

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:

400403147

Date Received:

05/17/2013

PluggingBond SuretyID

20110182

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☒ GAS ☐ COALBED ☐ OTHER pilot

SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling

Sidetrack

3. Name of Operator: SWIFT ENERGY OPERATING LLC 4. COGCC Operator Number: 10388

5. Address: 16825 NORTHCHASE DRIVE #400

City: HOUSTON State: TX Zip: 77060

6. Contact Name: Amanda Stenjem Phone: (970)382-7256 Fax: (970)382-7259

Email: stenjem@ecosphere-services.com

7. Well Name: Waters 34-12-32 Well Number: 1H

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 3500

WELL LOCATION INFORMATION

10. QtrQtr: SWNW Sec: 32 Twp: 34N Rng: 12W Meridian: M

Latitude: 37.151270

Longitude: -108.181750

			FNL/FSL			FEL/FWL
Footage at Surface:	1399	feet	FNL	235	feet	FWL

- | | |
|-------------------------|---------------------|
| 11. Field Name: Wildcat | Field Number: 99999 |
|-------------------------|---------------------|

12. Ground Elevation: 6919 13. County: LA PLATA

- #### 14. GPS Data:

- Date of Measurement: 04/23/2013 PDOP Reading: 2.2 Instrument Operator's Name: Scott Weibe

15. If well is ☐ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL

Sec: Twp: Rng: Sec: Twp: Rng:

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No

17. Distance to the nearest building, public road, above ground utility or railroad: 2520 ft

18. Distance to nearest property line: 235 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 14513
ft

20. **LEASE, SPACING AND POOLING INFORMATION**

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR	545-1	643	N/2 sec 31,32

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #:

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID#:

- 23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☒ Yes ☐ No

- 23b. If 23 is No: ☐ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bond ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

NW/4 Section 32 T34N R12W

25. Distance to Nearest Mineral Lease Line: 235 ft

26. Total Acres in Lease: 160

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☒ No

31. Mud disposal: ☒ Offsite ☐ Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: ☐ Land Farming ☐ Land Spreading ☒ Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	24+0/0	20+0/0	104	0	60	50	60	0
SURF	17+1/2	13+3/8	48	0	600	820	600	0
1ST	12+1/4	9+5/8	36	0	1,450	880	1,450	0
OPEN HOLE	8+3/4			1450	3,500			

32. BOP Equipment Type: ☒ Annular Preventer ☒ Double Ram ☐ Rotating Head ☐ None

33. Comments _____

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☒ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ No

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

Signed: _____

Print Name: Amanda Stenjem

Title: Permit Specialist

Date: 5/17/2013

Email: stenjem@ecosphere-

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: Matthew Lee Director of COGCC Date: 7/31/2013

API NUMBER

05 067 09897 00

Permit Number: _____ Expiration Date: 7/30/2015

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

- 1) Provide 48 hour notice of spud via COGCC form 42
 - 2) Provide cement coverage of 9 5/8" OD casing from TD to surface. Verify cement coverage with Cement Bond Log.
 - 3) Run and submit Directional Survey from TD to kick-off point
 - 4) The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.
 - 5) In the event of borehole problems that require drilling a sidetrack do the following:
 - Within 24 hours of occurrence and during normal business hours (8AM-5PM)
 - Contact, discuss, & receive approval from COGCC Regional Engineer – Mark Weems
 - Do not delay drilling w/o approval from COGCC Regional Engineer – Mark Weems

970-259-4587 off
970-749-0624 cell
mark.weems@state.co.us
 - 6) The operator reports there are no plans to fracture stimulate the well.
If plans change, the operator must receive prior approval via form 4 Sundry Notice
- Check Notice of Intent: Plan frac the well
- Requirements Prior to Receiving Approval to Frac include but may not be limited to the following:
- Demonstrate & report the following to the COGCC Regional Engineer-SW Colorado:
- a) Frac model and design
 - b) Safeguards in place to ensure the protection of shallow fresh water aquifers
 - Offset oil/gas well construction and mechanical integrity assessment
 - Offset oil/gas well pressure monitoring of production casing and Braden Head
 - Offset PA oil/gas well assessment of success in zonal fluids isolation
 - c) Re-test the offset water wells within six (6) to twelve (12) months following a frac job
 - This may be done in conjunction with or in addition to Rule 609 (d) (2) Subsequent Monitoring depending on timing and/or sequence of events.

Attachment Check List

Att Doc Num	Name
1857356	WELLBORE DIAGRAM
2106706	CORRESPONDENCE
400403147	FORM 2 SUBMITTED
400417372	MINERAL LEASE MAP
400417374	30 DAY NOTICE LETTER
400420844	WELL LOCATION PLAT

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed.	7/29/2013 12:05:47 PM

Engineer	<p>In response to public comment #3 and the concern for the mechanical integrity of offset wells to the planned Manco-Niobrara horizontal shale well, thank you for expressing that concerns. It is also of upmost concern with the COGCC that all wells maintain mechanical integrity. The COGCC system to ensure mechanical integrity starts with the well design and permitting. Inspections while drilling are another phase. A review of how the well was actually drilled and completed followed. Routine inspections then occur over the rest of the life of the well.</p> <p>A review of prior inspections reveals no leaks coming from the wells themselves. Some of the inspection reports indicate there are some surface related remediation and reclamation concerns. The inspection supervisor will be contacted and asked to follow up on the adjacent wells. The drilling mud in the shale well will be drilled close to hydraulic balanced conditions with the fluids in the offset wells which mean no fluid flow between wells. Currently, there are no plans by the operator to fracture stimulate the planned shale well. If that changes, the operator in conjunction with COGCC engineer will review and closely scrutinize offset well mechanical integrity and deploy monitoring measures during any frac jobs that possibly occur.</p>	7/29/2013 9:56:04 AM
Permit	Waiting on the form 2A.	7/23/2013 5:51:58 AM
Engineer	I emailed Swift Energy Drilling Manager, Andy Rhoads, to let him know that I deleted the original WBD and uploaded the one he submitted today, Friday, July 19, 2013. I also informed him of the changes I made today to the eform 2 casing design that are consistent with the revised WBD uploaded today as well as the revisions I made to the COA's.	7/19/2013 5:37:17 PM
Permit	Waiting on revisions for casing as requested by COGCC engineer.	7/18/2013 3:21:19 PM
Permit	Smokey hill is a member of the Niobrara formation.	7/12/2013 11:08:44 AM
Permit	This permit is the pilot of a pilot/lateral drilling plan and has been revised from being the sole horizontal permit to being the required pilot permit. Approval of this permit must precede the approval of the lateral in order that API sidetrack designations be correct. Lateral permit will be submitted and will be subject to the 20 day comment period.	7/12/2013 8:20:50 AM
Public Room	<p>PUBLIC COMMENT NO. 7; (6/17/2013 3:50:09 PM); FORM 2A#400403083:</p> <p>I am very concerned about this application and any use of fracking in this water-critical, drought-ridden area. Swift has not determined where they will get the water from and how they will compensate any farmers or residents for contaminated wells or accidents involving their subcontractors. I think this process is still new and risky, despite all the money it has generated. No amount of money can bring back a ruined environment. I am completely opposed to this project.</p> <p>COGCC RESPONSE TO PUBLIC COMMENT NO. 7; (7/11/2013 2:42:56 PM); FORM 2A#400403083:</p> <p>Per section 5.3 of the Memorandum of Understanding (MOU) between La Plata County and Swift Energy Operating, LLC: "Pursuant to 90-123(e) Swift agrees to provide documentation to the County demonstrating a legally obtained source of water to be used for the Exploratory Wells. This documentation shall describe the water source(s) used for construction, drilling, completion, and/or post completion activities of the Exploratory Wells. For example, if water is obtained from a source within the State of Colorado, a decree from the appropriate Colorado water court would satisfy this requirement." This would be required to be submitted with the La Plata County permit application. Mitigation of impacts from releases will be evaluated by the COGCC (and CDPHE/La Plata County, if appropriate) if they occur.</p>	7/11/2013 12:12:46 PM
Engineer	The operator has provided the Offset Well Evaluation. I have lifted the ON HOLD status and am returning the well back into active processing.	6/26/2013 5:46:11 PM
Public	PUBLIC COMMENT NO. 1; (6/18/2013 4:25:17 PM); FORM 2#400403147:	6/18/2013 4:25:17 PM

1) Our family lives adjacent to the Waters well proposed by Swift Energy. Our water well is less than 1/2 mile of the fracking zone and we are within direct impacts of the drilling operation. We have serious concerns about the as yet unknown effects of fracking at these shallow depths in Mancos Shale on water quality. We are in a dry zone where every drop of water is precious, yet we understand a tremendous amount of water will need to be acquired to frack the well.

2) We are concerned about the use of our county roads for hauling first fracking chemicals and later the continual hauling of the oil generated by the well. We have serious concerns about the disturbance to the landscape-weeds, potential fires especially during the drought, and the impacts to air quality (especially CO2 and NOx) generated by the wells in this area.

This is an area populated by many families who live here because of the quiet, the open landscapes, and the freedom to live in a save environment. Please consider the disruption to our lives and our health and safety.

David and Lisa Hanna 426 Trail Rd Hesperus CO

COGCC RESPONSE TO PUBLIC COMMENT NO. 1; (7/11/2013 2:42:56 PM); FORM 2#400403147:

1) Per section 5.3 of the Memorandum of Understanding (MOU) between La Plata County and Swift Energy Operating, LLC:
"Pursuant to 90-123(e) Swift agrees to provide documentation to the County demonstrating a legally obtained source of water to be used for the Exploratory Wells. This documentation shall describe the water source(s) used for construction, drilling, completion, and/or post completion activities of the Exploratory Wells. For example, if water is obtained from a source within the State of Colorado, a decree from the appropriate Colorado water court would satisfy this requirement."
This would be required to be submitted with the La Plata County permit application. In addition, the operator has agreed to collected baseline groundwater samples from five (5) nearby water wells. These are listed in the conditions of approval for the Form 2A permit.

2) Rule 205.c. states that operators shall maintain a Chemical Inventory by well site for each Chemical Product used downhole during drilling, completion, and workover operations, excluding hydraulic fracturing treatments, in an amount exceeding five hundred (500) pounds during any quarterly reporting period. Operators shall also maintain a chemical inventory by well site for fuel stored at the well site during drilling, completion, and workover operations, including hydraulic fracturing treatments, in an amount exceeding five hundred (500) pounds during any quarterly reporting period. Hydraulic fracturing chemicals are to be reported in accordance with Rule 205A. HYDRAULIC FRACTURING CHEMICAL DISCLOSURE.
In accordance with Swift's ongoing discussions with the La Plata County Director of Emergency Management and the Fort Lewis Mesa Fire Department (see attached statement regarding Emergency Response), Swift has volunteered to provide periodic "off-duty" Sheriff patrols during periods of high volume traffic (e.g., construction, drilling, and completion phases) ensure compliance with speed limits on state, county, and private roads and to ensure approved access routes are followed.

Wildfire concern and fire protection are already covered under COGCC's 600-Series Rules: SERIES SAFETY REGULATIONS. 601. INTRODUCTION. The rules and regulations in this section are promulgated to protect the health, safety and welfare of the general public during the drilling, completion and operation of oil and gas wells and producing facilities. Rule: 606A. FIRE PREVENTION AND PROTECTION. In addition, COGCC has placed the following condition of approval (COA) on the Form 2A Permit:

"During all construction, drilling, and completion phases at this location, operator shall be monitoring the wildfire potentials daily and have the appropriate additional equipment and measures in place. This may include smoking bans and additional fire fighting equipment. Operator shall consult with BLM and the NFS as necessary."
Air quality. Swift is planning to flare excess gas and will follow COGCC rules. La Plata County has entered into a MOU with Swift regarding these wells which addresses air quality. A copy of the MOU is attached to the Form 2A Permit.

	Operator has agreed to use of 95% control efficiency devices for all VOC sources, including flares, and will electrify the sites if it is within 1,320 feet of 3-phase power. The SUI Environmental Manager and AQ Manager indicated that they do not currently have their minor source program in place (they would only comment if the location is subject to a Title V permit). The air space is EPA/SUI jurisdiction.	
Public	<p>PUBLIC COMMENT NO. 2; (6/18/2013 4:12:14 PM); FORM 2#400403147:</p> <p>No source of water, nor expected volume to be used is identified. We suggest that both be added as conditions to this permit, given the high level of interest in these wells. After the fact reporting on FracFocus does little to address this question.</p> <p>Nor is a location for disposal of waste identified - only that it will be off-site. Does this mean all the trucks will be traveling into New Mexico, as was suggested by Swift at a public meeting? If so, that is a lot of road miles with hazardous loads to get there. Will any permit conditions be added to address this?</p> <p>COGCC RESPONSE TO PUBLIC COMMENT NO. 2; (7/11/2013 2:42:56 PM); FORM 2#400403147:</p> <p>1) Per section 5.3 of the Memorandum of Understanding (MOU) between La Plata County and Swift Energy Operating, LLC: "Pursuant to 90-123(e) Swift agrees to provide documentation to the County demonstrating a legally obtained source of water to be used for the Exploratory Wells. This documentation shall describe the water source(s) used for construction, drilling, completion, and/or post completion activities of the Exploratory Wells. For example, if water is obtained from a source within the State of Colorado, a decree from the appropriate Colorado water court would satisfy this requirement." This would be required to be submitted with the La Plata County permit application. In addition, the operator has agreed to collected baseline groundwater samples from five (5) nearby water wells. These are listed in the conditions of approval for the Form 2A permit.</p> <p>2) COGCC Rules do not require documentation of truck trips, loads, or offsite disposal. The operator is responsible for maintaining this documentation and requiring that the materials taken offsite meet all applicable transportation regulations.</p> <p>In accordance with Swift's ongoing discussions with the La Plata County Director of Emergency Management and the Fort Lewis Mesa Fire Department (see attached statement regarding Emergency Response), Swift has volunteered to provide periodic "off-duty" Sheriff patrols during periods of high volume traffic (e.g., construction, drilling, and completion phases) ensure compliance with speed limits on state, county, and private roads and to ensure approved access routes are followed.</p>	<p>6/18/2013 4:12:14 PM</p>

Public	<p>PUBLIC COMMENT NO. 3; (6/18/2013 3:48:11 PM); FORM 2#400403147:</p> <p>1) The COGCC website map shows an old 50s/60s well within the same section, but without any perforation information. Has the integrity of this old well been checked?</p> <p>2) As a condition of the permit, will the operator be required to track the number of vehicle trips to and from the site, as this is an area that has little active development. In addition, the access route via 116 west to cherry creek involves a steep downhill and hairpin turn. Will any conditions be attached related to that?</p> <p>COGCC RESPONSE TO PUBLIC COMMENT NO. 3; (7/11/2013 2:42:56 PM); FORM 2#400403147:</p> <p>1) COGCC Rules require that all wells maintain mechanical integrity. The COGCC system to ensure mechanical integrity starts with the well design and permitting. Inspections while drilling are another phase. A review of how the well was actually drilled and completed is also reviewed. Routine inspections then occur over the rest of the operating life of the well.</p> <p>A review of prior inspections reveals no leaks coming from the nearby wells themselves. Some of the inspection reports indicate there are some surface related remediation and reclamation concerns. The inspection supervisor will be contacted and asked to follow up on the adjacent wells. The drilling mud in the proposed Manco-Niobrara horizontal shale well will be drilled close to hydraulic balanced conditions with the fluids in the offset wells which means there will be no fluid flow between wells. Currently, there are no plans by the operator to hydraulically stimulate the proposed shale well. If that changes, the operator in conjunction with the COGCC engineer will review and evaluate all offset wells with regards to mechanical integrity and implement monitoring measures during any hydraulic stimulation operations that may take place.</p> <p>2) COGCC Rules do not require documentation of truck trips, loads, or offsite disposal. The operator is responsible for maintaining this documentation and requiring that the materials taken offsite meet all applicable transportation regulations.</p> <p>In accordance with Swift's ongoing discussions with the La Plata County Director of Emergency Management and the Fort Lewis Mesa Fire Department (see attached statement regarding Emergency Response), Swift has volunteered to provide periodic "off-duty" Sheriff patrols during periods of high volume traffic (e.g., construction, drilling, and completion phases) ensure compliance with speed limits on state, county, and private roads and to ensure approved access routes are followed.</p>	6/18/2013 3:48:11 PM
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Public	<p>PUBLIC COMMENT NO. 4; (6/17/2013 9:25:36 AM); FORM 2#400403147:</p> <p>As resident neighbor I am concerned about the fire danger posed by an open flare as proposed by Swift Energy Operating LLC. Fort Lewis Mesa is affected by drought, beetle kill, gusty winds, low humidity, and high temperatures culminating in extreme fire conditions. Fort Lewis Mesa is under red flag fire watch for most of the summer. The lease site identified in the permit is overgrown with dry weed species that tend to spread flames quickly. Bordering the parcel to the south are woodlands of juniper and pinon pines with a large percentage of dead stand after beetle kill. Wind gusts are frequent and often reach 60 mph. I would have liked to attach personal photos of recent and current fires that have caused evacuations as well as loss of property and livestock here. At the time of writing, a fire is burning off County Road 114, very close to the proposed drill site. A flare in this area poses a great risk to neighbors, fire fighters, and wildlife in a sensitive area. For these reasons an assessment if Swift Energy Operating LLC. has the capacity to comply with COGCC Rules 601 et sequ. without relying on public resources for fire mitigation is strongly advised before permit approval.</p> <p>COGCC RESPONSE TO PUBLIC COMMENT NO. 4; (7/11/2013 2:42:56 PM); FORM 2#400403147:</p> <p>Wildfire concern and fire protection are already covered under COGCC's 600-Series Rules: SERIES SAFETY REGULATIONS. 601. INTRODUCTION. The rules and regulations in this section are promulgated to protect the health, safety and welfare of the general public during the drilling, completion and operation of oil and gas wells and producing facilities. Rule: 606A. FIRE PREVENTION AND PROTECTION. In addition, COGCC has placed the following condition of approval (COA) on the Form 2A Permit:</p> <p>"During all construction, drilling, and completion phases at this location, operator shall be monitoring the wildfire potentials daily and have the appropriate additional equipment and measures in place. This may include smoking bans and additional fire fighting equipment. Operator shall consult with BLM and the NFS as necessary." In addition, COGCC has placed the following condition of approval on the Fprm 2A Permit:</p>	6/17/2013 9:25:36 AM
Public	<p>PUBLIC COMMENT NO. 5; (6/15/2013 2:10:17 PM); FORM 2#400403147:</p> <p>We are impacted property owners in the area of interest for development of pilot bores by Swift Energy. Our address is 1362 CR 126 Hesperus, CO 81326. Our property is located within the envelope of the 2nd proposed well (Kikel) that is not currently in the permit process, but our concerns are similar for both wells. These oil gas wells are being developed at the shallowest depth in Colorado, and are new to the Mancos formation.</p> <p>1) Concerns raised include both quantity and quality of the existing water supply for irrigation rights and domestic well permits. There has been no plan submitted to our knowledge that identify the tributary or non-tributary nature of any produced water, nor has the source of water for development of these production wells been published. The La Plata River and Cherry Creek basin are one of the most water short regions of the state, and subject to daily curtailment of ditches as well as an Interstate Compact. Issues of injury to existing uses should be addressed prior to any development of these wells is allowed by the COGCC.</p> <p>2) Swift has also indicated previously that they intend to use high pressure hydraulic fracturing for the development of horizontal bores, but has now published comments in the local newspapers that they may not use this method. It is our understanding from COGCC staff that this permit will allow fracking on a 48 hour notice by the company to COGCC with no public notice required. We feel all land owners and water users in the basin should be able to provide comments on the potential adverse impacts to domestic wells in the area prior to being given approval to proceed. These domestic groundwater uses include the Marvel (Community Spring) and the Elementary school that relies on groundwater down gradient to these wells. An extensive groundwater model should be developed prior to drilling of either of the two pilot wells being proposed to address the impacts to all water use, groundwater and surface water, to verify that no change in the hydrology is occurring that would impact the water quality, timing of flows and return flows, and quantity. This model</p>	6/15/2013 2:10:17 PM

	<p>should also be used to clearly establish whether the produced water from these wells is tributary or non-tributary in nature pursuant to Colorado Water law and state statutes.</p> <p>3) Air quality should be also considered since the company recently announced that they intend to burn off any natural gas that is emitted from these sources. Jurisdictional oversight is a concern and vague at best, due to much of this region being within the outer boundary of the Southern Ute Tribe. Please proceed cautiously with the permitting of this formation, due to the shallow depth and the many unknown impacts that surround the development of the reserves.</p> <p>COGCC RESPONSE TO PUBLIC COMMENT NO. 5; (7/11/2013 2:42:56 PM); FORM 2#400403147:</p> <p>1) Per section 5.3 of the Memorandum of Understanding (MOU) between La Plata County and Swift Energy Operating, LLC: "Pursuant to 90-123(e) Swift agrees to provide documentation to the County demonstrating a legally obtained source of water to be used for the Exploratory Wells. This documentation shall describe the water source(s) used for construction, drilling, completion, and/or post completion activities of the Exploratory Wells. For example, if water is obtained from a source within the State of Colorado, a decree from the appropriate Colorado water court would satisfy this requirement." This would be required to be submitted with the La Plata County permit application.</p> <p>2) Rule 205.c. states that operators shall maintain a Chemical Inventory by well site for each Chemical Product used downhole during drilling, completion, and workover operations, excluding hydraulic fracturing treatments, in an amount exceeding five hundred (500) pounds during any quarterly reporting period. Operators shall also maintain a chemical inventory by well site for fuel stored at the well site during drilling, completion, and workover operations, including hydraulic fracturing treatments, in an amount exceeding five hundred (500) pounds during any quarterly reporting period. Hydraulic fracturing chemicals are to be reported in accordance with Rule 205A. HYDRAULIC FRACTURING CHEMICAL DISCLOSURE. The COGCC Rules do not require groundwater or air modeling. The operator has agreed to collected baseline groundwater samples from five (5) nearby water wells. These are listed in the conditions of approval for the Form 2A permit.</p> <p>3) Air quality. Swift is planning to flare excess gas and will follow our rules. La Plata County has entered into a MOU with Swift regarding these wells which addresses air quality. A copy of the MOU is attached to the Form 2A Permit. Operator has agreed to use of 95% control efficiency devices for all VOC sources, including flares, and will electrify the sites if it is within 1,320 feet of 3-phase power. The SUIT Environmental Manager and AQ Manager indicated that they do not currently have their minor source program in place (they would only comment if the location is subject to a Title V permit). The air space is EPA/SUIT jurisdiction.</p>		
LGD	<p>La Plata County LGD spoke to a representative of CDPHE regarding the consultation on the Form 2 with regard to groundwater. It was explained that CDPHE does not typically consult on the Form 2 because COGCC staff has the expertise to review the proposed wellbore design and completion to ensure that groundwater contamination will not occur. COGCC requires items at the time of permitting (i.e. offset well evaluations, proposed casing and cementing design, deviated drilling plan , etc.) and items after drilling (i.e. cement bond logs, bradenhead tests, etc.) in order verify the drilling and completion activities will not cause issues. Based on this information, CDPHE relies on COGCC expertise for the review relative to the downhole design of the well.</p>	6/12/2013 11:38:35 AM	
Engineer	<p>I have put the permit on hold pending the receipt of the Offset Well Evaluation. As a starting point w/ HZ well shale drilling and development in SW Colorado, I am utilizing the DJ Basing Horizontal Offset Policy dated June 20, 2013. I have sent an email to the permitting specialist w/ Swift notifying them of my decision.</p>	3/7/2013 9:11:36 AM	

Public	<p>PUBLIC COMMENT NO. 6; (5/30/2013 10:09:55 AM); Form 2#400403147:</p> <p>I am a property owner (William Searfus) of 3937 CR 119 and I have a water well. We are too close to this without me raising my concerns. Our only access to water on Red Mesa (above Alkalai Gulch), is WELLS and this should be thoroughly examined before proceeding.</p> <p>COGCC RESPONSE TO PUBLIC COMMENT NO. 6; (7/11/2013 2:42:56 PM); FORM 2#400403147:</p> <p>Per section 5.3 of the Memorandum of Understanding (MOU) between La Plata County and Swift Energy Operating, LLC: "Pursuant to 90-123(e) Swift agrees to provide documentation to the County demonstrating a legally obtained source of water to be used for the Exploratory Wells. This documentation shall describe the water source(s) used for construction, drilling, completion, and/or post completion activities of the Exploratory Wells. For example, if water is obtained from a source within the State of Colorado, a decree from the appropriate Colorado water court would satisfy this requirement." This would be required to be submitted with the La Plata County permit application. In addition, the operator has agreed to collected baseline groundwater samples from five (5) nearby water wells. These are listed in the conditions of approval for the Form 2A permit.</p>	5/30/2013 10:09:55 AM
Permit	Is operator planning a pilot hole?	5/24/2013 9:07:17 AM
LGD	<p>The La Plata County LGD requests that the Director extend the public comment period and LGD comment period on this permit application a full ten (10) days per Rule 305c.</p> <p>The La Plata County LGD requests consultation from Colorado Department of Public Health and Environment (CDPHE) on this permit application per Rule 306b. (2) and Rule 306d. During La Plata County's process to negotiate a Memorandum of understanding with Swift Energy Operating, LLC, may citizens of La Plata County expressed concern with the shallow depth of the Mancos Shale formation which is being targeted (approx. 2,500 ft. deep), relative to water wells inside the drilling and spacing unit.</p> <p>The Western Unit (N1/2 of Sections 31 32, T34N, R12W) contains domestic water wells that range in depth of approximately 430 ft. to 525 ft.</p> <p>Based on the concerns of the citizens, La Plata County formally requests that CDPHE consult on the permit application to determine if there is a threat to health, safety, and welfare relative to groundwater quality in accordance with Rule 306b.(2).</p>	5/21/2013 5:42:19 PM
Permit	Distance to property line different on form 2A.	5/21/2013 1:47:09 PM
Permit	Distance to mineral appears to measured from surface location. Must be measured from productive portion of the horizontal.	5/21/2013 1:44:57 PM
Permit	Lease does not cover the lateral. Covers surface location. Need lease description for section 31.	5/21/2013 1:43:14 PM
Permit	Is operator using conductor casing?	5/21/2013 1:42:35 PM
Permit	Returned to draft for the following: 1)Contact not an agent for operator. 2)Deviated drilling plan missing front/side view. 3)unable to open 30 day notice (Daniel Lynn). 4)Remove extra pages on well location plat. 5) Right to construct is by O&G lease. Please remove Surface bond & bond #. 5)Missing directional data template upload.	5/20/2013 11:32:32 AM

Total: 24 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Planning	Operations should avoid, to the extent feasible, riparian areas, floodplains, lakeshores, wetlands and areas subject to severe erosion and mass soil movement. Well should be designed to fit within the landscape and minimize excessive "cut and fill" construction practices.
Pre-Construction	A pre-construction inventory of invasive plants shall be performed within the anticipated areas of disturbance to determine the appropriate prevention methods, predict control needs, and assess the level of responsibility for management. The objective is to document established target invasive plants. Target invasive plant infestations that reproduce prolifically from rhizome/root segments prior to disturbance will be pre-treated.
Material Handling and Spill Prevention	All waste stored on-site must be protected from rain (or otherwise contained) and stored away from drainage ways and receiving waters. In the event of fuel storage containment leaks or other spills, instructions will be posted on site and the SWMP administrator must be contacted. All spills must be reported immediately to applicable federal, state, and/or local regulatory agencies. The Spill Kit will be located in the designated stabilized staging area. If deemed appropriate, double-walled tanks will be used for the storage of chemicals and liquids.
Construction	Topsoil should be segregated and stored separately from subsurface materials to avoid mixing during construction, storage, and interim restoration. Topsoil stockpiles will be vegetated with environmentally friendly seed mix (and/or as required by the landowner) to minimize erosion and maximize reclamation potential.
Drilling/Completion Operations	<p>Prior to drilling, the location around the wellbore will be slightly crowned to divert fluids to a flow ditch or other on-site containment. Swift will provide notice to the appropriate regulatory agency at least 24 hours prior to the commencement of any cementing operations and will maintain a copy of the cementing records at the well site during the drilling and completion of the well.</p> <p>Groundwater study will be conducted in accordance with COGCC requirements.</p>
Interim Reclamation	Any topsoil not respread will remain stock-piled and vegetated to prevent it from eroding and to help maintain its biological viability. The portions of the cleared well site not needed for operational safety purposes will be recontoured to a final or intermediate contour that blends with the surrounding original topography.
Final Reclamation	<p>Current site conditions, to include landscape conditions and characteristics, has been evaluated and documented prior to disturbance. This will provide baseline data on the original conditions for restoration at a later date.</p> <p>Low compaction grading techniques will be used during final grading to minimize compacting soils.</p>

Total: 7 comment(s)