28/2018.	
Permit	Passed Completeness	10/29/2018
OGLA	Passed Buffer Zone completeness review. Address leak detection plan, green completions BMP, noise mitigation BMP, and loadline bull plug BMP during technical review.	10/29/2018
Permit	Referred to OGLA supervisor for buffer zone review	10/15/2018

Total: 5 comment(s)

Public Comments

No public comments were received on this application during the comment period.