

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:

400398915

Date Received:

06/11/2013

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:

435369

Expiration Date:

12/09/2016

☒ 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: 14-2H
County: RIO BLANCO
QuarterQuarter: SWNE Section: 14 Township: 1S Range: 104W Meridian: 6 Ground Elevation: 6547
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: 1390 feet FNL, from North or South section line, and 2596 feet FEL, from East or West section line.
Latitude: 39.964677 Longitude: -109.035823 PDOP Reading: 2.4 Date of Measurement: 03/19/2013
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"/>
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: 07/01/2013 Size of disturbed area during construction in acres: 1.23
Estimated date that interim reclamation will begin: 07/01/2015 Size of location after interim reclamation in acres: 1.07
Estimated post-construction ground elevation: 6545 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 utility: 5280,
railroad: 64944, property line: 1000

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: _____
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: 03/19/2013
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 & 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: 475, 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 conducted. The email chain of that consultation is attached. He confirmed that KGH can continue to use previously approved 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: 06/11/2013 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: Matthew Lee Director of COGCC Date: 12/10/2013

**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.

Description

GENERAL SITE 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 (as shown on the Construction Layout Drawings and the Location Drawing attachments); 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.

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 lined; the pit must be also 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, as well as any drilling mud residue, 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

<u>Att Doc Num</u>	<u>Name</u>
2106675	CORRESPONDENCE
400398915	FORM 2A SUBMITTED
400398970	LOCATION PICTURES
400398971	LOCATION DRAWING
400398975	HYDROLOGY MAP
400398977	ACCESS ROAD MAP
400398978	REFERENCE AREA MAP
400399020	REFERENCE AREA PICTURES
400399031	NRCS MAP UNIT DESC
400399130	CONST. LAYOUT DRAWINGS
400425038	DOW CONSULTATION
400432048	SURFACE AGRMT/SURETY

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Corrected Mud Disposal from "Onsite - Landspreading" to "Offsite - Disposal Facility in Utah" on both the Form 2A#400398915 and Form 2#400398728.	12/9/2013 8:56:04 AM
Permit	Off hold; related APD now complete. No LGD or public comments. Final Review-passed.	12/6/2013 9:46:30 AM
Permit	Oper. submitted missing info and revised info for related APD. Corrected distance to east line for this location.	11/15/2013 7:34:52 AM
Permit	Emailed oper. 30 day notice of withdrawal if req'd info for APD not received by 12/6/2013.	11/6/2013 7:53:12 AM
Permit	Put on hold pending exc. loc. req. ltr. and clarification of APD top of PZ. Oper. emailed 7/3.	7/18/2013 1:35:23 PM
OGLA	Initiated/Completed OGLA Form 2A review on 06-26-13 by Dave Kubeczko; placed fluid containment, spill/release BMPs, moisture content, lined pit/closed loop, pit fencing/netting, tank berming, and flowback to tanks COAs on Form 2A and sent email to operator on 06-26-13; changed distance to railroad to 64944'; changed distance to public road to 11786'; passed by CPW on 06-19-13 with operator agreed to BMPs acceptable; passed OGLA Form 2A review on 07-17-13 by Dave Kubeczko; fluid containment, spill/release BMPs, moisture content cuttings, lined pit/closed loop, pit fencing/netting, tank berming, and flowback to tanks COAs.	6/26/2013 4:05:27 PM
DOW	The attached BMPs in the Wildlife section were agreed upon by the operator and CPW on April 23, 2013 by email, see attachment "DOW Consultation". Approved: Taylor Elm, 6/19/2013, 9:45	6/19/2013 10:03:51 AM
Permit	Pass Completeness.	6/12/2013 9:45:20 AM

Total: 8 comment(s)

Best Management Practices

No	BMP/COA Type	Description
1	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 between December 1 and April 15 in mule deer critical winter range.</p> <p>3. Establish company guidelines to minimize wildlife mortality from vehicle traffic 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 grassess 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 reseeding where possible.</p>
2	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 inital 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 not limited to:</p> <ul style="list-style-type: none"> -Rock Check Dams -Settling Ponds -Straw Waddles -Silt Fencing (Used Sparingly)
3	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>

Total: 3 comment(s)