

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:

400359202

Date Received:

01/03/2013

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:

431613

Expiration Date:

02/01/2016

☒ 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: 47200
Name: KGH OPERATING COMPANY
Address: P O BOX 2235
City: BILLINGS State: MT Zip: 59103-2235

3. Contact Information

Name: Thomas Hauptman
Phone: (406) 259-8509
Fax: (970) 858-4163
email: tkproduc@180com.net

4. Location Identification:

Name: Meagher Number: 14-1H
County: RIO BLANCO
QuarterQuarter: SWNE Section: 14 Township: 1S Range: 104W Meridian: 6 Ground Elevation: 6554
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: 1630 feet FNL, from North or South section line, and 2700 feet FWL, from East or West section line.
Latitude: 39.964014 Longitude: -109.035809 PDOP Reading: 3.1 Date of Measurement: 10/18/2012
Instrument Operator's Name: C. Van Matre

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

Special Purpose Pits: <input type="text" value="1"/>	Drilling Pits: <input type="text" value="1"/>	Wells: <input type="text" value="1"/>	Production Pits: <input type="text"/>	Dehydrator Units: <input type="text"/>
Condensate Tanks: <input type="text" value="3"/>	Water Tanks: <input type="text" value="1"/>	Separators: <input type="text" value="1"/>	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"/>	Pigging Station: <input type="text" value="1"/>
Electric Generators: <input type="text"/>	Gas Pipeline: <input type="text" value="1"/>	Oil Pipeline: <input type="text"/>	Water Pipeline: <input type="text"/>	Flare: <input type="text" value="1"/>
Gas Compressors: <input type="text"/>	VOC Combustor: <input type="text"/>	Oil Tanks: <input type="text"/>	Fuel Tanks: <input type="text"/>	

Other: _____

6. Construction:

Date planned to commence construction: 04/15/2013 Size of disturbed area during construction in acres: 1.83
 Estimated date that interim reclamation will begin: 04/15/2016 Size of location after interim reclamation in acres: 1.07
 Estimated post-construction ground elevation: 6554 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: _____
 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: 20030032 ☐ 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: 5280, public road: 11786, above ground utilit: 5280
 , railroad: 64944, property line: 760

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: 73-Rentsac channery loam, 5 to 50 percent slopes

NRCS Map Unit Name: 91- Torriorthents-Rock outcrop complex, 15 to 90 percent 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: 10/18/2012

List individual species: _____

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): Pinyon and Juniper

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: 650, water well: 39728, depth to ground water: 180

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:

The distance to the nearest surface water is actually the distance to the nearest ephemeral stream/dry gulch. A search of the DWR database found no water wells in T1S, R104W. A consultation with DPW Land Use Specialist, Jacob Davidson, was held on December 19, 2012. He provided the recommended Wildlife BMPs. KGH concurs with these recommendations and agrees to implement the BMPs. Operator intends to use closed loop system if available, otherwise a reserve pit may be required.

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

Signed: _____ Date: 01/03/2013 Email: jhofman@olssonassociates.com

Print Name: Jeff Hofman Title: Associate Scientist

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: 2/2/2013

**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.

SITE SPECIFIC COAs:

Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, and start of hydraulic stimulation operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

Operator must ensure 110 percent secondary containment for any volume of fluids contained at frac tank water transfer/storage site during 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 location will be stabilized, inspected at regular intervals (every 14 days at a minimum during the construction phase and at least every 30 days during operations period), and maintained in good condition.

Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or permanent buried pipelines. Additional containment shall be required where temporary or permanent pumps and other necessary equipment or chemicals are located.

Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any reconfiguration of the pipeline network. Operator shall maintain pipeline pressure testing records throughout operations of the water transfer facility. The records will be made available to COGCC upon request.

Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment on each individual well pad before the fluids can be placed into any pipeline, storage vessel, or lined pit (only if an amended Form 2A has been submitted/approved and a Form 15 Earthen Pit Permitted has been submitted/approved) located on the well pad; or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks must be placed on the frac pad in an area with additional downgradient perimeter berming and must be constructed to be sufficiently impervious to contain any spilled or released material. The site will be manned 24/7 during completion operations and period visual checks will be conducted to provide overflow monitoring of the tanks during flowback.

For pits containing fluids other than freshwater only; the pit must be fenced. If the pit is not drained, or closure has not begun within 30 days after last use for well completion, the pit must be netted. The operator must maintain the fencing and netting until the pit is closed.

The moisture content of any freshwater generated 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. At the time of closure, if the freshwater generated drill cuttings are to be onsite, they must also meet the applicable standards of table 910-1.

Berms or other containment devices shall be constructed to be sufficiently impervious (preferably corrugated steel with poly liner) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.

Attachment Check List

Att Doc Num	Name
2106502	CORRESPONDENCE
2106503	LOCATION DRAWING
400359202	FORM 2A SUBMITTED
400359668	WELL LOCATION PLAT
400359675	ACCESS ROAD MAP
400359679	CONST. LAYOUT DRAWINGS
400359689	LOCATION PICTURES
400359691	REFERENCE AREA MAP
400359693	REFERENCE AREA PICTURES
400359702	NRCS MAP UNIT DESC
400361048	HYDROLOGY MAP
400363984	DOW CONSULTATION
400364312	TOPO MAP
400364314	LEGAL/LEASE DESCRIPTION
400365624	SURFACE OWNER CONSENT
400365625	DEVIATED DRILLING PLAN

Total Attach: 16 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Final Review	PDF is OK, multiple surface owners	2/1/2013 9:01:45 AM
Final Review	placed ON HOLD - pending resolution of COGCC internal issue re: PDF view of Form.	1/31/2013 12:32:27 PM
Permit	No LGD or public comments. Final Review--passed.	1/30/2013 3:10:11 PM
OGLA	Initiated/Completed OGLA Form 2A review on 01-30-13 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, moisture content/containment cuttings, lined pit/closed loop, pit fencing/netting, tank berming, and flowback to tanks COAs from operator on 01-30-13; received acknowledgement of COAs from operator on 01-30-13; changed distance to water well to 39728'; changed depth to GW to 180' bgs; passed by CPW on 01-09-13 with operator agreed to BMPs acceptable; passed OGLA Form 2A review on 01-30-13 by Dave Kubeczko; fluid containment, spill/release BMPs, moisture content/containment cuttings, lined pit/closed loop, pit fencing/netting, tank berming, and flowback to tanks COAs.	1/30/2013 2:05:32 PM
Permit	Corrected well name. Corrected prop. line distance per oper.	1/29/2013 1:29:40 PM
DOW	The attached BMPs agreed to by the operator in the Wildlife section are appropriate. Jacob Davidson, 1-9-2013, 16:30	1/9/2013 4:31:15 PM
Permit	Operator removed dollar amount. Ready to pass completeness.	1/8/2013 4:17:56 PM
Permit	Sent back to draft to see if operator wants to redact \$ amount in SUA.	1/4/2013 2:36:06 PM

Total: 8 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Material Handling and Spill Prevention	<p>Spill Prevention Control and Countermeasures (SPCC)</p> <p>Once the wells are drilled and completed onsite KGH will prepare a SPCC plan for the site.</p>
Wildlife	<p>1. Where oil and gas activities must occur in mule deer critical winter range or elk winter concentration areas, conduct these activities outside the time period from December 1 through April 15 (construction and drilling).</p> <p>2. Restrict post-development well site visitations to between the hours of 10:00 am and 3:00 pm and reduce well site visitations between December 1 and April 15 in mule deer critical winter range.</p> <p>3. Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads.</p> <p>4. Gate single-purpose road and restrict general public access to reduce traffic disruptions to wildlife.</p> <p>5. Close and immediately reclaim all roads that are redundant, not used regularly, or have been abandoned to the maximum extent possible to minimize disturbance and habitat fragmentation.</p> <p>6. Avoid aggressive non-native grasses and shrubs in mule deer and elk habitat restoration.</p> <p>7. Reclaim mule deer habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed.</p> <p>8. Restore appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeded where possible.</p>
Storm Water/Erosion Control	<p>Stormwater management will be managed under KGH Operating Company's (KGH) proposed stormwater management plan prepared for the project area. A Stormwater Plan and Permit will be submitted to CDPHE as required. Prior to construction a stormwater "perimeter" will be built around the site for initial work purposes. Once the pad construction is completed, the site will be inspected and any necessary erosion control devices needed to manage sediment discharge from the pad will be installed. These devices may include but are not limited to:</p> <ul style="list-style-type: none">-Rock Check Dams-Settling Ponds-Straw Waddles-Silt Fencing (Used Sparingly)

Total: 3 comment(s)