

**FORM
2A**Rev
08/13**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:

400459696

Date Received:

09/24/2013

Oil and Gas Location Assessment☐ New Location ☐ Refile ☒ Amend Existing Location Location#: 417369

Submit signed original form. This Oil and Gas Location Assessment is to be submitted to the COGCC for approval prior to any ground disturbance activity associated with oil and gas operations. Approval of this Oil and Gas Location 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. Please see the COGCC website at <http://cogcc.state.co.us/> for all accompanying information pertinent this Oil and Gas Location Assessment.

Location ID:

417369

Expiration Date:

11/09/2016☒ This location assessment is included as part of a permit application.**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.

Operator

Operator Number: 100122

Name: GUNNISON ENERGY CORPORATION

Address: 1801 BROADWAY #1200

City: DENVER State: CO Zip: 80202

Contact Information

Name: Chad Rathbun

Phone: (303) 296-4222

Fax: (303) 296-4555

email: chad.rathbun@oxbow.com

RECLAMATION FINANCIAL ASSURANCE

☒ Plugging and Abandonment Bond Surety ID: 20090074 ☐ Gas Facility Surety ID: _____

☐ Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: Spadafora 1190 Number: #20-21V

County: GUNNISON

QuarterQuarter: NENW Section: 20 Township: 11S Range: 90W Meridian: 6 Ground Elevation: 8072

Define a single point as a location reference for the facility location. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 918 feet FNL from North or South section line

2529 feet FWL from East or West section line

Latitude: 39.090194 Longitude: -107.471458

PDOP Reading: 1.8 Date of Measurement: 07/16/2013

Instrument Operator's Name: Uintah Engineering

RELATED REMOTE LOCATIONS

(Enter as many Related Locations as necessary. Enter the Form 2A document # only if there is no established COGCC Location ID#)

This proposed Oil and Gas Location is:

LOCATION ID # FORM 2A DOC #

FACILITIES

Indicate the number of each type of oil and gas facility planned on location

Wells	<u>1</u>	Oil Tanks	<u> </u>	Condensate Tanks	<u> </u>	Water Tanks	<u>6</u>	Buried Produced Water Vaults	<u> </u>
Drilling Pits	<u> </u>	Production Pits	<u> </u>	Special Purpose Pits	<u> </u>	Multi-Well Pits	<u> </u>	Temporary Large Volume Above Ground Tanks	<u> </u>
Pump Jacks	<u> </u>	Separators	<u>1</u>	Injection Pumps	<u> </u>	Cavity Pumps	<u> </u>		
Gas or Diesel Motors	<u> </u>	Electric Motors	<u> </u>	Electric Generators	<u>1</u>	Fuel Tanks	<u> </u>	Gas Compressors	<u> </u>
Dehydrator Units	<u> </u>	Vapor Recovery Unit	<u> </u>	VOC Combustor	<u> </u>	Flare	<u>1</u>	LACT Unit	<u> </u>
								Pigging Station	<u>1</u>

OTHER FACILITIES

Other Facility Type

Number

<input type="text"/>	<input type="text"/>
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Per Rule 303.b.(3)C, description of all oil, gas, and/or water pipelines:

A 6" water and 8" gas pipeline wil cross approximately 300' east to Sheep gas gathering system.

CONSTRUCTION

Date planned to commence construction: 05/01/2014 Size of disturbed area during construction in acres: 2.63
Estimated date that interim reclamation will begin: 10/01/2014 Size of location after interim reclamation in acres: 1.25
Estimated post-construction ground elevation: 8059

DRILLING PROGRAM

Will a closed loop system be used for drilling fluids: Yes

Is H₂S anticipated? No

Will salt sections be encountered during drilling: No

Will salt based mud (>15,000 ppm Cl) be used? No

Will oil based drilling fluids be used?

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Method: UIC Disposal

Cutting Disposal: Cuttings Disposal Method:

Other Disposal Description:

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

Centralized E&P Waste Management Facility ID, if applicable:

SURFACE & MINERALS & RIGHT TO CONSTRUCT

Name: Phone:

Address: _____

Fax: _____

Address: _____

Email: _____

City: _____ State: _____ Zip: _____

Surface Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian

Check all that apply. The Surface Owner: ☒ is the mineral owner

☒ is committed to an oil and Gas Lease

☒ has signed the Oil and Gas Lease

☐ is the applicant

The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed from or produced to this Oil and Gas Location: _____

The right to construct this Oil and Gas Location is granted by: oil and gas lease _____

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

Date of Rule 306 surface owner consultation _____

CURRENT AND FUTURE LAND USE

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

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

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1280 Feet
Building Unit: 1280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 313 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 1159 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well or edge of nearest Production Facility to nearest of each cultural feature as described in Rule 303.b.(3)A.
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone
☐ Exception Zone
☐ Urban Mitigation Area

- Buffer Zone - as described in Rule 604.a.(2), within 1,000' of a Building Unit.
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SOIL

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.org/> 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: #158 Herms - Fughes - Kolob family complex 25% - 40% slopes

NRCS Map Unit Name: # 195 Weed - Herm complex 0% - 25% slopes

NRCS Map Unit Name: _____

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: 12/07/2009

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): _____

WATER RESOURCES

Is this a sensitive area: ☒ No ☐ Yes

Distance to nearest

downgradient surface water feature: 255 Feet

water well: 1803 Feet

Estimated depth to ground water at Oil and Gas Location 128 Feet

Basis for depth to groundwater and sensitive area determination:

Is the location in a riparian area: ☒ No ☐ Yes

Was an Army Corps of Engineers Section 404 permit filed ☒ No ☐ Yes If yes attach permit.

Is the location within a Rule 317B Surface Water Supply Area buffer No 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: _____

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule _____

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

RULE 502.b VARIANCE REQUEST

- ☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments

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

Signed: _____ Date: 09/24/2013 Email: chad.rathbun@oxbow.com

Print Name: Chad Rathbun Title: Land Analyst

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: 11/10/2013

Conditions Of Approval

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.

COA Type

Description

Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment 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, separators, or other containment/filtering equipment must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface or permanent buried pipelines and following any reconfiguration of the pipeline network. Operator shall notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to testing surface poly or buried steel pipelines.

Operator must implement best management practices to contain any unintentional release of fluids along all portions of the surface pipeline route where temporary pumps and other necessary equipment are located.

Operator must routinely inspect the entire length of the surface pipeline to ensure integrity. Operator shall conduct daily inspections of surface poly pipeline routes for leaks during active transfer of fluids. Inspections shall be conducted by viewing the length of the pipeline; operator will endeavor to minimize surface disturbance during pipeline monitoring. The operator shall maintain records of inspections, findings and repairs, if necessary, for the life of the pipelines.

Operator must ensure appropriate secondary containment for volume of fluids that may be released before pump shut down from the surface pipeline at all stream, intermittent stream, ditch, and drainage crossings. Catchment basins, if needed, should be sized to contain the volume between pump stations or between the nearest pump station and the frac pad being used for this well pad location. Pump stations along the surface poly or steel pipeline route will be continuously monitored when operating in order to swiftly respond to such a failure.

Operator will utilize, to the extent practical, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines. This will reduce surface disturbance and fragmentation of wildlife habitat in the area.

	<p>PREVIOUS FORM 2A#400051597 COAs:</p> <p>Operator must implement best management practices to contain any unintentional release of fluids.</p> <p>Location is in a sensitive area because of close proximity to surface water, therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations.</p> <p>The moisture content of any 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, the drill cuttings must also meet the applicable standards of table 910-1.</p>
	<p>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).</p> <p>Operator shall comply with Rule 609. STATEWIDE GROUNDWATER BASELINE SAMPLING AND MONITORING.</p>
	<p>Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried permanent pipelines.</p> <p>Operator must ensure secondary containment for any volume of fluids contained at well site during drilling and 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 well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.</p> <p>The access road will be constructed and maintained as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water.</p> <p>Strategically apply fugitive dust control measures, including enforcing established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.</p> <p>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.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Wildlife	<p>Operator agrees to discuss seed mix options with surface owner to include CPW's recommended North Fork Wildlife Friendly Seed Mix (see Proposed BMPs attachment).</p> <p>Gunnison Energy will make an effort to avoid construction activities in the winter time to avoid impacts to wintering big game.</p>

Total: 1 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2106790	CORRESPONDENCE
2106791	PROPOSED BMPs
2106794	PROPOSED BMPs
2106795	CORRESPONDENCE
400459696	FORM 2A SUBMITTED
400459727	REFERENCE AREA PICTURES
400459732	REFERENCE AREA MAP
400459734	LOCATION PICTURES
400459735	LOCATION DRAWING
400459737	HYDROLOGY MAP
400459741	ACCESS ROAD MAP
400482261	TOPO MAP
400482384	NRCS MAP UNIT DESC
400484892	CONST. LAYOUT DRAWINGS

Total Attach: 14 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed. LGD comments concerning SWH, but location is outside of the SWH as confirmed by CPW.	11/6/2013 5:12:38 AM
OGLA	Initiated/Completed OGLA Form 2A review on 10-16-13 by Dave Kubeczko; previously submitted Form 2A#400051597 (approved on 04-01-10); Facility ID#417369; same COAs apply: fluid containment, spill/release BMPs, moisture content cuttings; added notification, GW sampling, flowback to tanks, tank berming, dust control, sediment control access road, and pipeline COAs on permit, sent email to operator on 10-15-13; COGCC has corrected from SWH to no SWH per review of the COGCC Online GIS map for SWH and CPW onsite indicating location is outside of SWH; CPW task passed by COGCC on 10-16-13 with CPW correspondence concerning seed mix and voluntary winter timing limitations attached to Form 2A Permit; LGD Comment asking for a CPW consultation for this location has been addressed on 10-16-13 in Gunnison County's Comment Box below (COGCC's response is in "CAPITAL LETTERS" with quotations); passed OGLA Form 2A review on (TBD: 10-?-13) by Dave Kubeczko; fluid containment, spill/release BMPs, moisture content cuttings, notification, GW sampling, flowback to tanks, tank berming, dust control, sediment control access road, and pipeline COAs.	10/16/2013 8:52:03 AM
OGLA	Corrected Form 2A Permit, location does not fall within Sensitive Wildlife Habitat (SWH) per review of the COGCC Online GIS map for SWH. However CPW and Gunnison Energy Corporation (GEC) conducted an onsite consultation on 10-15-13 and the issues discussed (seed mix and winter timing limitations) are contained in the CPW Proposed BMPs attachments to the Form 2A. COGCC corrected number of wells from twelve (12) to one (1) per conversation with GEC on 10-16-2013. GEC is persuing the formation of a unit and does not yet know bottomhole spacing.	10/16/2013 8:49:15 AM
LGD	GUNNISON COUNTY LGD COMMENT (dated 10-09-13): Gunnison County LGD has no comments EXCEPT that Gunnison County requests consultation with Colorado Parks and Wildlife because the well is located in a Sensitive Wildlife Habitat Area. COGCC's RESPONSE (dated 10-16-13) TO GUNNISON COUNTY LGD COMMENT (dated 10-09-13): "LOCATION DOES NOT FALL WITHIN SENSITIVE WILDLIFE HABITAT (SWH) PER COGCC's ONLINE GIS MAPPING LAYER; COGCC HAS CORRECTED THE FORM 2A TO REFLECT THIS. NO CPW CONSULTATION IS REQUIRED. HOWEVER A CONSULTATION WAS CONDUCTED BY CPW, GEC, AND GUNNISON COUNTY LGD ON OCTOBER 15, 2013 WHERE GEC INDICATED THAT THE LOCATION IS NOT WITHIN SWH. CPW AGREED AND INDICATED THAT TIMING LIMITATIONS WERE NOT AN ISSUE AT THIS LOCATION, BUT GEC HAS AGREED TO TRY TO AVOID CONSTRUCTION DURING THE WINTER MONTHS TO LESSEN ANY IMPACT TO BIG GAME, AND WOULD DISCUSS CPW's SEED MIX RECOMMENDATION WITH THE SURFACE OWNER."	10/9/2013 1:37:46 PM
Permit	This form has passed completeness.	9/25/2013 12:08:11 PM
Permit	Returned to draft: This location is in a sensitive wildlife habitat area is not check. This should be a refile with the location ID#.	9/25/2013 10:22:03 AM

Total: 6 comment(s)