

Kubeczko, Dave

From: Kubeczko, Dave
Sent: Friday, March 25, 2011 2:14 PM
To: Kubeczko, Dave
Subject: FW: SG Interests I, HL 11-89-19 #1 Pad, SENW Sec 19 T11S R89W, Gunnison County, Form 2A (#2592760) Review

Scan No 2033659 CORRESPONDENCE 2A#2592760

From: Catherine Dickert [mailto:cdickert@sginterests.com]
Sent: Thursday, March 17, 2011 3:53 PM
To: Kubeczko, Dave
Subject: RE: SG Interests I, HL 11-89-19 #1 Pad, SENW Sec 19 T11S R89W, Gunnison County, Form 2A (#2592760) Review

Dave,

We have reviewed these COAs and do not have any comments. Thank you.

Catherine

Catherine Dickert
Environmental and Permitting Manager
SG Interests, I Ltd

From: Kubeczko, Dave [mailto:Dave.Kubeczko@state.co.us]
Sent: Wednesday, March 16, 2011 1:16 PM
To: Catherine Dickert
Subject: SG Interests I, HL 11-89-19 #1 Pad, SENW Sec 19 T11S R89W, Gunnison County, Form 2A (#2592760) Review

Catherine,

I have been reviewing the HL 11-89-19 #1 Pad **Form 2A** (#2592760). COGCC would like to attach the following conditions of approval (COAs) based on the data SG Interests I has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

1. **Water Resources (Section 14):** Form 2A indicates the distance to the nearest surface water is 95 feet. COGCC guidelines require designating all locations within close proximity to surface water a **sensitive area** (which operator has already indicated on the Form 2A) and requiring the following conditions of approval (COAs):
 - COA 4** - Location is in a sensitive area because of proximity to surface water; therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.
 - COA 5** - Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed temporary surface pipelines or buried pipelines.

2. **Water Resources (Section 14):** Form 2A indicates the depth to groundwater to be 12 feet bgs for a well located 329 feet from the proposed well pad. COGCC's guidelines require designating all locations within close proximity within 1/8 of a mile (660 feet) of a domestic water well and shallow groundwater a **sensitive area** (which operator has already indicated on the Form 2A). The following conditions of approval (COAs) will apply:
- COA 7** - Location is in a sensitive area because of proximity to a domestic water well and shallow groundwater; 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 and shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.
3. **General:** The following conditions of approval (COAs) will apply:
- COA 38** - The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.
 - COA 39** - No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut.
 - COA 49** - The drilling (reserve) pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels.
 - COA 40** - Due to the potential presence of seeps/springs in the area, the nearby hillside must be monitored for any day-lighting of drilling fluids throughout the drilling of the surface casing interval.
 - COA 46** - The surface soils and materials are fine-grained and highly unconsolidated; therefore the pad shall be constructed as quickly as possible and appropriate BMPs need to be in place both during, after well pad construction completion, as well as during all drilling and well completion operations. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.
 - COA 26** - Notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to start of fracing operations.
 - COA 25** - Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. The flowback and stimulation fluid tanks must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)).
 - COA 58** - Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.
 - COA 81** - Based on the COGCC/CDOW/Surface Owner/Operator onsite conducted on March 15, 2011; the overhead line located 115 feet from the well location will be taken down by the local electric company and will be placed on the surface of the ground inside conduit for the duration and drilling and completion operations at this location. Upon completion, this overhead utility line will be restrung by the electric company. Operator will provide all applicable documentation between all parties involved prior to lowering this power line. The operator will also notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to lowering the power line.

COGCC would appreciate your concurrence with attaching these COAs (Items 1, 2, and 3) 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) 309-2514 (cell), or email. Thanks.

Dave

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

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