



# NueVida Resources, LLC's Operations Safety Management Program

CHANGE MANAGEMENT (CMP) & PRE-STARTUP SAFETY REVIEW (PSSR)

COGCC Rules 304.c.(7). & 602.d.

for the

**Ardourel 33081718 #3HL & #4HU**

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## 1 Introduction

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NueVida Resources, LLC (NueVida) is providing this Operations Safety Management Plan to the Colorado Oil and Gas Conservation Commission (COGCC), La Plata County Planning Department, La Plata County Emergency Management Office and LaPlata Fire District (collectively LPC) in compliance with requirements under COGCC Rules 304.c(7) and 602.d.

NueVida proposes to develop the Ardourel 33081718 #3HL & #4HU (Project), a natural gas extraction, and transportation system within 34.51 acres of total disturbance. NueVida plans to initially drill two (2) test wells into the Mancos Formation utilizing horizontal drilling technologies on its leasehold within La Plata County, Colorado. Based on results of the initial wells, an additional six (6) wells may be drilled on the well pad for a total of eight (8) wells. To accommodate these wells, NueVida is proposing a multi-well gas location (well pad), access roads, pipeline, tank pad Temporary Use Area (TUA), and temporary pump pad on private land owned by the Ardourel Trust. The purpose of the wells will be to extract, separate, dehydrate, and transport natural gas from the wells to an above ground header system where three different gathering companies in the area have the ability to transport the gas for additional offsite treatment and processing for gas sales. The Project will also include a tank pad TUA and a temporary pump pad for pre-productions operations. When fully operational, the well pad location will include eight-inch inlet and outlet pipelines, two (2) 400-barrel steel water tanks, two (2) 2-phase vertical indirect heated vessels, one (1) small vertical fuel gas separator, one (1) dehydrator skid, and one enclosed combustor. The tank pad TUA would have approximately fifteen (15) 40,000 barrel tanks and four (4) 20,000 barrel tanks. Access to the Project would be from County Road 318 to an existing graveled access road that is currently utilized by a different operator. From the existing graded access road, two separate access roads will connect with the tank pad TUA, and two separate access roads will connect to the well pad from the existing access road to accommodate for pass through traffic on both pads. Construction of the well pad and tank pad TUA and installation of the water storage tanks will take approximately 58 days to complete. Drilling operations will take approximately 40 days to complete for the two wells. The drilling rig will then be removed, and a two-week period will begin for preparation to complete the wells. Completion operations for both wells will take approximately 30 days to complete. After completion, the tanks on the tank pad TUA will be removed, however, the produced water pad would remain in place while testing of the wells occurs to determine if additional wells may be drilled in subsequent years. The tanks pad TUA will be seeded with use of tackifiers and/or erosion blankets after removal of the tanks to stabilize the soils for potential erosion.

The location for this proposed Project has been selected to meet a variety of technical and logistical needs. Key among these is an acceptable location between the field from which the gas is coming and the plant to which it is being delivered. This Project would be located near Ignacio, Colorado on Parcel Number 595318300056 and will be accessed from County Road 318, Ignacio, CO. The legal location for the project is the W/2 SW/4 of Section 18, Township 33 North, Range 8 West, N.M.P.M. This proposed location is currently occupied by sagebrush vegetation with sparse pinion pine and juniper trees scattered throughout. It is zoned for agricultural use. The location abuts other private properties on all sides and County Road 318 on the southern border.

## 2 Project Description

The 34.51 acres of disturbance is comprised of 29.61 acres of area of disturbance, 4.31 acres of pipeline ROW, and 0.59 acre of existing graveled and two-track roads. The 29.61-acre area of disturbance would include a 6.54-acre level pad area for the well facilities and an additional 14.34-acre leveled pad for the tank pad TUA, 0.09 acre of new access roads, 0.42-acre temporary pump pad, 2.73 acres for TUA topsoil storage, and 5.09 acres of area that could be utilized for storm water management areas. The total 4.41 acres of pipelines will be both within the area of disturbance (0.10 acre) and on 4.31 acres of right-of-way (ROW) outside of the area of disturbance. The associated cut and fill slopes, additional room to implement necessary mitigations and Best Management Practices (BMP), soil storage, and a tank pad TUA are included in the overall surface disturbance. There is an existing graveled and two-track access road that totals 0.59 acre of disturbance. The well pad and all access roads will be graveled and maintained for the pre-production phases of the Project. After drilling and completion phases are finalized, the tank pad TUA, its associated access roads, and a portion of the well pad will be fully reclaimed (approximately 25.31 acres) for the production phase of the Project. Approximately 2.90 acres of the well pad will be leveled and reseeded only, leaving a total of 1.40 acres of long-term disturbance to remain as a graveled surface on the well pad and its associated access roads. The existing access road does provide access to an existing well pad location and will continue to be utilized by both NueVida and the existing well pad operator for the life of both wells.

Wildlife species, especially mule deer, do have High Priority Habitat (HPH) within the disturbance area of the Project (see Attachment 1). This HPH is considered Mule Deer Severe Winter Range and typically operators are requested to restrict new construction or development activities during the winter closure period of December 1 through April 30. NueVida would not perform any pre-production construction or drilling operations during the closure period.

## 3 Change Management Program (CMP)

### 3.1 PURPOSE

The purpose of the Change Management Program is to establish the process by which changes to equipment and operational procedures are documented for an Oil and Gas Facility. The process by which changes are made to equipment and operational procedures is critical to the safe and effective operation of the facility, worker safety and minimize impacts to the public health, safety, welfare, the environment and wildlife resources.

### 3.2 RESPONSIBILITIES

A change review will be administered by personnel in the Operations and/or Engineering Functions with assistance from Safety Personnel and will address the items outlined in the COGCC regulations. A change review will be conducted on any proposed new equipment or any proposed significant modifications to existing equipment as applicable in the regulations.

- Engineers, Foreman, Field Supervisors and Lead Pumpers (NueVida employees or contract personnel) are responsible for identifying when there is a need to initiate a CCR process.
- EHS representatives and other specialists are responsible for assisting the operations group with the CCR and PSSR process.

### 3.3 CMP PROGRAM

This change management program is in place to assure that the following items have been adequately addressed prior to the installation of new equipment or any significant modifications to existing equipment (*refer to CCR form 1 & CCR procedure*).

1. The technical basis for the proposed change.
2. The required modifications to operating procedures.
3. Document if change is permanent or temporary.
  - If temporary, estimated time of service of equipment and/or process.
4. The potential impacts to Public Health, Safety, Welfare and the Environment for both implementing or not implementing the change:
  - The potential impacts on employee health and safety.
  - The potential impacts on the environment (i.e. Spill Prevention, Stormwater, Air Emissions, etc).
5. Approval of changes will require a Field Supervisor or Manager signature.

### 3.4 IMPLEMENTATION

A change review meeting will be conducted to thoroughly review any proposed changes to ensure that all the equipment is properly designed prior to construction and/or installation. The meeting participants may include, but not limited to Operations, Engineering, Environmental Health & Safety Personnel as well as Equipment Specialists.

In addition, a Pre-Startup Safety Review (PSSR) will be conducted prior to the implementation of any new and/or modified equipment (*refer to sections 4.1 through 4.4*).

All changes will be reviewed, documented and approved by the appropriate personnel prior to installation and operation of the equipment and/or execution of changes to operational procedures.

### 3.5 DOCUMENTATION AND RECORDS RETENTION

*Documentation of the changes will include the following items:*

1. Date of Meeting.
2. Attendees.
3. Purpose of Meeting.
4. Description of Equipment and/or Procedural Change.
5. Evaluation of Impacts to Employee Safety.
6. Evaluation of Potential Impacts to Public Health, Safety, Welfare, Environment and Wildlife.
7. Supporting documents such as part invoices, work invoices, operating manuals, etc.

*Records Retention and access are as follows:*

CCR documents will be updated and retained as follows:

1. All documents will be kept at NueVida's Regional Office located in Aztec, NM.
2. Documents will be kept for a period of time for no less than five years.
3. Access to the documents can be provided within 10 working days of request.
4. Records will be updated within four (4) weeks after any implementation of a new installation, change of equipment and/or change of procedures.

## 4 Pre-Startup Safety Review (PSSR)

### 4.1 PURPOSE

The purpose of the Pre-Startup Safety Review (PSSR) is to ensure that a safety and technical review is conducted prior to the startup of any new or modified equipment and/or implementing any new operational procedure at an Oil and Gas Facility. The PSSR process is critical to the safe and effective operation of the facility, worker safety and minimize impacts to the public health, safety, welfare, the environment and wildlife resources.

### 4.2 RESPONSIBILITIES

A PSSR will be administered by personnel in the Operations and/or Engineering Functions with assistance from HSE Personnel and will address the items outlined in the COGCC regulations. A PSSR will be conducted on any proposed new equipment or any proposed significant modifications to existing equipment as applicable in the regulations.

- Engineers, Foreman, Field Supervisors and Lead Pumpers (NueVida employees or contract personnel) are responsible for implementing the PSSR process.
- EHS representatives and other specialists are responsible for assisting the operations group with the PSSR process.

### 4.3 PSSR PROGRAM

The objective of the PSSR program is to assure that the following items have been adequately addressed and are in place to start-up of any new or significantly modified facility and/or process:

1. Installation of equipment and any modifications are in accordance with the design specifications and applicable regulatory codes.
2. The necessary safety, operating, maintenance and emergency procedures are in place.
3. All safety and operations recommendations have been addressed and the actions necessary for startup have been completed.
4. The training of each employee and/or contractor involved in the operations process has been completed.
5. Approval of installation & startup will require a Field Supervisor or Manager signature.

#### 4.4 IMPLEMENTATION

A walk-through inspection of newly installed or significantly modified equipment will be conducted prior to flowing fluids (i.e. natural gas, oil, condensate, water) through the equipment. The inspection will be completed by a team of qualified personnel (includes Equipment Specialists) designated by the Facility Supervisor or Manager. The intent of the inspection is to ensure that all equipment is properly installed and all safety equipment is operational prior to startup.

Prior to startup, equipment will be inspected and tested. Examples of processes and analysis include but are not limited to (refer to Form 2):

- Construction New Location Checklist
- New Well Turn-On Checklist
- Job Hazard Analysis
- Standard Operating Procedures
- Surface Maintenance Post Project Completion Check List

All processes/reviews will be documented and approved by the appropriate personnel prior to installation and startup of the equipment and/or execution of changes to operational procedures.

#### 4.5 DOCUMENTATION AND RECORDS RETENTION

*Documentation of the PSSR review will include the following items:*

1. Date of Review.
2. Attendees.
3. Purpose of Review.
4. Description of Equipment and/or Procedural Change.
5. Evaluation of Impacts to Employee Safety.
6. Evaluation of Potential Impacts to Public Health, Safety, Welfare, Environment and Wildlife.
7. Supporting documents such as part invoices, work invoices, operating manuals, etc.

*Records Retention and access are as follows:*

PSSR documents will be updated and retained as follows:

1. All documents will be kept at NueVida's Regional Office located in Aztec, NM.
2. Documents will be kept for a period of time for no less than five years.
3. Access to the documents can be provided within 10 working days of request.
4. Records will be updated within four (4) weeks after any implementation of a new installation, change of equipment and/or change of procedures.

## 5 GENERAL SAFETY GUIDELINES

*NueVida has written safety procedures for third party contractors and employees that cover the following topics:*

- HSE Management System & Safety Policy
- Emergency Response Plan
- Alcohol, Drugs & Firearms
- Fire Prevention & Smoking
- First Aid & CPR
- HazCom/Confined Space Awareness
- HAZWOPER Awareness Level 1 &2
- Electric Awareness, Lockout/Tagout Procedures
- Personal Protective Equipment (PPE) requirements
- Spill Prevention & Control Plan (SPCC)
- Stormwater Management Prevention Plan (SWMPP)

*NueVida requires everyone on location observe the following in relation to Environment, Health and Safety (EHS):*

- All personnel must comply with safety and environmental rules and regulations established by local, state and federal regulations and established best practices.
- Any personnel have the right and obligation to Stop Work to ensure the safety of all personnel and protection of the environment.
- Posted speed limits on NueVida location(s) must be observed.
- Standard personal protective equipment (PPE) must be worn during all drilling, completion and production operations on any NueVida locations.
- Smoking is prohibited on any NueVida locations.
- Firearms are prohibited on any NueVida locations.
- Interacting with wildlife is prohibited on any NueVida locations.
- Ensure proper secondary containment is in place for all required liquid containers.

Note that this list is a general list of safety procedures and rules that apply to all NueVida locations/facilities and is not intended to be exhaustive. NueVida requires that each contractor to have their own specific HSE management system pertinent to their business activities.



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## OPERATIONS SAFETY MANAGEMENT PROGRAM

PROJECT Critical Change Request Form (CCR) -Form 1					
Location Description:				Date:	
Project /Location Name:					
Proposed Implementation date:			Proposed Completion Date:		
Detailed Change Description (attach support info as needed):					
Reason for Change:					
ANTICIPATED CHANGE IMPACTS & CCR REVIEW: (attach supporting documents)					
Activity-Reviews	Applicable		Person Responsible	Completed	
	Yes	No		Initials	Date
Environmental/Health/Safety					
Process/Mechanical					
Electrical/Automation					
Field Operations & Production					
Pre-Start-up Safety					
Notification/Training					
SUMMARY					
Type of Change	Description			Initials	Date
Temporary	Returned to Original Condition				
	Made Permanent				
	Extended To				
Permanent	Completed and Operating				
All	Cancelled				
	After Start-up Action Items Completed				
Action Items and Documentation Complete (Sign and Date):					
Company Representative:			Contract Equipment Representative (if needed):		
Date:			Date:		

## CRITICAL CHANGE REQUEST PROCEDURE (FORM 1)

### OBJECTIVE:

Evaluate and manage changes in operational procedures and/or facilities to ensure that safety and environmental risks remain at an acceptable level and the results of changes do not violate compliance with regulations.

### PROCEDURE:

- Change in design, process or procedure must be identified.
  - a. Equipment replacement with different type and/or model
  - b. Change in process flow path
  - c. Piping reconfiguration
- Initiate CCR change form.
- CCR review to include:
  - a. Environmental
  - b. Production/Field Operations
  - c. Electrical/Automation
  - d. Engineering
- Attach any pertinent procedures, drawings or written information when changes are made.
- Where required, Proper safety, health, technical and regulatory checklists are completed.
- Sign off on CCR by appropriate supervisor/manager.
- Implement Change.
- Complete documentation and file.

### RECORD KEEPING & VERIFICATION:

- Internal & External Audits
- All incidents associated with CCRs
- Number of CCRs

INSPECTION	Date	Yes	No	COMMENTS
<b>WELLHEAD</b>				
Valve Alignment				
Pressure Test				
Piping X-Ray				
Other (list specifics)				
<b>SEPARATORS</b>				
Valve Alignment				
Pressure Relief Valves				
Pressure Test (associated piping)				
Dump Valves				
Back-pressure Regulators				
Guages				
Automation				
EFM's				
Burner				
Other (manufacturer checklist)				
<b>DEHYDRATORS</b>				
Valve Alignment				
Pressure Relief Valves				
Pressure Test (associated piping)				
Back-Pressure Regulators				
Guages				
Automation				
Burner (Regenerator)				
Recycle Pumps				
Other (manufacturer checklist)				
<b>PRODUCTION TANKS</b>				
Pressure Relief Valves				
Proper Labels on Tanks				
Equalizer lines installed				
Correct Labelling (stickers) on tanks				
Proper Gaskets installed				
Other (list specifics)				



INSPECTION	Date	Yes	No	COMMENTS
<b>COMBUSTER</b>				
Valve Alignment				
Pressure Relief Valves				
Pressure Test (associated piping)				
Back-pressure Regulators				
Guages				
Automation				
EFM's				
Burner				
Other (manufacturer checklist)				
<b>ELECTRICAL</b>				
Power Company Line Drop (LPEA)				
County Inspection and Approval (LPC)				
County Final Approval (LPC)				
Other (list specifics)				
<b>UNDERGROUND PIPELINES</b>				
Welds inspected (primed and taped)				
Pressure testing and documentation				
Holiday test on steel lines (JEEP test)				
Anodes tested (if cathodic protection installed)				
Other (list specifics)				
<b>GENERAL FACILITY</b>				
Required Signage (location, contact info, hazmat, etc)				
Berms (proper size) and crossovers				
Equipment protection (fences,etc - as needed)				
Windsock				
Traffic flow (ingress/egress)				
Other (list specifics)				
<b>COMMENTS/ACTION ITEMS - ATTACH ADDITIONAL PAGES AS NEEDED</b>				

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