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

Oil and Gas Location Assessment

Document Number: 400253353

Date Received: 02/22/2012

☒ 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: **428434**

Expiration Date: **03/30/2015**

☒ 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: 10369

Name: NATURAL RESOURCE GROUP INC

Address: 1789 W LITTLETON BLVD

City: LITTLETON State: CO Zip: 80126

3. Contact Information

Name: Brian Hedberg

Phone: (303) 797-5417

Fax: (303) 797-5418

email: bhedberg@nrgcolo.com

4. Location Identification:

Name: Largo Number: 2

County: LAS ANIMAS

QuarterQuarter: SWSE Section: 4 Township: 34S Range: 62W Meridian: 6 Ground Elevation: 6273

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: 382 feet FSL , from North or South section line, and 1855 feet FEL , from East or West section line.

Latitude: 37.104456 Longitude: -104.346873 PDOP Reading: 6.0 Date of Measurement: 01/19/2012

Instrument Operator's Name: GARY L. TERRY

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

Special Purpose Pits:		Drilling Pits:	1	Wells:	1	Production Pits:		Dehydrator Units:	
Condensate Tanks:	1	Water Tanks:	1	Separators:	1	Electric Motors:		Multi-Well Pits:	
Gas or Diesel Motors:		Cavity Pumps:		LACT Unit:		Pump Jacks:		Pigging Station:	
Electric Generators:		Gas Pipeline:	1	Oil Pipeline		Water Pipeline:		Flare:	
Gas Compressors:	2			VOC Combustor:		Oil Tanks:		Fuel Tanks:	

Other: _____

6. Construction:

Date planned to commence construction: 04/30/2012 Size of disturbed area during construction in acres: 1.00

Estimated date that interim reclamation will begin: 05/31/2012 Size of location after interim reclamation in acres: 1.00

Estimated post-construction ground elevation: 6273 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: AIR DRILLING - NO MUD

7. Surface Owner:

Name: _____ Phone: _____

Address: _____ Fax: _____

Address: _____ Email: _____

City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: 01/18/2012

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: 20110094 ☐ 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: 1825 , public road: 260 , above ground utilit: 250

, railroad: 16000 , property line: 660

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: TORREON LORENCITO COMPLEX, 8 TO 35 PERCENT 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:

List individual species: Western wheatgrass, Bluegrass, Green needlegrass, Sandberg bluegrass, Fourwing saltbush, Indian ricegrass, Winterfat, Little bluestem, Needleandthread, Sideoats grama, Blue grama

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: 240 , water well: 122 , depth to ground water: 10

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:

The reference area is immediately adjacent to the east of the location.

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

Signed: Date: 02/22/2012 Email: bhedberg@nrgcolo.com

Print Name: Brian Hedberg Title: General Counsel

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: 3/31/2012

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.

Attachment Check List

Att Doc Num	Name
2533543	REFERENCE AREA PICTURES
2533549	CORRESPONDENCE
400253353	FORM 2A SUBMITTED
400253367	HYDROLOGY MAP
400253368	ACCESS ROAD MAP
400253370	NRCS MAP UNIT DESC
400253371	CONST. LAYOUT DRAWINGS
400257328	LOCATION PICTURES
400257496	LOCATION DRAWING

Total Attach: 9 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review completed.	3/27/2012 7:18:40 AM
OGLA	Sensitive area has been changed to yes due the close proximity of a registered domestic water well. Ready to pass 3/27/2012.	3/26/2012 7:47:24 AM
Permit	I agree that the public road is 260'. From memory, I believe there are power lines along the road making the distance to above ground utility approximately 250'. The distance on the 2A is incorrect. I'm not sure where we got the distances listed on the 2A. Sorry for the error and thanks for the assistance. Brian	3/19/2012 8:48:43 AM
Permit	Conflicting footages beween Form 2 and Form 2A as to the distance to the nearest feature. 260' on form 2 versus 1100' on the Form 2A. Requested clarification from Brian Hedberg. Domestic well 122' from this location from the Timpas(?) apparently since 1966.	3/19/2012 7:32:56 AM
OGLA	Sensitive area due to close proximity of surface water, shallow groundwater and close proximity to a domestic water well. Nearest building 432 feet 240 feet to surface water	3/12/2012 1:58:07 PM
Permit	Operator input plugging bond, BMP's, attached location drawing, and location pictures. This form has passed completeness.	3/6/2012 6:24:38 AM
Permit	Returned to draft. Invalid plugging bond, missing BMP's, missing location drawing, and location pictures attachments.	2/24/2012 6:39:12 AM

Total: 7 comment(s)

BMP

Type	Comment
General Housekeeping	Make sure all gates remain closed unless otherwise requested by surface owner.
Planning	Adequately size infrastructure and facilities to accomodate both current and future gas production. Avoid constructing any road segment in the channel of an intermittent or perennial stream. Combine utility infrastructure (gas, electric, water) planning with roadway planning to avoid separate utility corridors. Where possible consolidate pipeline and existing roadways, or roadways that are planned for development.
Drilling/Completion Operations	Promptly report spills that affect wildlife to the CDOW. Limit parking to already disturbed areas that have not yet been reclaimed.
Interim Reclamation	During drilling, production and reclamation operations, all disturbed areas will be kept as free from all undesirable plant species as practicable.
Final Reclamation	Seed during appropriate season to increase likelihood of reclamation success. Do not include aggressive, non-native grasses in reclamation seed mixes.
Wildlife	Enforce policies to protect wildlife (e.g., no poaching, no dogs on location, no feeding of wildlife, etc.).
Site Specific	Use exisiting roads where possible to avoid erosion and minimize the land area devoted to oil and gas operations. Restrict oil and gas activities as practicable during critical seasonal periods.
Construction	Surface roads to ensure that the anticipated volume of traffic and the weight and speed of vehicles using the road do not cause invironmental damage. Use minimum right-of-way width and vegetation mats where pipelines cross riparian areas and streams wherever possible.

Total: 8 comment(s)