

STATE OF
COLORADO

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

COGCC Form 2A review of Foundation Energy's Hoffman 34-O location - Doc #4007005791 message

Hal Blacker <hblacker@foundationenergy.com>

Tue, Nov 18, 2014 at 12:16 PM

To: "doug.andrews@state.co.us" <doug.andrews@state.co.us>

Cc: "barbara.westerdale@state.co.us" <barbara.westerdale@state.co.us>, Scott Ryan <sryan@foundationenergy.com>, Rachel Grant <rgrant@foundationenergy.com>

Doug,

I have addressed the comments in your email of November 10, to Scott Ryan below and included in my responses I have made reference to some of the issue resolutions that we discussed in our phone conversation of November 12. I have also completed my registration with COGCC as an agent for FEM and would like you to replace Scott Ryan with me as the contact person for this permit.

1) In the Facilities section you have indicated there will be six (6) wells on this proposed oil and gas location. However, your Location Drawing and Construction Layout Drawing depict eight (8) wells. Please confirm the number of wells for this proposed oil and gas location.

The correct number of wells is eight (8).

2) In the Facilities section you have indicated there will be a drilling pit yet you have also indicated closed loop drilling will be used. Because the drilling pit appears to be not for drilling the wells but possibly only for drilling waste disposal and you have indicated that a Form 4 Sundry will be submitted if that option will be used instead, I would like to remove the drilling pit from the Facilities list.

Please go ahead and remove the drilling pit from the facilities list.

3) Your pipeline description is incomplete. Please provide me with a description (number, size, material, etc.) of each pipeline/flowline that will flow from the wells to the separators to the tanks on this proposed oil and gas location.

Each well head will be connected to the production facility via two three inch Schedule 40 steel pipelines. One line will be used for liquids and the other for gas.

4) In the Construction section you have indicated that interim reclamation will begin on 12/2/18. This is four years after the date planned to commence construction (12/8/14) and is not in compliance with our Rules. Per COGCC Rule 1003.b., interim reclamation shall occur no later than three (3) months on cropland following drilling operations. Please provide me with a revised date that interim reclamation will begin.

As we discussed our plan of development calls for two or three drilling periods that will be separated by approximately nine months. We currently project that we will commence drilling in April of next year on the first increment of wells and complete the wells for production by August of 2015. Thus we propose July of 2016 as our date to commence pad reclamation with the anticipation that we will ask for an extension of this date to accommodate further drilling from this pad.

5) In the Water Resources section you have indicated the nearest downgradient surface water feature is greater than a mile from this proposed oil and gas location. However, during my review it appears topographic downgradient is to the south and there is an intermittent pond located approximately 2,500 feet to the south. Therefore, I would like to change this distance.

We agree with your recommendation to change this distance.

6) Because the Land Use for this proposed oil and gas location is Dry land Cropland, the Plant Community section and Reference Area Map & Pictures attachments are not required. Therefore, I will remove them from this Form 2A.

7) You have indicated there will be three (3) Modular Large Volume Tanks (MLVTs) on this proposed oil and gas location. Per the COGCC Policy on MLVTs dated June 13, 2014, the following additional information shall be included on this Form 2A:

A - The manufacturer or vendor of the MLVTs,

B - The size/volume of the MLVTs,

C - The anticipated timeframe the MLVTS will be onsite,

D - A Location Drawing indicating where the MLVTs will be located with respect to other facility equipment and property boundaries, and

E - The Operator's certification that the MLVTs will be designed and implemented consistent with this policy.

A - We have not finalized a contract with an MLVT provider and understand that this information will have to be provided before we commence drilling.

B - We plan on installing two 40,000 BBL tanks.

C - The tanks will be installed in May, 2015 and will remain on site through August of 2015

D- A modified pad drawing with the location of the two 160 foot diameter tanks is attached to

this email.

E – Foundation Energy Certifies that all MLVT's will be designed, installed, and operated in conformance with the COGCC policy on Large Volume Modular Tanks, dated June 13, 2014.

Best Regards,

Hal Blacker

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Hoffman 34-4H 8N60W34 Well Location Certificate with MLVT's.pdf
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