

## Kubeczko, Dave

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**From:** Kubeczko, Dave  
**Sent:** Friday, May 07, 2010 9:42 AM  
**To:** Kubeczko, Dave  
**Subject:** FW: Red Mesa Holdings O&G, Kennedy 3, NWSW Sec 11 T33N R12W, La Plata County, Form 2A (#400055607) Review

Scan No 2033103      CORRESPONDENCE      2A#400055607

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**From:** Rich Larson [mailto:rlarson@redmesa1.com]  
**Sent:** Friday, May 07, 2010 9:16 AM  
**To:** Kubeczko, Dave  
**Subject:** RE: Red Mesa Holdings O&G, Kennedy 3, NWSW Sec 11 T33N R12W, La Plata County, Form 2A (#400055607) Review

Dave, I agree with the COA's proposed for the Kennedy #3 Form 2A outlined below.

**Rich Larson**  
**Madison Capital Management, LLC**  
**Red Mesa Holdings / O&G, LLC**  
**Vice President, Energy Asset Management -Geologist**  
Direct 970-588-3302 | Cell: 970-769-4841  
[rlarson@madisoncap.com](mailto:rlarson@madisoncap.com)

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**From:** Kubeczko, Dave [mailto:Dave.Kubeczko@state.co.us]  
**Sent:** Friday, April 30, 2010 2:38 PM  
**To:** Rich Larson  
**Subject:** Red Mesa Holdings O&G, Kennedy 3, NWSW Sec 11 T33N R12W, La Plata County, Form 2A (#400055607) Review

Rich,

I have been reviewing the Kennedy 3 **Form 2A** (#400055607). COGCC requests the following clarifications regarding the data Red Mesa Holdings O&G has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA).

1. **Construction (Section 6):** Mud Disposal: Although Red Mesa has indicated that air drilling will be used, some mud may be generated, even during air drilling, when encountering groundwater and formation water; therefore, any mud generated during drilling would need to be disposed of either onsite or offsite, and a method needs to be selected on the Form 2A. Based on our conversation (April 29, 2010), I will mark offsite for mud disposal and disposal facility for the method.
2. **Water Resources (Section 14):** Form 2A indicates the depth to groundwater to be 81 feet bgs for a well located 570 feet from the proposed well. COGCC's guidelines require designating all locations within close proximity within 1/8 of a mile (660 feet) of a domestic water well a **sensitive area**. The following conditions of approval (COAs) will apply:
  - COA 7** - Location is in a sensitive area because of proximity to a domestic water well; therefore either a lined drilling pit or closed loop system must be implemented.
  - COA 8** - Location is in a sensitive area because of proximity to a domestic water well; therefore production pits must be lined.

COGCC would appreciate your concurrence with attaching these COAs to the Form 2A permit prior to passing the OGLA review. If you have any questions, please do not hesitate to call me at (970) 625-2497 x5 (office) or (970) 309-2514 (cell), or email. Thanks.

Dave

**David A. Kubeczko, PG**  
**Oil and Gas Location Assessment Specialist**

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