

Dave Kubeczko - DNR

From: Dave Kubeczko - DNR
Sent: Tuesday, March 03, 2015 9:24 AM
To: dave.kubeczko@state.co.us
Subject: FW: SG Interests I, HL 11-89-19 #1 Pad, SENW Sec 19 T11S R89W, Gunnison County, Form 2A#400685467 Review

Categories: Operator Correspondence

Scan No 2107294 CORRESPONDENCE 2A#400685467

From: Catherine Dickert [mailto:cdickert@sginterests.com]
Sent: Wednesday, February 18, 2015 8:23 AM
To: Dave Kubeczko - DNR
Subject: RE: SG Interests I, HL 11-89-19 #1 Pad, SENW Sec 19 T11S R89W, Gunnison County, Form 2A#400685467 Review

Dave,

SG concurs with the COAs listed below. I would like to suggest the following change based on our conversation last week:

Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. ~~The flowback and stimulation fluid tanks 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 (per Rule 604.a.(4)).

Thank you.

Catherine Dickert
Environmental and Permitting Manager
SG Interests

From: Dave Kubeczko - DNR [mailto:dave.kubeczko@state.co.us]
Sent: Wednesday, February 04, 2015 1:27 PM
To: Catherine Dickert
Subject: SG Interests I, HL 11-89-19 #1 Pad, SENW Sec 19 T11S R89W, Gunnison County, Form 2A#400685467 Review

Catherine,

I have been reviewing the HL 11-89-19 #1 Pad **Form 2A** (#400685467). The previously submitted Form 2A#2592760 (approved on 04-29-11) COAs for OGCC Facility ID#422990 will apply (where applicable) **with the exception to the revised COA below where additional berming downgradient of flowback tanks has been removed:**

GENERAL SITE COAs:

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.

No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to

construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut.

The drilling (reserve) pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels.

Due to the potential presence of seeps/springs in the area, the nearby hillside must be monitored for any daylighting of drilling fluids throughout the drilling of the surface casing interval.

The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place during all drilling and well completion operations. 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.

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 start of fracing operations.

Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. Deleted - The flowback and stimulation fluid tanks 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 (per Rule 604.a.(4)).

Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.

Based on the COGCC/CDOW/Surface Owner/Operator onsite conducted on March 15, 2011; the overhead line located 115 feet from the well location will be taken down by the local electric company and will be placed on the surface of the ground inside conduit for the duration and drilling and completion operations at this location. Upon completion, this overhead utility line will be restrung by the electric company. Operator will provide all applicable documentation between all parties involved prior to lowering this power line. The operator will also 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 lowering the power line.

SENSITIVE AREA (CLOSE WATER WELL AND SHALLOW GROUNDWATER) COAs:

Location is in a sensitive area because of proximity to a domestic water well and shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.

Location is in a sensitive area because of because of proximity to a domestic water well and shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.

SENSITIVE AREA (CLOSE SURFACE WATER) COAs:

Location is in a sensitive area because of 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; 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.

Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed temporary surface pipelines or buried pipelines.

COGCC would like to attach the following conditions of approval (COAs) based on the data SG Interests I has submitted on or attached to the Form 2A prior to passing the Oil and Gas Location Assessment (OGLA) review.

Planning: The following condition of approval (COA) will apply:

COA 91 - Notify the COGCC 48 hours prior to start of pad reconstruction/regarding, rig mobilization, spud, start of hydraulic stimulation operations, start of flowback operations (if different than start of hydraulic stimulation

operations), and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).

Construction: The following condition of approval (COA) will apply:

COA 24 - The location is in an area of moderate run off/run-on potential; therefore the addition to the original pad site shall be constructed to prevent any stormwater run-on and/or stormwater runoff. Standard stormwater BMPs must be implemented at this location, prior, during, and after reconstruction activities, to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.

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

Revised COA 25 - 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 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 (COA) will apply to the Form 2A if any temporary surface or buried pipelines (poly or steel) are used during operations at the well pad location or nearby well pads:

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.

COA 46 - Operator must implement best management practices (secondary containment and spill response equipment) to contain any unintentional release of fluids along all portions of the surface pipeline route where temporary pumps and other necessary equipment are located.

COA 47 - 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.

COA 48 - Prior to operation, pipelines will be air and hydro tested for integrity. When in operation, pump stations will be manned continuously to ensure immediate response to pressure changes or pump issues. Qualified personnel, interconnected via 2-way radio, manning each booster pump will carefully synchronize pump turn-on and shut-down according to written and practiced procedure. The entire line will be monitored, where feasible, during pumping and flowback operations. For stream or intermittent stream crossings, operator will ensure appropriate containment by 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 infusion into the stream water. Operator will design their infrastructure and utilize pipeline materials to exceed required pressures and flow rates by a minimum of 30%. The DR 9 poly pipeline used in this project is rated to support pressure surges up to 500 psi, continual surges of 375 psi, and a maximum operating pressure of 250 psi. Pumps used in this project will operate at pressures 20-30 psi below the maximum operating pressure of the poly pipeline at all times.

COA 49 - 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.

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 (cell), or email. Thanks.

Dave

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



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Commission
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