

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Wednesday, November 26, 2014 2:03 PM
To: dave.kubeczko@state.co.us
Subject: FW: URSA Operating Company LLC, B & V Pad, Lot 8 (NWSW) Sec 7 T7S R95W, Garfield County, Form 2A#400632523 Review
Attachments: B&V - Certification of Operator Compliance Rule 306.e.pdf; Attach J(2) - Pre-App NOI - 09-10-14.pdf; Attach K - LGD Notice - 09-23-14.pdf; Attach A & D - Improvements - 10-15-14.pdf
Categories: Operator Correspondence

Scan No 2107193 CORRESPONDENCE 2A#400632523

From: Cari Mascioli [mailto:CMascioli@ursaresources.com]
Sent: Wednesday, October 15, 2014 5:20 PM
To: Dave Kubeczko (dave.kubeczko@state.co.us)
Cc: Rob Bleil
Subject: RE: URSA Operating Company LLC, B & V Pad, Lot 8 (NWSW) Sec 7 T7S R95W, Garfield County, Form 2A#400632523 Review

Good Evening Dave,

We appreciate you bringing these issues to our attention. Please find attached the Evidence of Pre-App NOI, LGD Notice, the Certification of Operator Compliance and the Location Drawing. Our responses are shown in green under each section.

Thank you,
Cari

Cari Mascioli
Regulatory Technician



792 Buckhorn Drive
Rifle, CO 81650
Office: (970) 284-3244
Cell: (970) 319-8236
CMascioli@ursaresources.com

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Wednesday, September 03, 2014 6:33 PM
To: Cari Mascioli
Subject: URSA Operating Company LLC, B & V Pad, Lot 8 (NWSW) Sec 7 T7S R95W, Garfield County, Form 2A#400632523 Review

Cari,

I have been reviewing the B & V Pad **Form 2A** #400632523. COGCC requests that URSA Operating Company LLC (URSA) submit evidence/certification that all Building Unit Owners and Surface Owners within the Buffer Zone (1000 feet) have **received** pre-application notices required by **Rule 303.b.(3).J.iii.** and **Rule 305.a.(2)** (as described below). URSA needs to submit certification that it has complied with the requirements of **Rules 305.a.(1)., 305.a.(2), 305.a.(2).F** and **306.e.** In addition, URSA needs to meet the requirements of **Rule 604.c.(2).E.i.** COGCC would like additional/revised attachments (Revised Location Drawing, Revised Multi-Well Plan [current plan shows 19 wells, Form 2A indicates 21 wells, number of 2s submitted is 19, based on Related Forms Tab], Reference Area Map, Reference Area Pictures) as outlined below; and more detailed information about onsite flowlines and offsite pipelines, including size and type of material for water, condensate, and gas flowlines between the wellheads, separators, and tanks, as well as the gas and water (if applicable) pipelines leaving the location, including estimated length to the tie in point.

Rule 303.b.(3).J.iii:

303. REQUIREMENTS FOR FORM 2, APPLICATION FOR PERMIT-TO-DRILL, DEEPEN, RE-ENTER, OR RECOMPLETE, AND OPERATE; FORM 2A, OIL AND GAS LOCATION ASSESSMENT.

b. FORM 2A, OIL AND GAS LOCATION ASSESSMENT.

(3) **Information Requirements.** The Form 2A requires the attachment of the following information. Where the information required under this section has been included in a federal Surface Use Plan of Operations meeting the requirements of Onshore Oil and Gas Order Number 1 (72 Fed. Reg. 10308 (March 7, 2007)), or for a federal Right of Way, Form 299, then the operator may attach the completed pertinent information and identify on the Form 2A where the information required under this section may be found therein.

J. If the proposed Oil and Gas Location is within one thousand (1,000) feet of a Building Unit

i. A scaled facility layout drawing depicting the location of all existing and proposed new Oil and Gas Facilities listed on the Form 2A;

ii. A Waste Management Plan describing how the Operator intends to satisfy the general requirements of Rule 907.a.; and

iii. Evidence that Building Unit owners within the Buffer Zone **received** the pre-application notice required by Rule 305.a.(2).

Attachment J states that surface and building unit owners within the 1000 foot Buffer and Exception zones were

forwarded Pre-Application Notifications.

URSA needs to provide COGCC with a letter certifying that all surface and building unit owners within the 1000-foot Buffer and Exception zones actually received the Pre-Application Notification.

Ursa's response: Attached is the revised attachment J(2) Evidence of Pre-App NOI.

Rule 305.a.(2):

305. FORM 2 AND 2A APPLICATION PROCEDURES

a. **Pre-application notifications.** For Oil and Gas Locations proposed within an Urban Mitigation Area or within the Buffer Zone Setback, an Operator shall provide a "Notice of Intent to Conduct Oil and Gas Operations" to the persons specified herein not less than thirty (30) days prior to submitting a Form 2A Oil and Gas Location Assessment to the Director.

(1) **Urban Mitigation Area Notice to Local Government.** For Oil and Gas Locations within an Urban Mitigation Area, an Operator shall notify the local government in writing that it intends to apply for an Oil and Gas Location Assessment. Such notice shall be provided to the Local Governmental Designee in those jurisdictions that have designated an LGD, and to the planning department in jurisdictions that have no LGD. The notice shall include a general description of the proposed Oil and Gas Facilities, the location of the proposed Oil and Gas Facilities, the anticipated date operations (by calendar quarter and year) will commence, and that an additional notice pursuant to Rule 305.c. will be sent by the Operator. This notice shall serve as an invitation to the local government to engage in discussions with the Operator regarding proposed operations and timing, local government jurisdictional requirements, and opportunities to collaborate regarding site development. A local

government may waive its right to notice under this provision at any time by providing written notice to an Operator and the Director.

(2) Exception Zone and Buffer Zone Setback Notice to the Surface Owner and Building Unit Owners. For Oil and Gas Locations proposed within the Exception Zone or Buffer Zone Setback, Operators shall notify the Surface Owner and the owners of all Building Units that a permit to conduct Oil and Gas Operations is being sought. The Operator may rely on the county assessor tax records to identify the persons entitled to receive the Notice. Notice shall include the following:

- A. The Operator's contact information;
- B. The location and a general description of the proposed Well or Oil and Gas Facilities;
- C. The anticipated date operations will commence (by calendar quarter and year);
- D. The Local Governmental Designee's (LGD) contact information;
- E. Notice that the Building Unit owner may request a meeting to discuss the proposed operations by contacting the LGD or the Operator; and
- F. A "Notice of Comment Period" will be sent pursuant to Rule 305.c. when the public comment period commences.

Rule 306.e.(5):

306. CONSULTATION AND MEETING PROCEDURES. Following the notifications provided for in Rule 305.c, an Operator shall comply with the following consultation and meeting procedures:

e. Meetings with Building Unit Owners Within a Buffer Zone Setback.

(1) **Meetings with Building Unit Owners.** An Operator shall be available to meet with Building Unit owners who received an OGLA Notice or a Buffer Zone Notice pursuant to Rule 305.c. and requested a meeting regarding the proposed Oil and Gas Location. Operators shall also be available to meet with such Building Unit owners if requested to do so by the Local Governmental Designee and such meetings shall comply with Rule 306.b.(3). Such informational meetings may be held on an individual basis, in small groups, or in larger community meetings.

(2) **Information provided by operator.** When meeting with Building Unit owners or their appointed agent(s) pursuant to subsection (1), above, the Operator shall provide the following information: the date construction is anticipated to begin; the anticipated duration of pad construction, drilling and completion activities; the types of equipment anticipated to be present on the Location; and the operator's interim and final reclamation obligation. In addition, the Operator shall present a description and diagram of the proposed Oil and Gas Location that includes the dimensions of the Location and the anticipated layout of production or injection facilities, pipelines, roads and any other areas to be used for oil and gas operations. The Operator and Building Unit owners shall be encouraged to discuss potential concerns associated with Oil and Gas Operations, such as security, noise, light, odors, dust, and traffic, and shall provide information on proposed or recommended Best Management Practices or mitigation measures to eliminate, minimize or mitigate those issues.

(3) **Waiver.** The Building Unit owner or agent may waive, permanently or otherwise, the foregoing meeting requirements. Any such waiver shall be in writing, signed by the owner or agent, and shall be submitted by the Building Unit owner or agent to the operator and the Director.

(4) **Mitigation Measures.** Operators will consider all legitimate concerns related to public health, safety, and welfare raised during informational meetings or in written comments and, in consultation with the Director and Local Governmental Designee if the LGD so requests, will add relevant and appropriate Best Management Practices or mitigation measures as Conditions of Approval into the Form 2A and any associated Form 2s.

(5) **Operator Certification.** The Director shall not approve a Form 2A, Oil and Gas Location Assessment, until the operator certifies it has complied with the meeting requirements of this Rule 306.e.

URSA needs to provide COGCC with a letter certifying that they have complied with the meeting requirements of Rule 306.e. above. I have attached an example of this type of letter.

Ursa's response: Attached is the Operator Certification letter.

Rule 303.b.(3).C.: A list of major equipment components to be used in conjunction with drilling and operating the well(s), including all tanks, pits, flares, combustion equipment, separators, and other ancillary equipment and a description of any pipelines for oil, gas, or water.

URSA needs to provide more detailed information about onsite flowlines and offsite pipelines, including size and type of material for water, condensate, and gas flowlines between the wellheads, separators, and tanks, as well as the gas and water (if applicable) pipelines leaving the location, including estimated length to the tie in point.

Ursa's response: Regarding the level of description required Ursa has reviewed the regulations and has participated in discussions with other operators and Dave Kulmann. It is our understanding that COGCC jurisdiction is limited to equipment on the well pad. In speaking with our production supervisor, the typical pipeline for water, condensate and flowlines are 2" steel line.

Rule 303.b.(3).K.: If the proposed Oil and Gas Location is within an Urban Mitigation Area, evidence that the local government **received** the pre-application notice required by Rule 305.a.(1).

Ursa's response: Attached is the revised attachment K LGD Notice.

Rule 303.b.(3).L.: Where the proposed Oil and Gas Location is for multiple wells on a single pad, a drawing showing proposed wellbore trajectory with bottom-hole locations. Current multi-well plan shows 19 wells, Form 2A indicates 21 wells, number of 2s submitted is 19, based on Related Forms Tab.

URSA needs to confirm number of wells and correct either the Multi-Well Plan or indicate that the Form 2A, Facilities Tab, needs to be corrected.

Ursa's response: The current multi-well plan shows 21 wells. They are two Niobrara horizontal wells shown near the bottom of the page and those form 2s have not been submitted yet.

Rule 303.b.(3).D.: A scaled drawing, or scaled aerial photograph showing the approximate outline of the Oil and Gas Location and the Well or reference point use for measuring distances. The drawing shall include all visible improvements within five hundred (500) feet of the proposed Oil and Gas Location, with a horizontal distance and approximate bearing from Oil and Gas Location. Visible improvements shall include, but not be limited to, all Building Units, publicly maintained roads and trails, major above-ground utility lines, railroads, pipelines, mines, oil wells, gas wells, injection wells, water wells known to the operator and those registered with the Colorado State Engineer, known springs, plugged wells, known sewers with manholes, standing bodies of water, and natural channels including permanent canals and ditches through which water may flow. A description of surface uses within the five hundred (500) foot radius of a proposed Oil and Gas Location, if any, shall be attached to the scaled drawing. If there are no visible improvements within five hundred (500) feet of a proposed Oil and Gas Location, it shall be so noted on the Form 2A.

The Location Drawing should show the 500-foot buffer (an actual line on the drawing) measured from the edge of disturbance (not the center of the well pad) and any improvements (listed in the rule: pipelines, fences, etc) within 500-feet. This drawing should fill the entire page to allow for details to be seen.

Ursa's response: Attached the revised attachment A & D. In discussions yesterday with Dave Kulmann, Greg Deranleau and other operators, it is our understanding the Location Drawing should show the 500-foot buffer measured from the edge of the pad.

Rule 604.c.(2).E.i.:

604. SETBACK AND MITIGATION MEASURES FOR OIL AND GAS FACILITIES, DRILLING, AND WELL SERVICING OPERATIONS

c. **Mitigation Measures.** The following requirements apply to an Oil and Gas Location within a Designated Setback Location and such requirements shall be incorporated into the Form 2A or associated Form 2 as Conditions of Approval.

(2) **Location Specific Requirements – Designated Setback Locations.** Subject to Rule 502.b., the following mitigation measures shall apply to any Well or Production Facility proposed to be located within a Designated Setback Location for which a Form 2 Application for Permit to Drill or Form 2A Oil and Gas Location Assessment is submitted on or after August 1, 2013:

E. Multiwell Pads.

- i. Where technologically feasible and economically practicable, operators shall consolidate wells to create multi-well pads, including shared locations with other operators. **Multi-well production facilities shall be located as far as possible from Building Units.**
- ii. The pad shall be constructed in such a manner that noise mitigation may be installed and removed without disturbing the site or landscaping.
- iii. Pads shall have all weather access roads to allow for operator and emergency response.

URSA needs to provide a statement that clarifies the placement of the production facilities on the southern portion of the pad instead of the northern portion, which would be slightly further from Building Units.

Ursa's response: It is our understanding that the cultural changes of Rule 604.c.(2).E.i only applies from October 1, 2014 and after. This Form 2A was filed prior to the October 1, 2014 implement date of the new Form 2A that requires comments regarding cultural distances.

Based on COGCC's review, COGCC has corrected the distance to nearest High Occupancy Building Unit (HOBU) from 627' (nearby hotel) to 1994' (Parachute Rmser Headstart Center, 100 E 2nd St, Parachute, CO 81635). COGCC's definition of HOBU does not include hotels. Hotels are considered Building Units and so COGCC has also corrected the distance to nearest Building and Building Unit from 638' (residence to southwest) to 627' (hotel to northeast). COGCC would like to attach the following conditions of approval (COAs) based on the information and data URSA has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

Planning: The following conditions of approval (COAs) will apply:

Agree COA 91 - Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, start of hydraulic stimulation operations, start of flowback operations, and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

In addition, this location has been designated a "sensitive area" due to proximity to downgradient surface water (350'), proximity to the Colorado River (1310'), and potential for shallow groundwater (20' below ground surface).

Construction: The following conditions of approval (COAs) will apply:

Agree COA 23 - 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.

Agree COA 44 - 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.

COA 76 - 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. **Disagree, we cannot enforce speed limits only encourage them.**

Agree COA 58 - Berms or other containment devices shall be constructed to be sufficiently impervious (corrugated steel with poly liner) to contain any spilled or released material around permanent crude oil, condensate, and produced water storage tanks.

Drilling/Completions: The following conditions of approval (COAs) will apply:

Agree COA 38 - The moisture content of any 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 the drill cuttings are to be left onsite, they must also meet the applicable standards of table 910-1.

Agree COA 25 - 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 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.

Material Handling and Spill Prevention: The following conditions of approval (COAs) will apply to the Form 2A Permit if any temporary surface pipelines (poly or steel) or buried (poly or steel) pipelines are used during operations at the well pad location or nearby well pads:

Agree COA 45 - 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.

Agree COA 55 - 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.

Operator shall also adhere to the BMPs listed on the Operator BMP/COA Tab as well as to the following rule:

Rule 604.c.(2). A. thru W.:

Agree 604. SETBACK AND MITIGATION MEASURES FOR OIL AND GAS FACILITIES, DRILLING, AND WELL SERVICING OPERATIONS

c. **Mitigation Measures.** The following requirements apply to an Oil and Gas Location within a Designated Setback Location and such requirements shall be incorporated into the Form 2A or associated Form 2 as Conditions of Approval.

(2) **Location Specific Requirements – Designated Setback Locations.** Subject to Rule 502.b., the following mitigation measures shall apply to any Well or Production Facility proposed to be located within a Designated Setback Location for which a Form 2 Application for Permit to Drill or Form 2A Oil and Gas Location Assessment is submitted on or after August 1, 2013: In particular:

C. **Green Completions - Emission Control Systems.**

F. **Leak Detection Plan.**

M. **Fencing requirements.**

N. **Control of fire hazards.**

COGCC would appreciate your concurrence with attaching these COAs to the Form 2A permit prior to passing the OGLA review. If you have any questions, please do not hesitate to call me at [\(970\) 309-2514](tel:9703092514) (cell), or email. Thanks.

Dave

David A. Kubeczko, PG
Oil and Gas Location Assessment Specialist
Western Colorado



Colorado Oil & Gas Conservation Commission
Northwest Area Office
796 Megan Avenue, Suite 201
Rifle, CO 81650
FAX: (970) 625-5682
Cell: (970) 309-2514
dave.kubeczko@state.co.us | www.colorado.gov/cogcc

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