

**STATE OF
COLORADO**

Andrews - DNR, Doug <doug.andrews@state.co.us>

COGCC Form 2A review of Bill Barrett's State of CO South 1S-66-36 location - Doc #4005060362 messages

Andrews - DNR, Doug <doug.andrews@state.co.us>

Tue, Dec 17, 2013 at 2:57 PM

To: Venessa Langmacher <vlangmacher@billbarrettcorp.com>

Venessa,

I have reviewed the referenced Form 2A Oil & Gas Location Assessment and have the following comments.

- A) A review of your Hydrology Map indicates the nearest water well is 410 feet, not 260 feet. Therefore I will change that distance in the Water Resources section.
- B) Because there are domestic water wells within 1/8-mile (660) feet of this oil and gas location, I will change the Sensitive Area designation from NO to YES in the Water Resources section.

As you know, the COGCC is developing a policy for the safe use of temporary large volume above ground storage tanks (TLVSTs). The policy is being developed in response to repeat occurrences of catastrophic failures at well sites since 2011. Five such incidents have been reported to the COGCC resulting in the release of anywhere from 22,400 to 75,000 barrels of freshwater to the pads and adjacent properties. Causes of the failures have been attributed to liner seam failure, improper liner installation, steel weld failure, poor TLVST placement, and unsuitable or underprepared substrate. Until this policy is presented to operators and the industry, so that they will have guidance as to what the COGCC requires and expects concerning the use of TLVSTs, we would like to implement some of its key provisions via the addition of the following Conditions of Approval to the Form 2A.

- 1)** TLVSTs may only be utilized for the storage of freshwater obtained legally from an adjudicated consumable water supply. E&P wastes, including treated E&P wastes and flowback during hydraulic fracturing operations, are not allowed.
- 2)** TLVSTs shall be re-certified by the manufacturer and/or certifying Professional Engineer at least every 100 set-ups. Length of tank service and tank re-certification records from the TLVST contractor shall be provided to the COGCC upon request.
- 3)** All liner seams shall be welded at the liner manufacturers facility; field welded liners shall not be used. If liners are re-used, liner installation shall be noticed on a Form 42 to COGCC 48-hours prior to installation. If liners are re-used, liner installation shall be noticed on a Form 42 to the COGCC 48-hours prior to installation.
- 4)** Site preparation and installation oversight will be provided by a Professional Engineer or their designated representative.
- 5)** TLVSTs shall not be located on non-engineered fill material. If areas are to be graded and disturbed, the operator shall conduct such activity in accordance with COGCC Rules 1002.b. and 1002.c.
- 6)** COGCC Rules 604.a. and 605.a.(2,3,5,6,7, and 8), as applicable to tank setbacks at the time of installation shall apply to the siting of TLVSTs.

- 7)** TLVSTs will be brought into service incrementally, by loading to 25%, 50%, 75%, and 100% capacity (subject to freeboard) and held at each level without leaks for 24-hours prior to increasing load.
- 8)** Signs shall be posted on each TLVST to indicate contents are freshwater and that no E&P waste fluids are allowed. Location and additional signage shall conform to Rule 210.
- 9)** TLVSTs will be operated with a minimum of 1 foot freeboard.
- 10)** Access to the tanks shall be limited to operational personnel.
- 11)** Operators or their designated representatives shall conduct regular visual inspections of the exterior wall and general area for any integrity deficiencies. These inspections will be recorded and maintained for a period of at least 5 years per Rule 205. Inspection records shall be provided to the COGCC upon request.
- 12)** Should a failure of TLVST integrity occur, operator shall notify COGCC upon discovery, report the incident to COGCC on a Form 22-Accident Report within 10 days and shall conduct a "root cause analysis" and provide it to COGCC on a Form 4-Sundry Notice within 30 days of the failure.

Please let me know if these are acceptable by January 17,2014. Thank you.

—

Doug Andrews

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Venessa Langmacher <vlangmacher@billbarrettcorp.com>
To: "Andrews - DNR, Doug" <doug.andrews@state.co.us>

Tue, Dec 17, 2013 at 3:01 PM

Hi Doug,

BBC is ok with A & B revisions listed below and also will adhere to the LVST COA's.

Thanks,

Venessa Langmacher

Senior Permit Analyst

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From: Andrews - DNR, Doug [mailto:doug.andrews@state.co.us]

Sent: Tuesday, December 17, 2013 2:58 PM

To: Venessa Langmacher

Subject: COGCC Form 2A review of Bill Barrett's State of CO South 1S-66-36 location - Doc #400506036

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