

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:

400210493

Date Received:

06/03/2014

Oil and Gas Location Assessment

☒ New Location ☐ Refile ☐ Amend Existing Location Location#: _____

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:

437879

Expiration Date:

06/29/2017

☒ 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: 10301

Name: DEJOUR ENERGY (USA) CORPORATION

Address: 1401 17TH STREET #850

City: DENVER State: CO Zip: 80202

Contact Information

Name: Neyeska Mut

Phone: (303) 296-3535

Fax: (303) 296-3888

email: ngmut@dejour.com

RECLAMATION FINANCIAL ASSURANCE

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

☐ Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: Well Pad Number: 21B

County: GARFIELD

QuarterQuarter: SENE Section: 21 Township: 6S Range: 91W Meridian: 6 Ground Elevation: 6933

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: 2375 feet FNL from North or South section line

758 feet FEL from East or West section line

Latitude: 39.514322 Longitude: -107.552555

PDOP Reading: 3.0 Date of Measurement: 04/21/2010

Instrument Operator's Name: Kyle Tesky

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>8</u>	Oil Tanks	<u> </u>	Condensate Tanks	<u>4</u>	Water Tanks	<u>8</u>	Buried Produced Water Vaults	<u> </u>
Drilling Pits	<u>1</u>	Production Pits	<u>1</u>	Special Purpose Pits	<u> </u>	Multi-Well Pits	<u> </u>	Temporary Large Volume Above Ground Tanks	<u>0</u>
Pump Jacks	<u> </u>	Separators	<u>3</u>	Injection Pumps	<u>1</u>	Cavity Pumps	<u> </u>		
Gas or Diesel Motors	<u> </u>	Electric Motors	<u> </u>	Electric Generators	<u> </u>	Fuel Tanks	<u> </u>	Gas Compressors	<u> </u>
Dehydrator Units	<u>2</u>	Vapor Recovery Unit	<u> </u>	VOC Combustor	<u>1</u>	Flare	<u>1</u>	LACT Unit	<u> </u>
								Pigging Station	<u>1</u>

OTHER FACILITIES

Other Facility Type

Number

<div></div>	<div></div>
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Per Rule 303.b.(3)C, description of all oil, gas, and/or water pipelines:

Gas compressor and associated infrastructure may be set if future gas lift is necessary. Separators are quad units. Frack needs are assumed to be ten 500-barrel frack tanks along with the 25,000 bbl multi-well pit located on Well Pad 21A to the north.

CONSTRUCTION

Date planned to commence construction: 07/01/2014 Size of disturbed area during construction in acres: 3.96
Estimated date that interim reclamation will begin: 11/17/2014 Size of location after interim reclamation in acres: 1.56
Estimated post-construction ground elevation: 6932

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? No

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Method: Commercial Disposal

Cutting Disposal: ONSITE Cuttings Disposal Method: Cuttings trench

Other Disposal Description:

Cuttings will be dried and temporarily stored on the well pad, and then buried in an approved cuttings pit on the well pad.

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: CO Parks and Wildlife

Phone: 970-255-6180

Address: Northwest Region

Fax: 970-255-6111

Address: 711 Independent Avenue

Email: jt.romatzke@state.co.us

City: Grand Junction State: CO Zip: 81505

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: Yes

The right to construct this Oil and Gas Location is granted by: Surface Use Agreement

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

Date of Rule 306 surface owner consultation 04/22/2010

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): Garfield Creek SWA

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): Garfield Creek SWA

Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3548 Feet
Building Unit: 4783 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 2542 Feet
Above Ground Utility: 3628 Feet
Railroad: 5280 Feet
Property Line: 200 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: 45, Morval-Tridell complexes (6-25% slopes)

NRCS Map Unit Name: _____

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: 05/06/2011

List individual species: Musk thistle, Scotch thistle, Canada thistle, bull thistle, cheat grass, and field bindweed.

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: 1274 Feet

water well: 3584 Feet

Estimated depth to ground water at Oil and Gas Location 85 Feet

Basis for depth to groundwater and sensitive area determination:

Jolley ranch water well approximately 3300' away and previous production well drilling on Dejur well pad 21A approximately 2000' away. No sensitive areas noted on COGCC maps or during biological/botanical surveys for BLM environmental assessment.

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: No

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

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

Drilling is to occur in the 3th quarter of 2014 with well completions in late 2014. Drill cuttings pit to be lined (only during drilling operations to dry cuttings; the liner will be removed and disposed of as solid waste per CDPHE rules) and later used for disposal of dried cuttings. Depth to ground water is based on Jolley Ranch water well.

Reference area is located immediately adjacent to well pad to the north on undisturbed ground as shown on the location pictures. In addition, the CPW has determined the precise reclamation required at this location in the attached Surface Use Agreement (SUA), since it is within a State Wildlife Area.

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

Signed: _____ Date: 06/03/2014 Email: rickobe1@aol.com

Print Name: Rick Obernolte Title: Agent and Envir. consult.

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: 6/30/2014

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

	Notify the COGCC 48 hours prior to start of pad construction, pit construction, pit liner installation, pit liner hydrostatic testing, rig mobilization, spud, pipeline testing, start of hydraulic stimulation operations, and start of flowback operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).
	<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 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 location is in an area of moderate run off/run-on potential; therefore the pad shall be constructed to prevent any stormwater run-on and/or stormwater runoff. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.</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>Operator must submit an as-built drawing (plan view and cross-sections) of the well pad and associated equipment within 30 calendar days of construction.</p> <p>If permanent crude, condensate, and water tanks are placed at the site (currently all fluids will be piped, operator shall install a steel containment ring around tank batteries to provide secondary containment and install a synthetic liner that underlies the entire battery and is keyed into the top of the containment ring.</p>

	<p>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.</p> <p>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 and 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. 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. In addition, 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.</p> <p>Operator must ensure no release of fluids at all stream, intermittent stream, ditch, and drainage crossings. For these crossings: operator will ensure appropriate containment by either installing over-sized pipe "sleeves" which extend the length of the crossing and beyond to a distance deemed adequate to capture and/or divert any possible release of fluids and prevent fluids from reaching the stream or drainage; or installing oversized pipe "sleeves" which extend the length of the crossing and installing shut off valves on either side of crossing instead of catchment basins.</p> <p>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 subsurface and, if necessary and surface, pipelines. This will reduce surface disturbance and fragmentation of wildlife habitat in the area.</p>
	<p>The moisture content of any drill cuttings in a cuttings 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 drill cuttings are to remain/disposed of onsite, they must also meet the applicable standards of table 910-1. . If a liner has been placed in the cuttings trench, it must be removed and disposed of as solid waste per CDPHE rules, prior to replacing dried cuttings into the trench.</p> <p>If the wells are to be hydraulically stimulated, flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or storage vessel located on the well pad; or pit 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 constructed to be sufficiently impervious to contain any spilled or released material.</p> <p>Operator will use qualified containment devices for all appropriate chemicals/hazardous materials used onsite during hydraulic stimulation operations.</p> <p>Operator will implement measures to ensure that adequate separation of hydrocarbons from the influent occurs to prevent accumulation of oil on the surface of stored fluids. Operator shall also employ a method for monitoring buildup of phase-separated hydrocarbons on the surface of stored fluids.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2107018	CORRESPONDENCE
2157739	MULTI-WELL PLAN
400210493	FORM 2A SUBMITTED
400618936	ACCESS ROAD MAP
400618941	CONST. LAYOUT DRAWINGS
400618945	HYDROLOGY MAP
400618947	MINERAL LEASE MAP
400618949	LOCATION PICTURES
400618951	LOCATION PICTURES
400618953	TOPO MAP
400618958	LOCATION DRAWING
400618960	WELL LOCATION PLAT
400621029	SURFACE AGRMT/SURETY
400621035	SURFACE AGRMT/SURETY
400621046	CONST. LAYOUT DRAWINGS
400621108	NRCS MAP UNIT DESC

Total Attach: 16 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comments. Final Review--passed.	6/30/2014 10:25:20 AM
OGLA	Initiated/Completed OGLA Form 2A review on 06-29-14 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, tank berming, moderate grade stormwater construction BMPs, flowback to tanks, sediment control access road, dust control, notification, MLVT policy, cuttings low moisture content, hydrocarbon monitoring, and pipeline COAs from operator on 06-29-14; received acknowledgement of COAs from operator on 06-30-14; corrected number of wells from 12 to 8 based on submitted Multi-Well Plan and operator concurrence; corrected number of MLVTs from 10 to 0, no MLVTs are planned for this location per operator; corrected interim reclamation area from 2.51 to 1.56 acres based on Construction Layout Drawings; corrected distance to building unit from 5280' to 4783' based on aerial map review; corrected distance to public road from 3000' to 2542' based on aerial map review; changed to sensitive area due to potential shallow GW; corrected distance to nearest SW from 3000' to 1274' based on Hydrology Map; added rangeland to current and future land use; passed by CPW with operator submitted SUA acceptable; passed OGLA Form 2A review on 06-30-14 by Dave Kubeczko; fluid containment, spill/release BMPs, tank berming, moderate grade stormwater construction BMPs, flowback to tanks, sediment control access road, dust control, notification, MLVT policy, cuttings low moisture content, hydrocarbon monitoring, and pipeline COAs.	6/29/2014 12:57:26 PM
Permit	Oper. submitted MWP.	6/26/2014 7:07:24 AM
DOW	This location is mapped as mule deer critical winter range within the Garfield State Wildlife Area. Colorado Parks and Wildlife has a surface use agreement with Dejour Energy Corporation to address surface and wildlife impacts from this project. Colorado Parks and Wildlife affirms that the surface use agreement with Dejour Energy Corporation and the BMPs and conditions of approval identified in the Form 2A application suffice to address wildlife impacts. Approved: Jim Komatinsky 6-11-2014	6/11/2014 10:08:20 AM
LGD	pass, gdb	3/9/2014 4:42:59 PM
Permit	Passed completeness. All attachments uploaded and related form numbers entered.	3/5/2014 8:00:42 AM
Permit	Return to draft: 1. Missing SUA attachment 2. Missing NCRS Map Unit Description attachment 3. Missing Location Drawing attachment 4. Missing related forms numbers	3/4/2014 4:05:05 PM

Total: 7 comment(s)