

FORM
2ARev
04/01State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



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Document Number:

400223949

Oil and Gas Location Assessment

☒ New Location ☐ Amend Existing Location Location#: _____

Submit original plus one copy. This form is to be submitted to the COGCC prior to any ground disturbance activity associated with oil and gas development operations. This Assessment may be approved as a standalone application or submitted as an informational report accompanying an Application for Permit-To-Drill, Form 2. Approval of this 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. This form may serve as notice to land owners and other interested parties, please see the COGCC web site at <http://colorado.gov/cogcc/> for all accompanying information pertinent to this Oil and Gas Location Assessment.

Location ID:

427218

Expiration Date:

01/05/2015
☒ This location assessment is included as part of a permit application.

1. 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.

2. Operator

Operator Number: 100122

Name: GUNNISON ENERGY CORPORATION

Address: 1801 BROADWAY #1200

City: DENVER State: CO Zip: 80202

3. Contact Information

Name: Lee Fyock

Phone: (303) 296-4222

Fax: (303) 296-4555

email: lee.fyock@oxbow.com

4. Location Identification:

Name: DGU HOTCHKISS FEDERAL 1289 Number: SECTION 18 PAD

County: GUNNISON

QuarterQuarter: SENW Section: 18 Township: 12S Range: 89W Meridian: 6 Ground Elevation: 7334

Define a single point as a location reference for the facility location. This point should be used as the point of measurement in the drawings to be submitted with this application. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 1585 feet FNL, from North or South section line, and 2551 feet FWL, from East or West section line.

Latitude: 39.017192 Longitude: -107.378275 PDOP Reading: 1.2 Date of Measurement: 07/29/2011

Instrument Operator's Name: Robert Kay

5. Facilities (Indicate the number of each type of oil and gas facility planned on location):

Special Purpose Pits: <input type="checkbox"/>	Drilling Pits: <input type="text" value="2"/>	Wells: <input type="text" value="2"/>	Production Pits: <input type="checkbox"/>	Dehydrator Units: <input type="checkbox"/>
Condensate Tanks: <input type="checkbox"/>	Water Tanks: <input type="checkbox"/>	Separators: <input type="checkbox"/>	Electric Motors: <input type="checkbox"/>	Multi-Well Pits: <input type="checkbox"/>
Gas or Diesel Motors: <input type="checkbox"/>	Cavity Pumps: <input type="checkbox"/>	LACT Unit: <input type="checkbox"/>	Pump Jacks: <input type="checkbox"/>	Pigging Station: <input type="checkbox"/>
Electric Generators: <input type="checkbox"/>	Gas Pipeline: <input type="text" value="2"/>	Oil Pipeline: <input type="checkbox"/>	Water Pipeline: <input type="text" value="2"/>	Flare: <input type="text" value="1"/>
Gas Compressors: <input type="checkbox"/>	VOC Combustor: <input type="checkbox"/>	Oil Tanks: <input type="checkbox"/>	Fuel Tanks: <input type="checkbox"/>	

Other: _____

6. Construction:

Date planned to commence construction: 05/01/2012 Size of disturbed area during construction in acres: 4.50
Estimated date that interim reclamation will begin: 10/01/2012 Size of location after interim reclamation in acres: 2.30
Estimated post-construction ground elevation: 7330 Will a closed loop system be used for drilling fluids: Yes ☒
Will salt sections be encountered during drilling: Yes ☐ No ☒ Is H2S anticipated? Yes ☐ No ☒
Will salt (>15,000 ppm TDS Cl) or oil based muds be used: Yes ☐ No ☒
Mud disposal: Offsite ☒ Onsite ☐ Method: Land Farming ☐ Land Spreading ☐ Disposal Facility ☒
Other: _____

7. Surface Owner:

Name: _____ Phone: _____
Address: _____ Fax: _____
Address: _____ Email: _____
City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: 06/22/2005
Surface Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian
Mineral Owner: ☐ Fee ☐ State ☒ Federal ☐ Indian
The surface owner is: ☐ the mineral owner ☐ committed to an oil and gas lease
☐ is the executer of the oil and gas lease ☐ the applicant
The right to construct the location is granted by: ☐ oil and gas lease ☒ Surface Use Agreement ☐ Right of Way
☐ applicant is owner
Surface damage assurance if no agreement is in place: ☐ \$2000 ☐ \$5000 ☐ Blanket Surety ID _____

8. Reclamation Financial Assurance:

☐ Well Surety ID: 20110179 ☐ Gas Facility Surety ID: _____ ☐ Waste Mgmt. Surety ID: _____

9. Cultural:

Is the location in a high density area (Rule 603.b.): Yes ☐ No ☒
Distance, in feet, to nearest building: 10293, public road: 4181, above ground utilit: 10293
, railroad: 35724, property line: 2551

10. 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

11. 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

12. Soils:

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.gov/> 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: Map Unit 18 - Bulkey Clay Loam, 12-25 percent slope

NRCS Map Unit Name: _____
NRCS Map Unit Name: _____

13. 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: Western wheatgrass, gambal oak, needle & thread, serviceberry, mountain bermagrass

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): _____

14. Water Resources:

Rule 901.e. may require a sensitive area determination be performed. If this determination is performed the data is to be submitted with the Form 2A.

Is this a sensitive area: ☒ No ☐ Yes Was a Rule 901.e. Sensitive Areas Determination performed: ☒ No ☐ Yes

Distance (in feet) to nearest surface water: 2300, water well: 4277, depth to ground water: 400

Is the location in a riparian area: ☒ No ☐ Yes Was an Army Corps of Engineers Section 404 permit filed ☒ No ☐ Yes

Is the location within a Rule 317B Surface Water Supply Area buffer zone:

☒ No ☐ 0-300 ft. zone ☐ 301-500 ft. zone ☐ 501-2640 ft. 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: ☐ No ☐ Yes

15. Comments:

Actual number of wells to be drilled from the pad will depend on results from H1 and H2 wells.

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

Signed: _____ Date: 11/18/2011 Email: patty.johnson@oxbow.com

Print Name: Patty Johnson Title: Operations Technician

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: David S. Neslin Director of COGCC Date: 1/6/2012

CONDITIONS OF APPROVAL, IF ANY:

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.

SITE SPECIFIC COAs:

Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines.

The drilling pits (reserve/completion) must be lined.

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.

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, and maintained in good condition.

Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or pit located on the well pad or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment 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.

Attachment Check List

Att Doc Num	Name
2034114	PROPOSED BMPs
2034115	CORRESPONDENCE
400223949	FORM 2A SUBMITTED
400224239	LOCATION PICTURES
400224240	LOCATION PICTURES
400224244	LOCATION PICTURES
400224248	OTHER
400224249	OTHER
400224250	OTHER
400224252	OTHER
400224256	LOCATION DRAWING
400224257	CONST. LAYOUT DRAWINGS
400224258	CONST. LAYOUT DRAWINGS
400224259	CONST. LAYOUT DRAWINGS
400224260	OTHER
400224261	OTHER
400224263	LOCATION DRAWING
400224264	TOPO MAP
400224265	ACCESS ROAD MAP
400224266	ACCESS ROAD MAP
400224267	ACCESS ROAD MAP
400224268	HYDROLOGY MAP
400224278	REFERENCE AREA MAP
400224280	REFERENCE AREA PICTURES
400224282	REFERENCE AREA PICTURES
400224297	NRCS MAP UNIT DESC
400225915	SURFACE OWNER CONSENT
400225919	OIL & GAS LEASE

Total Attach: 28 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	LGD has no comments. Public comments waived. DOW satisfied by BMP's. Final Comprehensive Review Status--passed.	1/5/2012 1:26:30 PM
DOW	BMPs are sufficient at this time for this facility.	1/4/2012 8:32:24 AM
LGD	The Local Government Designee (LGD) has consulted with staff for Gunnison County and states it has no comments at this time.Thank you.	11/30/2011 3:54:56 PM
OGLA	Initiated/Completed OGLA Form 2A review on 11-29-11 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, and flowback to tanks COAs from operator on 11-29-11; received acknowledgement of COAs from operator on 01-04-12; passed by CPW on 01-04-12 with operator submitted BMPs acceptable; passed OGLA Form 2A review on 01-05-12 by Dave Kubeczko; fluid containment, spill/release BMPs, and flowback to tanks COAs.	11/29/2011 12:53:40 PM
Permit	ready to approve in permitting.	11/22/2011 9:57:11 AM
Permit	Operator corrected errors from 11/18/11. This form has passed completeness.	11/21/2011 1:50:29 PM
Permit	Returned to draft. Invalid plugging bond. Should be SWA. Lat Long does not match SHL Surface and mineral information missing. Nearest water well information missing.	11/18/2011 12:11:27 PM

Total: 7 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Wildlife	<p>WILDLIFE BMPs (submitted by operator on 12-12-11)</p> <ul style="list-style-type: none"> • Utilize existing road and pipeline • Utilize 1 pad for multiple wells • No construction or well completion activities between Dec 1 and April 30 • Use of centralized hydraulic fracturing infrastructure • Transportation of all fresh and waste water via pipeline rather than trucking • Utilize remote sensing of well data to reduce small vehicle traffic • Employ state of the art reclamation practices on interim and final reclamation • Initiate interim reclamation immediately following final completion • Utilize non-barbed wire for fencing • Install wildlife exclusionary devices on all equipment as applicable • Utilize bear resistant trash cans • Conduct wildlife training with all company and employees and drilling personnel • Conduct pre-construction surveys for raptors and restrict activity as applicable in the event nests are within ¼ mile of proposed facility

Total: 1 comment(s)