

FORM  
2A

Rev  
04/01

State of Colorado  
Oil and Gas Conservation Commission

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



Document Number:

2286782

Date Received:

01/12/2012

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:

**428197**

Expiration Date:

**03/17/2015**

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: 77330

Name: SG INTERESTS I LTD

Address: PO BOX 26

City: MONTROSE State: CO Zip: 81402

3. Contact Information

Name: CATHERINE DICKERT

Phone: (970) 209-6464

Fax: (970) 252-0636

email: CDICKERT@SGINTERESTS.COM

4. Location Identification:

Name: ECK 12-90-1 Number: 1

County: GUNNISON

Quarter: LOT 1 Section: 1 Township: 12S Range: 90W Meridian: 6 Ground Elevation: 7543

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: 435 feet FNL, from North or South section line, and 982 feet FEL, from East or West section line.

Latitude: 39.048170 Longitude: -107.390720 PDOP Reading: 2.0 Date of Measurement: 11/02/2011

Instrument Operator's Name: DAVID NICEWICZ

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="checkbox"/> <u>2</u>	Wells: <input type="checkbox"/> <u>1</u>	Production Pits: <input type="checkbox"/>	Dehydrator Units: <input type="checkbox"/>
Condensate Tanks: <input type="checkbox"/> <u>1</u>	Water Tanks: <input type="checkbox"/> <u>4</u>	Separators: <input type="checkbox"/> <u>1</u>	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"/> <u>1</u>	Pigging Station: <input type="checkbox"/>
Electric Generators: <input type="checkbox"/>	Gas Pipeline: <input type="checkbox"/> <u>1</u>	Oil Pipeline: <input type="checkbox"/>	Water Pipeline: <input type="checkbox"/> <u>1</u>	Flare: <input type="checkbox"/> <u>1</u>
Gas Compressors: <input type="checkbox"/>	VOC Combustor: <input type="checkbox"/>	Oil Tanks: <input type="checkbox"/>	Fuel Tanks: <input type="checkbox"/>	

Other: WATER TRANSFER

6. Construction:

Date planned to commence construction: 06/15/2012 Size of disturbed area during construction in acres: 3.50  
 Estimated date that interim reclamation will begin: 07/15/2012 Size of location after interim reclamation in acres: 2.50  
 Estimated post-construction ground elevation: 7543 Will a closed loop system be used for drilling fluids: Yes  No   
 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: \_\_\_\_\_  
 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: 20030098  Gas Facility Surety ID: \_\_\_\_\_  Waste Mgnt. Surety ID: \_\_\_\_\_

**9. Cultural:**

Is the location in a high density area (Rule 603.b.): Yes  No   
 Distance, in feet, to nearest building: 5690, public road: 8640, above ground utilit: 8640  
 , railroad: 45350, property line: 435

**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 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: FUGHES LOAM, 15 TO 25% SLOPES

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: 11/09/2011  
List individual species: BIG SAGEBRUSH, GRASSES, GAMBEL OAK

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: 614, water well: 6000, depth to ground water: 100  
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 Suppl 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:

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

Signed: \_\_\_\_\_ Date: 01/09/2012 Email: CDICKERT@SGINTERESTS.COM  
Print Name: CATHERINE DICKERT Title: ENVIRONMENTAL & PERMITTING

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:  Director of COGCC Date: 3/18/2012

**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 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.

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

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.

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.

If the drilling (reserve) pit is not closed within 30 days of well drilling/completion, then it 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.

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.

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.

Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface pipelines or configuration of the permanent pipeline network.

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

### Attachment Check List

Att Doc Num	Name
2034171	CORRESPONDENCE
2034176	CORRESPONDENCE
2034178	CORRESPONDENCE
2286782	FORM 2A SUBMITTED
2286783	LOCATION PICTURES
2286784	LOCATION DRAWING
2286785	HYDROLOGY MAP
2286786	ACCESS ROAD MAP
2286787	REFERENCE AREA MAP
2286788	REFERENCE AREA PICTURES
2286789	NRCS MAP UNIT DESC
2286790	CONST. LAYOUT DRAWINGS
2286791	PROPOSED BMPs

Total Attach: 13 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	LGD passed;public comments waived. Next mtg. of SG with CPW scheduled for 3/15/2012 to discuss the recommended WMP. Final Comprehensive Review Status--passed.	3/14/2012 3:09:19 PM
DOW	<p>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 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.</p> <p>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 quadruple 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.</p> <p>The operator is the surface owner who has previously agreed to utilize the suggested seed mix, however, CPW has not heard back from the operator with an affirmative commitment that the seed mix will be used at this location.</p>	2/21/2012 9:51:08 AM

OGLA	Initiated/Completed OGLA Form 2A review on 01-25-12 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, flowback to tanks, tank berming, no pit in fill, cuttings low moisture content, and fenced/netted pits COAs from operator on 12-27-11; received acknowledgement of COAs from operator on 02-27-12; passed by CPW on 02-21-12 with operator submitted BMPs (with permit application) and additional BMPs acceptable, however, CPW recommends that SG consider developing a WMP for the Bull Mountain Unit (Gunnison County also suggests this); addressed LGD comments from 01-27-12 and 02-13-12 on 03-14-12 (email correspondence is attached); passed OGLA Form 2A review on 03-14-12 by Dave Kubeczko; fluid containment, spill/release BMPs, flowback to tanks, tank berming, no pit in fill, cuttings low moisture content, and fenced/netted pits COAs.	2/16/2012 10:56:35 AM
LGD	<p>A representative of Gunnison County (Allen Moores) participated in the February 10, 2012 onsite. Based on that participation, Gunnison County makes the following comments:</p> <p>The onsite disclosed that the proposed site will be separated from the nearest wetlands by a geographic feature which addresses the third LGD comment previously made.</p> <p>The onsite confirmed Gunnison County's concerns regarding the location being in a sensitive wildlife habitat area. Gunnison County respectfully reiterates the previous LGD request for a consultation with CDOW.</p> <p>The onsite disclosed that a proposed route of a waterline and/or a gas line will pass through a wetland. Also, that potential routes are available that would not pass through a wetland. Gunnison County requests that the route through a wetland not be approved, and that an alternate be required to avoid the wetlands.</p> <p>Thank you, David Baumgarten, Gunnison County Attorney, Local Government Designee</p>	2/13/2012 4:42:29 PM
Permit	Per request from Gunnison County, the LGD and Public Comment period is extended until February 12. The LGD review task has been changed from "pass" to "active".	1/27/2012 7:10:50 AM
LGD	<p>First, may I request a brief extension of the LGD comment period. The LGD has been informed by Dave Kubeczko that an onsite is scheduled for February 10, 2012 - 8 days after LGD comments are due. It is the intent of Gunnison County to participate in the onsite and therefore, Gunnison County requests an opportunity to make comments after the onsite has been concluded.</p> <p>Second, may I request a Colorado Division of Wildlife (CDOW) consultation because the Form 2A at paragraph 1 indicates the location is in a sensitive wildlife habitat area. Gunnison County acknowledges the applicant's proposed Best Management Practices including those that deal with wildlife habitat, but requests an opportunity to review these with the CDOW.</p> <p>Third, although Form 2A at paragraph 14 indicates that distance in feet from a water body is 614 feet, a document submitted by the applicant to Gunnison County indicates that the site is approximately 390 feet from a wetland. The applicant has requested from Gunnison County a technical feasibility waiver under the county regulations. This is an opportunity for COGCC and Gunnison County to work with the applicant to explore whether the site can be moved or scope of pad reduced to obtain a setback of more than 500' from a wetland.</p>	1/26/2012 4:13:46 PM
Permit	Corrected the following per operators email. Invalid plugging bond. Missing H2S question. Missing closed loop answer. Surface bond not needed due to O&G lease.	1/13/2012 9:38:02 AM

Permit	Invalid plugging bond. Missing H2S question. Missing closed loop answer. Surface bond not needed due to O&G lease. Emailed operator 1/13/12	1/13/2012 6:51:52 AM
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Total: 8 comment(s)

**BMP**

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	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 entire level pad will be surrounded by a berm to contain any potential release on the well pad. The berm is approximately 2 ½ feet in height around the pad except at the entrance where it is approximately 1 1/2 feet in height to allow vehicles to drive over it. Tanks will be set on compacted earth in an area of the pad that has been constructed on cut soils.

Total: 1 comment(s)