

FORM
2A

Rev
04/01

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400307245

Date Received:

10/31/2012

Oil and Gas Location Assessment

☐ New Location

☒ Amend Existing Location Location#: 428197

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:

01/17/2016

☒ 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: 1485 FLORIDA RD #C202

City: DURANGO State: CO Zip: 81301

3. Contact Information

Name: Catherine Dickert

Phone: (970) 3850696

Fax: (970) 3850636

email: cdickert@sginterests.com

4. Location Identification:

Name: Eck 12-90-1

Number: 428197

County: GUNNISON

QuarterQuarter: 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: 0.2 Date of Measurement: 09/17/2012

Instrument Operator's Name: DAVE NICEWICZ

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

Special Purpose Pits: <input type="text"/>	Drilling Pits: <input type="text" value="1"/>	Wells: <input type="text" value="3"/>	Production Pits: <input type="text"/>	Dehydrator Units: <input type="text"/>
Condensate Tanks: <input type="text" value="1"/>	Water Tanks: <input type="text" value="10"/>	Separators: <input type="text" value="2"/>	Electric Motors: <input type="text"/>	Multi-Well Pits: <input type="text"/>
Gas or Diesel Motors: <input type="text"/>	Cavity Pumps: <input type="text"/>	LACT Unit: <input type="text"/>	Pump Jacks: <input type="text" value="2"/>	Pigging Station: <input type="text"/>
Electric Generators: <input type="text"/>	Gas Pipeline: <input type="text" value="3"/>	Oil Pipeline: <input type="text"/>	Water Pipeline: <input type="text" value="4"/>	Flare: <input type="text" value="1"/>
Gas Compressors: <input type="text"/>	VOC Combustor: <input type="text"/>	Oil Tanks: <input type="text" value="2"/>	Fuel Tanks: <input type="text" value="1"/>	

Other: water transfer, pump house, well house, oil storage tanks, sump (see attached layout)

6. Construction:

Date planned to commence construction: 05/15/2013 Size of disturbed area during construction in acres: 2.50
Estimated date that interim reclamation will begin: 05/15/2013 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): natural gas well pad
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: 38. FUGHES LOAM, 15 TO 25% SLOPES

NRCS Map Unit Name: 19. BULKLEY CLAY LOAM, 25 TO 65% SLOPES

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): well pad cleared of vegetation

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 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:

Eck 12-90-1 #1 (05-051-06107) is the parent well. No ground disturbance is required to add the two additional wells and the associated equipment. Please note that the Eck #1 and the Eck #2 WDW are vertical wells and the wellbores are not visible on the multi well plan drawing. Well pad has been reclaimed to size originally estimated.

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

Signed: Date: 10/31/2012 Email: cdickert@sginterests.com

Print Name: CATHERINE DICKERT Title: ENV & PERMIT MANAGER

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: 1/18/2013

**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.

ADDITIONAL SITE SPECIFIC COAs:

Approval of this Form 2A does not authorize operator the right to inject. Authorization to inject into the selected Formation(s) requires approval of both the Form 31 and the Form 33.

Before hydraulic stimulation of the well, operator shall collect a groundwater sample from the Maroon Formation and analyze for total dissolved solids (TDS); submit laboratory analytical results to denise.onyskiw@state.co.us and arthur.koelspell@state.co.us.

Attachment Check List

Att Doc Num	Name
1293099	NRCS MAP UNIT DESC
400307245	FORM 2A SUBMITTED
400343088	OTHER
400343134	OTHER
400343135	HYDROLOGY MAP
400343136	LOCATION DRAWING
400343150	OTHER
400357081	ACCESS ROAD MAP
400360296	MULTI-WELL PLAN

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	UIC application forms submitted. No public comments. Final Review--passed.	1/18/2013 6:48:33 AM
DOW	CPW has reviewed the Form 2A for the ECK 12-90-1 #428197. CPW is currently in negotiations with the operator on a comprehensive Wildlife Mitigation Plan (WMP) to address development impacts to wildlife and wildlife habitat in the Muddy Creek Area including the Federal Bull Mountain Unit. SG has agreed, in good faith, to include this facility in the WMP. As such, those measures that are agreed upon in the WMP, including but not limited to BMPs, Conditions of Approval, and Compensatory Mitigation measures will apply to this facility upon completion of the WMP.	1/16/2013 9:06:57 AM
Permit	Added related APD.	1/11/2013 11:30:51 AM

LGD	<p>Pursuant to the Gunnison County Temporary Regulations for Oil and Gas Operations, Gunnison County approved the subject well with the following Conditions of Approval as identified in the Gunnison County Planning Commission Decision dated April 6, 2012;Gunnison County requests that any state approval contain the same conditions:</p> <p>This permit is limited to the description of the SG Interests I, Ltd. Eck 12-90-1 Gas Well Project.Any substantive change will require either an application for amendment of this permit, or submittal of an application for a new permit, in compliance with applicable requirements of the Temporary Oil and Gas Regulations, or as those may be hereinafter amended.</p> <p>The applicant shall provide copies of any Spill Reports, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.</p> <p>The applicant shall provide copies of reports to the Colorado Oil and Gas Conservation Commission regarding water quality sampling, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department.</p> <p>The access road shall be maintained in compliance with the Stormwater Management Plan.</p> <p>All disturbed wetland areas shall be adequately fenced to exclude livestock until such time that the reclamation has been established.</p> <p>Gas and water pipeline crossings of wetland areas shall be double lined.</p> <p>All trash shall be placed in bear-proof dumpsters.</p> <p>The applicant shall employ best management practices to ensure that generators and other loud equipment do not impact wildlife.</p> <p>Nothing in this decision is or shall be construed to be a limitation on Gunnison County participating in any future regulatory process for said wells.</p> <p>This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading.</p> <p>Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment.Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.</p> <p>Approval of this permit is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment and community.Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.</p> <p>Respectfully submitted this 8th day of January, 2013.</p> <p>David Baumgarten, Gunnison County Attorney</p> <p>Gunnison County Local Government Designee</p>	1/8/2013 1:22:23 PM
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OGLA	Initiated/Completed OGLA Form 2A review on 01-07-13 by Dave Kubeczko; previously submitted and approved (03-18-12) Form 2A#2286782; OGCC Facility ID#428197; same COAs apply, fluid containment, spill/release BMPs, flowback to tanks, tank berming, no pit in fill, cuttings low moisture content, pipeline testing, and fenced/netted pits; plus two additional COAs - prior approval of the Form 31 and Form 33, and GW sampling of injection well for TDS; passed by CPW on 01-16-13 with understanding that SG Interests I will include this location in the WMP currently being negotiated; LGD comments from 01-08-13 are a reiteration of their stipulations and conditions place on the Gunnison County (GC) Special Use Permit (SUP) issued to SG Interests on 04-06-12 by the GC Planning Commission, these comments do not require any COGCC response; passed by OGLA Form 2A review on 01-17-13 by Dave Kubeczko; fluid containment, spill/release BMPs, flowback to tanks, tank berming, no pit in fill, cuttings low moisture content, pipeline testing, and fenced/netted pits COAs; plus two additional COAs - prior approval of the Form 31 and Form 33, and GW sampling of injection well for TDS.	1/7/2013 1:26:59 PM
Permit	Checked surface owner is applicant.	12/20/2012 1:33:11 PM
Permit	operator corrected multi-well plan and all item#'s 1-4 in prior RTD's. This form passed completeness.	12/19/2012 2:08:05 PM
Permit	Return to draft: 1. multi-well plan does not indicate pad name.	12/16/2012 10:15:59 PM
Permit	Return to draft: 1. hydro map location name references Eck #2WDW, which does not match submitted form 2A pad location name, 2. access road map does not adequately describe pad location, 3. multi-well plan does not indicate pad location name or include #1 well trajectory to BHL, 4. location pictures not attached (no comment indicating location changes requiring new pics) and NRCS map unit not required (soils unchanged). operator removed construction drawing attachment.	12/11/2012 2:14:23 PM
Permit	Return to draft: 1. attachments reference a variety of pad location names (ie. Eck #2 WDW, Eck #2 Water Disposal Well, Eck 12-90-1 #1) and none match the submitted Form 2A (Eck 12-90-1 428197), 2. construction drawing attachment footage values do not match submitted information and it's the same diagram submitted with original 2A, and does not address proposed changes, 3. multi-well plan doesn't include wells' trajectory to BHLs,	11/2/2012 10:03:13 PM

Total: 10 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
General Housekeeping	The location and access roads will be kept orderly and as clean as practicable at all times. All garbage and trash will be put in a trash container. The container will be periodically emptied at an approved disposal site. A portable latrine will be provided for human wastes, and wastes will be pumped from portable toilets and hauled to an approved sanitation facility. Sewage will not be buried on location.

Material Handling and Spill Prevention	<p>Promptly report spills to agencies as required. Store emergency spill response equipment at centralized locations so that it is readily available in the event of a spill. Instruct all employees on the aspects of the spill prevention and response plan relevant to their position at the start of their employment. Cuttings and pit liners will be disposed of at a permitted disposal facility. Pit liners are removed following removal of the dry cuttings. They are disposed of at a solid waste disposal facility. Soil testing under the removed liner area will be conducted prior to backfilling the pit area according to the Colorado Oil & Gas Conservation Commission's 900 series rules. No salts are anticipated on this well location. Material Safety Data Sheets (MSDS) for all chemicals and hazardous materials that are used during the drilling, completion, and producing operations will be maintained as per 29 CFR 1910.1200(g). Any petroleum product or other spills will be cleaned up immediately and the material will be hauled to an approved facility. The operator will prevent gasoline, diesel fuel, oil, grease, or any other petroleum products and drilling fluids from migrating off the location or from entering any live stream or riparian area. A spill kit will be available during completion and drilling operations. Fuels and lubricants will be transported by fuels distributors and will be stored in facilities specifically designed for that purpose. Drilling fluids will be disposed of at a permitted commercial disposal facility. Free water may be hauled to an approved disposal facility to facilitate drying of pits. If fluids must be removed from drilling pits, vacuum trucks will remove these fluids so that the pit liner will not be damaged with heavy equipment. These fluids will likely be trucked and disposed of at a commercial disposal facility.</p>
Interim Reclamation	<p>Pits will be reclaimed to a natural condition that blends with the rest of the reclaimed pad area in a manner that protects soil stability and provides for protection from spills, leaks, and contamination, as described above. The portions of the cleared well site not needed for operational and safety purposes or future drilling will be reclaimed and re-vegetated. Remove all unnecessary equipment from project sites during the production phase.</p>
Wildlife	<p>Maintain wildlife fencing and netting as needed. Whenever a pit is left open prior to reclamation, it will be fenced and covered with netting to prevent wildlife and birds from entering the pit. If it necessary to postpone pit closure due to winter conditions, excess water will be removed from the pit and solids in the pit will be fenced and tarped and will exclude wildlife and birds. Limit days and hours of operations where practical to minimize disturbance resulting from activity and traffic. Limit vehicle and equipment parking to designated parking areas. Screen water suction hoses to exclude fish and other aquatic life when necessary. Reduce noise by using effective sound dampening devices and/or techniques as needed. Use centralized fracturing facilities where water is stored for reuse between operations. Connect water storage facilities to well sites with temporary pipelines to reduce truck traffic. Use produced water as much as possible in fracturing operations to reduce use of fresh water. The portions of the cleared well site not needed for operational and safety purposes or future drilling will be reclaimed and re-vegetated. Areas designated as Sensitive Wildlife Habitat will be constructed and operated in compliance with the requirements of the COGCC Rule 1203, General Operating Requirements in Sensitive Wildlife Habitat and Restricted Surface Occupancy Areas unless the Director has granted a waiver from one of these requirements. Enforce policies that protect wildlife such as prohibiting firearms and dogs from all project-related areas and by educating employees on wildlife protection practices. When necessary, fence livestock and wildlife out of newly reclaimed areas until reclamation standards have been met and plants are capable of sustaining grazing and trampling. Dispose of trash appropriately. Instruct employees not to feed wildlife or otherwise attract them to project sites. Instruct employees and contractors to drive at safe speeds and to be alert to wildlife and livestock on roadways whenever driving for a project-related reason.</p>
Site Specific	<p>SG Interests will attempt to minimize its total surface disturbance from roads, pipelines, well pads, and construction related activities within state and federal guidelines. This planning process occurred prior to breaking ground on the well. No new ground disturbance outside of the existing level pad. Drilling pits will be lined with an impervious liner. Fluids contained at a well site during drilling and completion operations will have secondary containment. Continue to monitor surface waters in the project vicinity (with landowner consent).</p>

Final Reclamation	Control fugitive dust that could result from production and reclamation activities. Control noxious weeds by following project specific weed management plans. Use locally adapted seed in reclamation efforts whenever available and approved by the landowner. Prepare the seedbed appropriately prior to seeding an area. Replace rocks on surface at density of surrounding areas. Seed at times of the year when germination and success is highest. Conduct stormwater inspections and document regrowth of vegetation on disturbed areas. Correct problems areas as they are noted. Whenever possible, complete final reclamation activities so that seeding occurs during the first optimal season following plugging and abandonment of wells and closure of facilities. Remove and properly dispose of degraded or unneeded silt fencing and erosion control materials in a timely fashion. Remove unneeded fencing (and cattle guards) on project sites. Replace degraded or hazardous fencing as needed. Apply weed free mulch and crimp or otherwise treat the mulch so that it remains in place thus preserving seeds and retaining moisture to enhance seed germination and seedling survival. When necessary, fence livestock and wildlife out of newly reclaimed areas until reclamation standards have been met and plants are capable of sustaining grazing and trampling. Monitor reclamation efforts as needed and make corrections when necessary. Keep records of inspections for state inspectors to review when requested.
Planning	Conduct wildlife and vegetation surveys to determine presence of any Threatened, Endangered, or sensitive species or their habitat in the project vicinity. Take appropriate protection measures as indicated by the results of these surveys.

Total: 7 comment(s)