

Kubeczko, Dave

From: Kubeczko, Dave
Sent: Wednesday, March 14, 2012 1:52 PM
To: Kubeczko, Dave
Subject: FW: SG Interests I, Hughes 11-90-26 #1 Pad, Lot 6 Sec 26 T11S R90W, Gunnison County, Form 2A#2286537; COGCC's Response to LGD Comments
Attachments: Scan No. 2034170_SG Interests I LTD, Hughes 11-90-26 #2, Lot 6 Sec 26 T11S R90W_COGCC Response to Gunnison County Comments_2A#2286537_03132012.pdf
Categories: Black Category

Scan No 2034170

COGCC RESPONSE TO LGD COMMENTS

2A#2286537

From: Kubeczko, Dave
Sent: Wednesday, March 14, 2012 1:51 PM
To: 'David Baumgarten'
Cc: Neal Starkebaum; Brenda Wiseman
Subject: SG Interests I, Hughes 11-90-26 #1 Pad, Lot 6 Sec 26 T11S R90W, Gunnison County, Form 2A#2286537; COGCC's Response to LGD Comments

David,

COGCC appreciates Gunnison County's participation in the LGD comment portion of the Form 2A permitting process. Attached is COGCC's Responses to Gunnison County's Comments submitted on January 4, 2012 for SG Interests', Hughes 11-90-26 #1 Pad, 2A#2286537. These responses will become an attachment to the Form 2A. 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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**Gunnison County LDG Comments
Regulatory Form 2286537
SG Interests I Ltd; Hughes 11-90-26 #2; Gunnison County**

Comments submitted on January 4, 2012:

I am providing this correspondence in my capacity as the Local Government Designee for Gunnison County, Colorado.

Comment No. 1 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW)

Please consider this to be a formal request for a consultation with the Colorado Division of Wildlife (CDOW). This request is based on documentation filed with this regulatory form indicating that the proposed location is in a “sensitive wildlife habitat area.”

Gunnison County is informed that CDOW has not done the mapping or identified suggested conditions (e.g. timing restrictions, access routes, noise) for this application.

Gunnison County suggests that, as a potential path to solving these issues – not only for this application but also for the whole “Bull Mountain area” – that the CDOW work with Gunnison County, the COGCC, the local community, and impacted stakeholders to create a “comprehensive wildlife mitigation plan” that would be applicable to this application and other applications in the area, and in both the State and Gunnison County regulatory processes.

COGCC Response to Comment No. 1 - REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).

Per Rule 306. **CONSULTATION. b. Consultation with local government.**

(1) Local governments that have appointed a local governmental designee and have indicated to the Director a desire for consultation shall be given an opportunity to engage in such consultation concerning an application for Permit-to-Drill, Form 2, or an Oil and Gas Location Assessment, Form 2A, for the location of roads, production facilities and well sites prior to the commencing of operations with heavy equipment.

(2) Within fourteen (14) days of its notification pursuant to Rule 305, the local governmental designee may notify the Commission and the Colorado Department of Public Health and Environment by electronic mail of its desire to have the Colorado Department of Public Health and Environment consult on a proposed oil and gas location, based on concerns regarding public health, safety, welfare, or impacts to the environment.

Gunnison County does not have the ability to request a wildlife consultation with the Colorado Parks and Wildlife (CPW) through the COGCC. However, the CPW did request a wildlife consultation with the operator for this proposed location, as well as three other proposed locations, that was conducted on February 10, 2012 and attended by SG Interests, CPW, and Gunnison County. COGCC visited these sites separately on March 5, 2012. Please refer to CPW’s comment (dated March 11, 2012) on the Form 2A below, and the subsequent email from SG Interests:

CPW and the operator have discussed options for avoiding and minimizing impacts to wildlife. The operator has submitted Best Management Practices (BMPs) and other measures that result in the avoidance or minimization of impacts to wildlife resources at the well location; however, the BMPs submitted by the operator do not address the cumulative impacts of increasing well pad density and ancillary facilities (roads, pipelines, compressors, etc.) on the effectiveness of wildlife habitats in the area. There is a growing body of evidence that residual unavoidable adverse impacts to wildlife increase dramatically when well pad densities exceed one pad per square mile and road densities exceed 0.5 mile per square mile. These residual adverse impacts to wildlife occur from reduced habitat effectiveness regardless of the use of Timing Limitation Stipulations on drilling activities or other site specific BMPs implemented by the operator to reduce impacts.

The well pad density within SG's Bull Mountain Unit and the surrounding area is increasing and rapidly approaching a density where BMPs alone will no longer be sufficient to maintain existing wildlife populations in the area. CPW recommends that the operator consider a wildlife mitigation plan for the entire Bull Mountain Unit to address the cumulative impacts to wildlife from the ongoing development of new wells, road, pipelines, compressors, and other ancillary facilities proposed for the Bull Mountain Unit. At the onsite for this well, CPW and the operator discussed the disturbance acreage of the access road and pipes which are not included or addressed on the Form2A. The disturbance from these facilities nearly double the amount of disturbance and habitat loss from this proposed well. These impacts can only be addressed as part of a comprehensive Wildlife Mitigation Plan.

The operator is attempting to get landowner consent for the recommended seed mix to be used at this location.

The following email addresses CPW's and Gunnison County's wildlife issues/concerns with this proposed location:

From: Catherine Dickert [<mailto:cdickert@sginterests.com>]
Sent: Tuesday, March 13, 2012 1:55 PM
To: Kubeczko, Dave
Cc: Eric Sanford
Subject: Hughes 11-90-26 #2

Dave,

Mr. Nick Hughes (landowner) has a seed mix that SG Interests uses for reclamation on his property, so we cannot commit to using the CPW-recommended seed mix for reclamation at the Hughes 11-90-26 #2 location. We will however discuss use of the mix with Mr. Hughes and use it if he agrees.

SG Interests is currently discussing a possible Wildlife Mitigation Plan with CPW. Our next meeting on this topic with CPW is scheduled for March 15, 2012. Thank you.

Catherine Dickert
Environmental and Permitting Manager
SG Interests, I Ltd.
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Durango, CO 81301
Phone: 970-209-6464
Fax: 970-252-0636
cdickert@sginterests.com

Comment No. 2 - REQUEST REGARDING SET BACKS FROM WATER BODIES

While the proposed location is not within a COGCC Rule 317B Surface Water Supply Area buffer zone, it appears from the documents provided to Gunnison County that the proposed location would conflict with Gunnison County required set backs from water bodies (particularly wetlands).

Gunnison County and the COGCC have expressed their intent to work to coordinate and comport their respective regulatory regimes. This particular set back issue is an opportunity for the two entities to address the issue; perhaps first in the COGCC process being informed of the Gunnison County concerns, and then in the Gunnison County process being informed by changes or conditions crafted in the COGCC process (that may support a Gunnison County "technical infeasibility waiver" of the Gunnison County prescriptive requirement).

Such a condition might be the requirement the site be required to be a closed loop system – or that any physical communication between this site and the wetlands have augmented safety and containment measures.

COGCC Response to Comment No. 2 - REQUEST REGARDING SET BACKS FROM WATER BODIES.

COGCC can only require the use of a closed loop drilling system if the proposed well pad location is within the Internal Buffer Zone (0' to 300') and the Intermediate Buffer Zone (301' to 500') of a designated 317B **PUBLIC WATER SYSTEM PROTECTION** area. However, based on COGCC's review, the following conditions of approval have been placed on this Form 2A permit and address the county's proximity to water body issues/concerns for the proposed well pad location:

COA 4 - Location is in a sensitive area because of proximity to wetlands and 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.

COA 7 - Location is in a sensitive area because of 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 shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.

COA 46 - The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place 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 25 - 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 (an increase in the height of the pad perimeter berm can address this requirement). The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

COA 58 - Berms or other containment devices shall be constructed to be sufficiently impervious to contain any spilled or released material around crude oil, condensate, produced water storage tanks, and frac tanks.

Gunnison County is available at your convenience for a consultation and discussion – by phone or in Denver.

Thank you.

David Baumgarten