

STATE OF COLORADO

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Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department
of Public Health
and Environment

October 18, 2013

Mr. Matthew Lepore, Director COGCC
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: Colorado Department of Public Health and Environment (Department) Consultation
Recommendations for the Tabula Rasa Energy, LLC Andreatta No.3 and Caddell No.2
located in Huerfano County

Dear Mr. Lepore:

This letter describes the Department's recommendation to the Colorado Oil and Gas Conservation Commission (COGCC) on a condition of approval to minimize adverse impacts for the Caddell No.2 well site located in the NESE of Section 4, Township 29S Range 69W and the review of the Andreatta No.3 well site located in the NESW Section 10 Township 29S Range 69W in Huerfano County, Colorado. These recommendations are based conference calls with the Local Governmental Designee (LGD) for Huerfano County, Dale Lyons, Tabula Rasa Energy, LLC Vice President Bob Sutherland and the COGCC staff.

The Huerfano County LGD, Ms. Dale Lyons sent an e-mail requesting consultation for these two sites based on three concerns and a fourth was identified during discussions with Ms. Lyons. The Department learned of community concerns with stormwater, odors from the existing CO2 Plant, concerns about truck traffic and the dust from the County Road used to access the well sites and concerns about the potential for uranium in the drill fluids and cuttings.

Stormwater

The stormwater issue was thoroughly discussed during the consultation conference call with Tabula Rasa Energy agreeing to provide additional protection to the Caddell well site by extending the existing southern berm to the west to tie into the existing berm running north/south ultimately berming the well site on three sides to minimize the potential for stormwater impacting Abeyta Creek. The Department is recommending this additional stormwater protection be required as a condition of approval in the COGCC permit.

Odor

The odor issue was not a part of this consultation because the odors are believed to be coming from an existing CO2 Plant in the area that was inspected earlier this year by the Air Pollution Control Division and any future odor complaints will be addressed promptly.

Truck Traffic and Dust

During earlier discussions with Dale Lyons the Department learned that Huerfano County Road and Bridge Department requires a permit from Tabula Rasa Energy to use County Road 441 and would address the truck traffic and dust issue as a part of the permitting process. However, during the consultation conference call Mr. Bob Sutherland agreed to water the roads to minimize dust, utilize speed control measures to reduce impacts from trucks accessing the well sites and adhere to the conditions of the Huerfano County Road and Bridge permit.

Uranium in the Drill Cuttings

A final issue raised during the consultation conference call, concerned the potential for drilling fluids and cuttings to contain radiation due to the existing uranium mines in the area. Tabula Rasa Energy is proposing to use a closed loop system for drilling fluids and cuttings followed by commercial disposal. Since these two well sites have existing CO2 wells, the Department checked the records back to 2006 to determine if any radiation alarms had been received at local landfills and found no alarms from uranium materials had been received in this area.

Conclusion

The Department's consultative role for the Andreatta and Caddell well sites resulted in the Department reviewing the information submitted to the COGCC with the Form 2A and Form 2 for each well site and evaluating these existing well sites for public health, safety, welfare and environmental concerns while seeking a balanced and reasonable approach to providing recommendations to the COGCC. In view of these considerations, the Department has recommended one condition of approval for additional stormwater protections to minimize the potential stormwater impacts to Abeyta Creek from the Caddell well site. The other issues raised by the LGD for Huerfano County will be addressed by the permit from Huerfano County Road and Bridge Department and a prompt response to future odor complaints by the Air Pollution Control Division.

Sincerely,

Kent Kuster
CDPHE Oil and Gas Liaison

cc: Dale Lyons lgd@huerfano.us
Bob Sutherland bobs@tr-energy.net