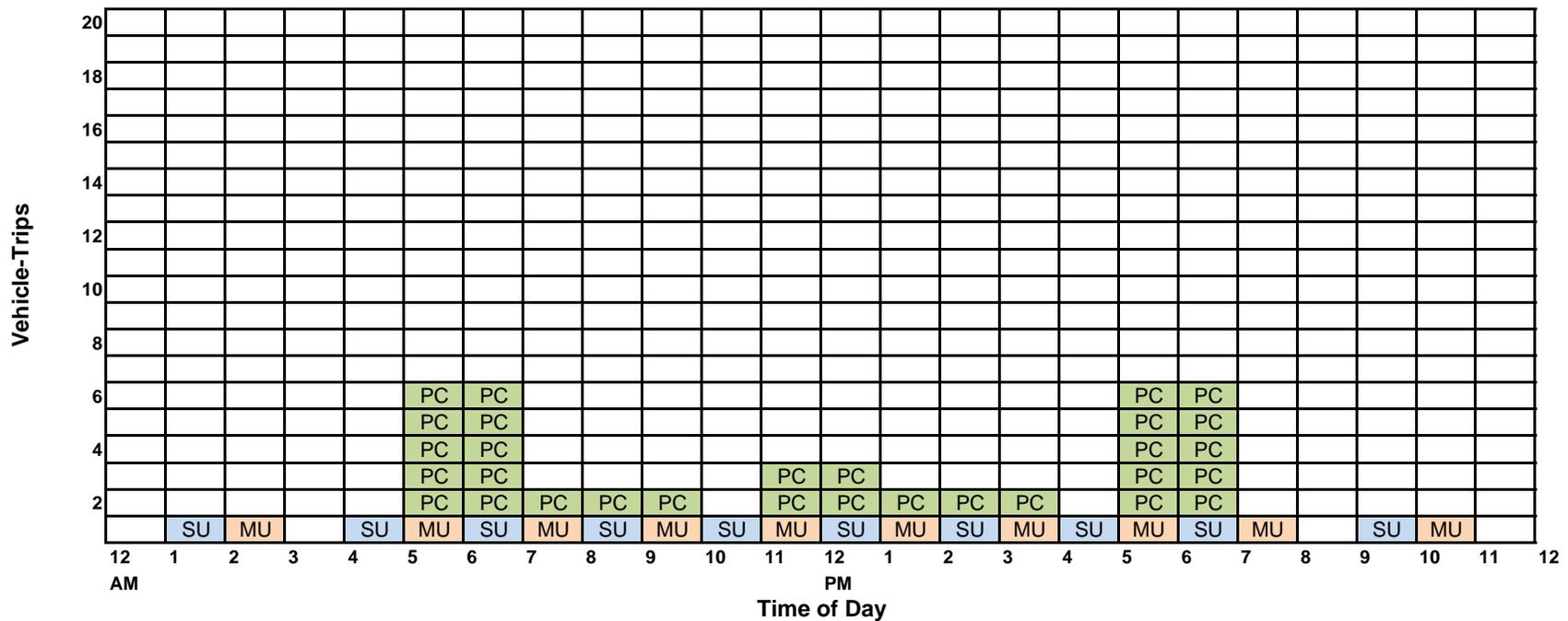


Table 2
Mustang Creek Operating, LLC
Prescott Ranches 32-34
Daily Trip Generation Estimate
Drilling/Construction Phase

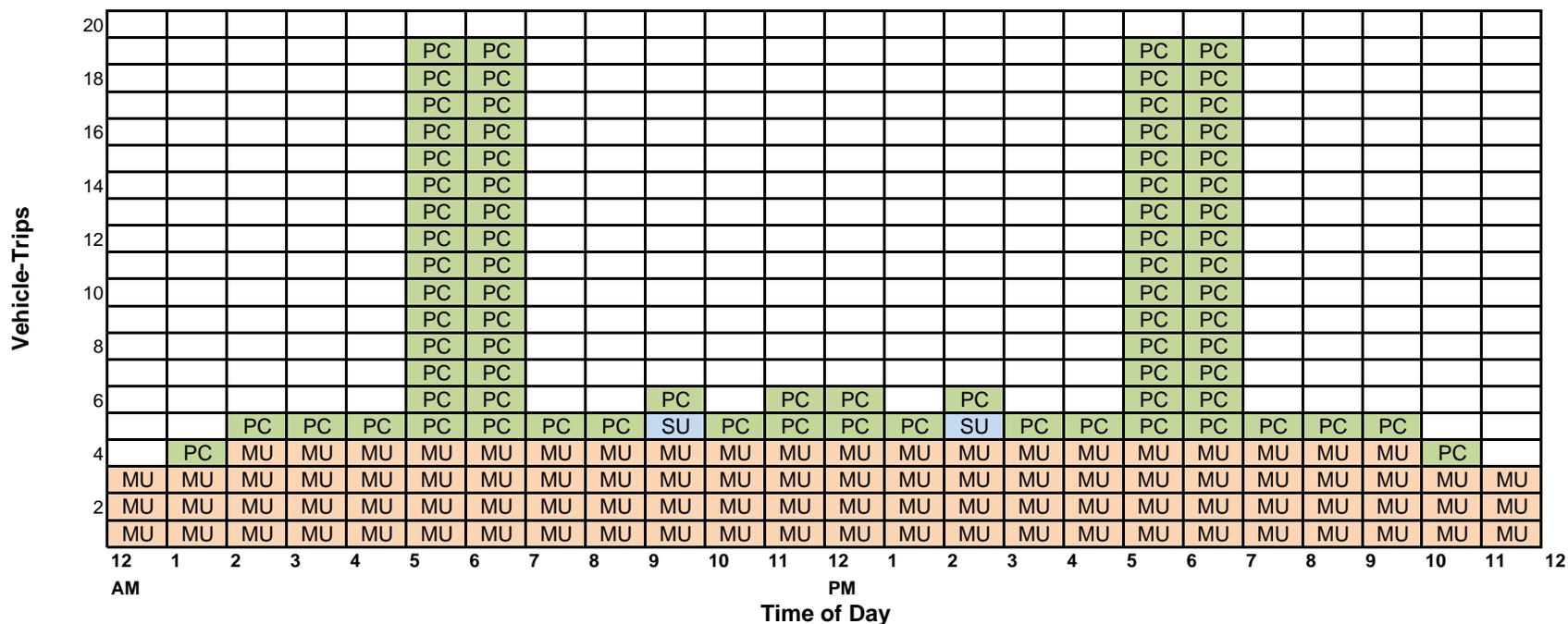


Notes:

MU or SU or PC = 1 trip entering or exiting the site
 MU = Multiple Unit Truck SU = Single Unit Truck PC = Passenger Vehicle

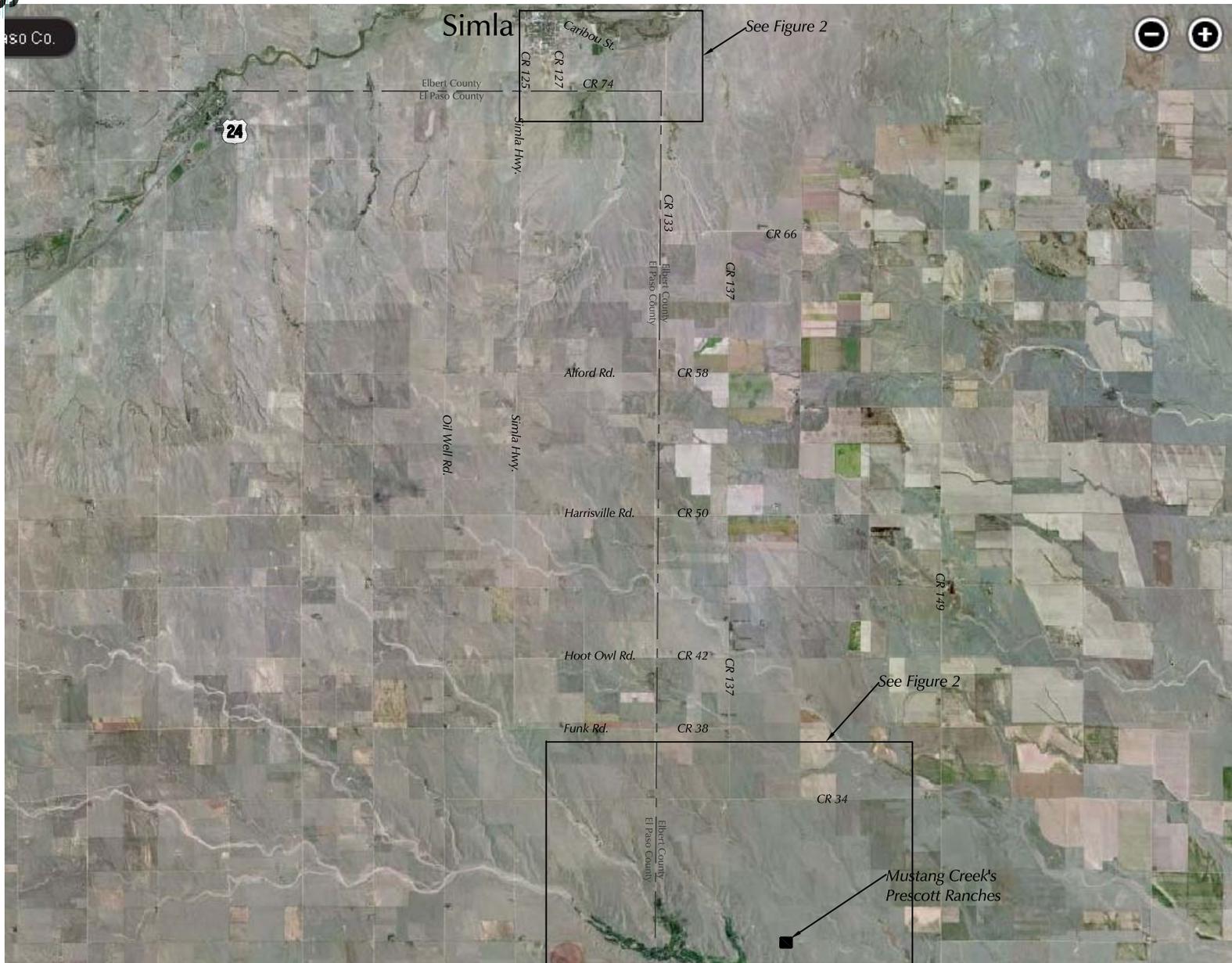
Source: LSC Transportation Consultants, Inc.

Table 3
Mustang Creek Operating, LLC
Prescott Ranches 32-34
Daily Trip Generation Estimate
Well Stimulation/Completion Phase



Notes:
 MU or SU or PC = 1 trip entering or exiting the site
 MU = Multiple Unit Truck SU = Single Unit Truck PC = Passenger Vehicle

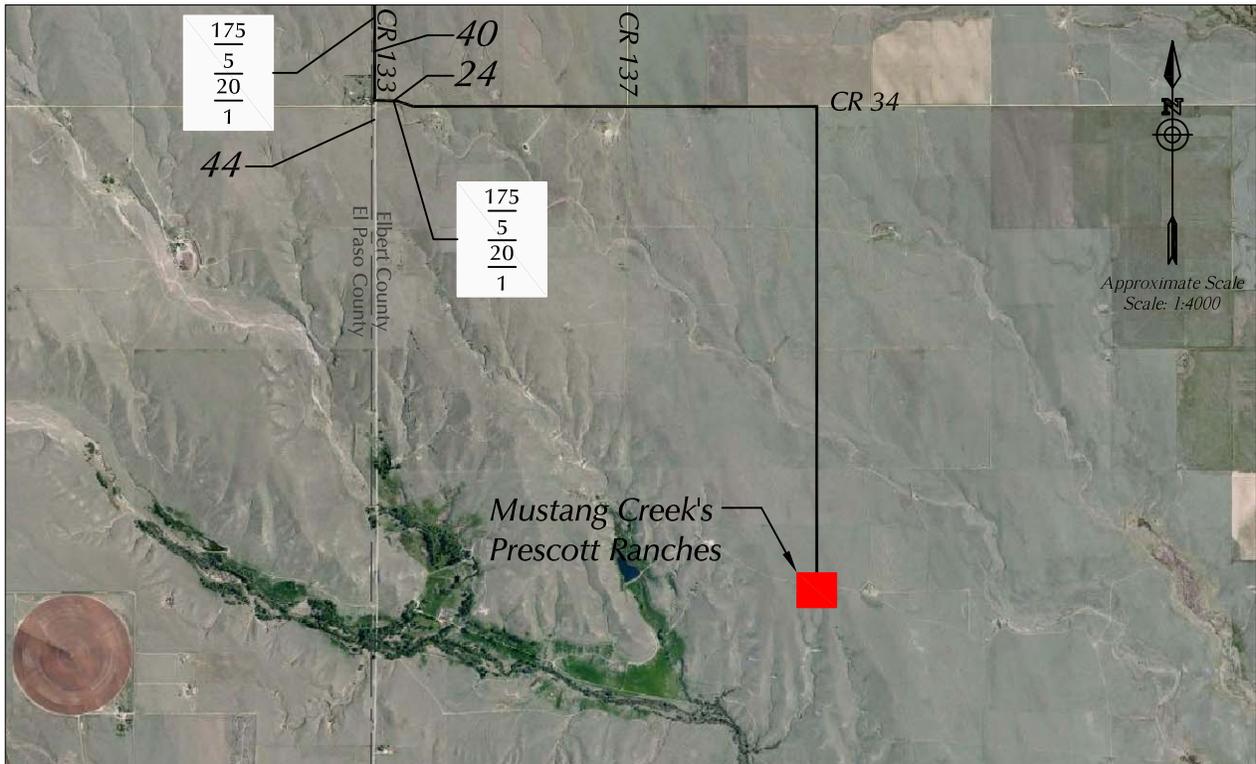
Source: LSC Transportation Consultants, Inc.



Approximate Scale
Scale: 1:2 Miles

Figure 1
**Vicinity
Map**

Mustang Creek's Prescott Ranches (LSC #130790)



LEGEND:

- $\frac{300}{125}$ = Short-Term Daily Impact
- $\frac{125}{25}$ = Long-Term Daily Impact
- $\frac{25}{5}$ = Short-Term Hourly Impact
- $\frac{5}{1}$ = Long-Term Hourly Impact

16,330 = Average Weekday Traffic

Figure 2

Existing Traffic Volumes and Proposed Access Route

Mustang Creek's Prescott Ranches (LSC #130790)



COUNTER MEASURES INC.

Location: CR-133 N/O CR-74
 City:
 County: ELBERT
 Direction: NORTHBOUND-SOUTHBOUND

1889 YORK STREET
 DENVER, COLORADO 80206
 303-333-7409

Site Code: 102113

Start Time	22-Oct-13 Tue	NB	SB	Total						
12:00 AM		0	0	0						
01:00		0	0	0						
02:00		0	0	0						
03:00		1	0	1						
04:00		2	0	2						
05:00		4	0	4						
06:00		1	1	2						
07:00		8	1	9						
08:00		2	9	11						
09:00		3	0	3						
10:00		2	4	6						
11:00		6	0	6						
12:00 PM		2	4	6						
01:00		2	1	3						
02:00		0	0	0						
03:00		3	2	5						
04:00		2	6	8						
05:00		2	4	6						
06:00		0	3	3						
07:00		0	3	3						
08:00		3	4	7						
09:00		0	1	1						
10:00		*	*	*						
11:00		*	*	*						
Total		43	43	86						
Percent		50.0%	50.0%							
AM Peak	-	07:00	08:00	-	-	-	-	-	-	08:00
Vol.	-	8	9	-	-	-	-	-	-	11
PM Peak	-	15:00	16:00	-	-	-	-	-	-	16:00
Vol.	-	3	6	-	-	-	-	-	-	8
Grand Total		43	43							86
Percent		50.0%	50.0%							
ADT		ADT 94		AADT 94						

COUNTER MEASURES INC.

Location: CR-133 S/O CR-74
 City:
 County: ELBERT
 Direction: NORTHBOUND-SOUTHBOUND

1889 YORK STREET
 DENVER, COLORADO 80206
 303-333-7409

Site Code: 102124

Start Time	22-Oct-13 Tue	NB	SB							Total
12:00 AM		0	0							0
01:00		0	0							0
02:00		0	0							0
03:00		1	0							1
04:00		2	0							2
05:00		4	0							4
06:00		2	4							6
07:00		17	2							19
08:00		3	12							15
09:00		1	0							1
10:00		3	4							7
11:00		4	2							6
12:00 PM		4	2							6
01:00		2	2							4
02:00		3	1							4
03:00		10	0							10
04:00		4	13							17
05:00		4	7							11
06:00		1	5							6
07:00		0	3							3
08:00		0	1							1
09:00		0	3							3
10:00		0	2							2
11:00		*	*							*
Total		65	63							128
Percent		50.8%	49.2%							
AM Peak	-	07:00	08:00	-	-	-	-	-	-	07:00
Vol.	-	17	12	-	-	-	-	-	-	19
PM Peak	-	15:00	16:00	-	-	-	-	-	-	16:00
Vol.	-	10	13	-	-	-	-	-	-	17
Grand Total		65	63							128
Percent		50.8%	49.2%							
ADT		ADT 134	AADT 134							

COUNTER MEASURES INC.

Location: CR-133 N/O CR-34
 City:
 County: ELBERT
 Direction: NORTHBOUND-SOUTHBOUND

1889 YORK STREET
 DENVER, COLORADO 80206
 303-333-7409

Site Code: 102116

Start Time	22-Oct-13 Tue	NB	SB							Total
12:00 AM		0	0							0
01:00		0	0							0
02:00		0	0							0
03:00		0	0							0
04:00		0	0							0
05:00		1	0							1
06:00		2	2							4
07:00		5	2							7
08:00		3	1							4
09:00		0	3							3
10:00		0	2							2
11:00		0	2							2
12:00 PM		1	0							1
01:00		0	0							0
02:00		0	1							1
03:00		3	0							3
04:00		5	2							7
05:00		3	1							4
06:00		0	0							0
07:00		0	1							1
08:00		*	*							*
09:00		*	*							*
10:00		*	*							*
11:00		*	*							*
Total		23	17							40
Percent		57.5%	42.5%							
AM Peak	-	07:00	09:00	-	-	-	-	-	-	07:00
Vol.	-	5	3	-	-	-	-	-	-	7
PM Peak	-	16:00	16:00	-	-	-	-	-	-	16:00
Vol.	-	5	2	-	-	-	-	-	-	7
Grand Total		23	17							40
Percent		57.5%	42.5%							
ADT		ADT 48	ADT 48							AADT 48

COUNTER MEASURES INC.

Location: CR-34 E/O CR-133
 City:
 County: ELBERT
 Direction: EASTBOUND-WESTBOUND

1889 YORK STREET
 DENVER, COLORADO 80206
 303-333-7409

Site Code: 102115

Start Time	22-Oct-13 Tue	EB	WB	Total
12:00 AM		0	0	0
01:00		0	0	0
02:00		0	0	0
03:00		0	0	0
04:00		0	0	0
05:00		0	0	0
06:00		1	0	1
07:00		1	1	2
08:00		1	0	1
09:00		0	0	0
10:00		2	0	2
11:00		0	2	2
12:00 PM		0	2	2
01:00		1	0	1
02:00		2	2	4
03:00		2	0	2
04:00		2	1	3
05:00		2	0	2
06:00		1	0	1
07:00		0	1	1
08:00		0	0	0
09:00		0	0	0
10:00		0	0	0
11:00		0	0	0
Total		15	9	24
Percent		62.5%	37.5%	
AM Peak	-	10:00	11:00	07:00
Vol.	-	2	2	2
PM Peak	-	14:00	12:00	14:00
Vol.	-	2	2	4
Grand Total		15	9	24
Percent		62.5%	37.5%	
ADT		ADT 24	AADT 24	

COUNTER MEASURES INC.

Location: CR-133 S/O CR-34
 City:
 County: ELBERT
 Direction: NORTHBOUND-SOUTHBOUND

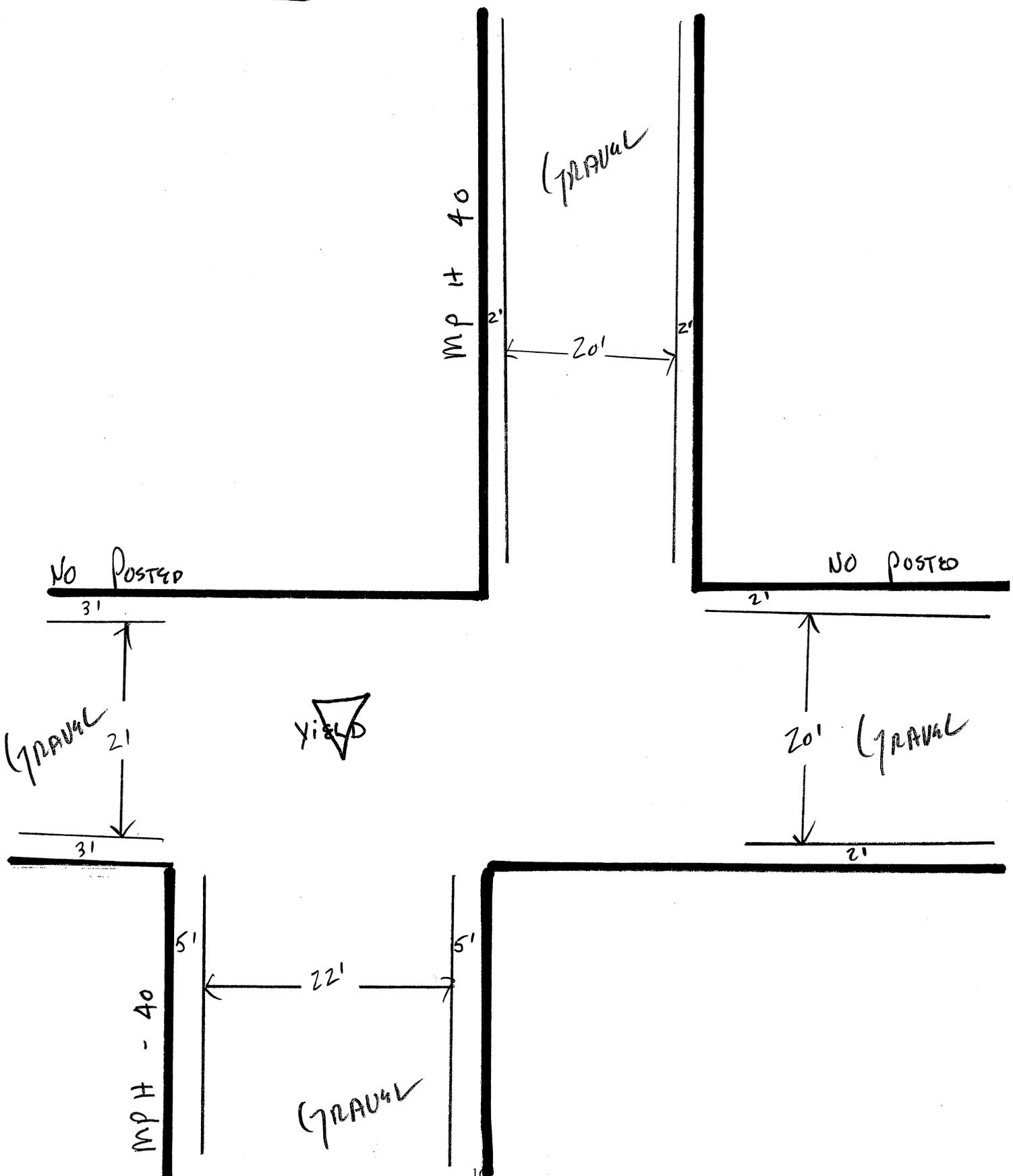
1889 YORK STREET
 DENVER, COLORADO 80206
 303-333-7409

Site Code: 102114

Start Time	22-Oct-13 Tue	NB	SB							Total
12:00 AM		0	0							0
01:00		0	0							0
02:00		0	0							0
03:00		0	0							0
04:00		0	0							0
05:00		1	0							1
06:00		0	1							1
07:00		4	4							8
08:00		4	0							4
09:00		0	3							3
10:00		0	1							1
11:00		0	3							3
12:00 PM		1	2							3
01:00		0	0							0
02:00		4	2							6
03:00		3	0							3
04:00		2	2							4
05:00		4	1							5
06:00		0	0							0
07:00		0	1							1
08:00		1	0							1
09:00		0	0							0
10:00		0	0							0
11:00		0	0							0
Total		24	20							44
Percent		54.5%	45.5%							
AM Peak	-	07:00	07:00	-	-	-	-	-	-	07:00
Vol.	-	4	4	-	-	-	-	-	-	8
PM Peak	-	14:00	12:00	-	-	-	-	-	-	14:00
Vol.	-	4	2	-	-	-	-	-	-	6
Grand Total		24	20							44
Percent		54.5%	45.5%							
ADT		ADT 44								AADT 44

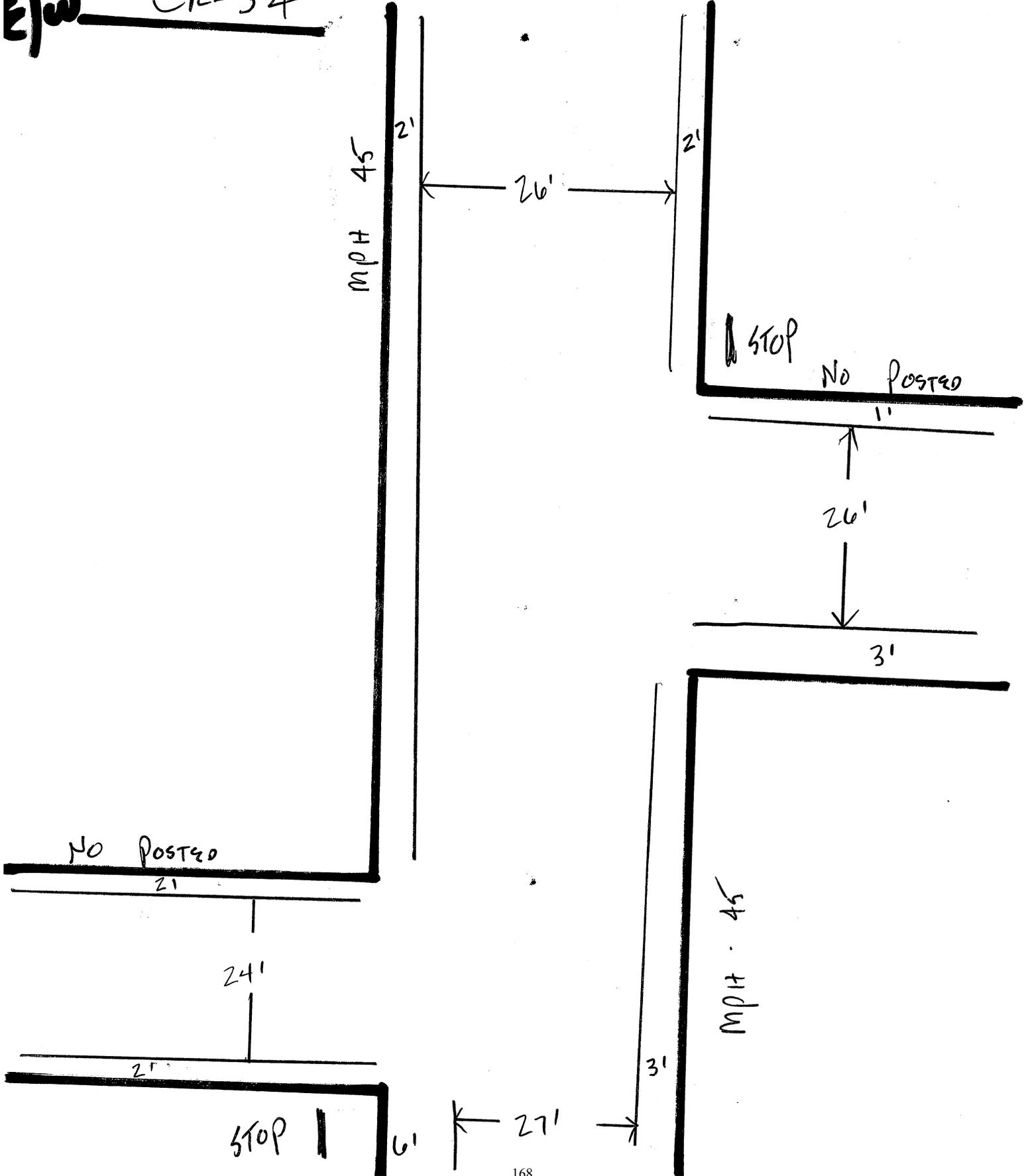
1/s CR-133

2/w CR-74



N/S CR-133

E/W CR-34



23.0 REFERRAL AGENCY COMMENTS AND RESPONSES

See the attached referral agency comments and responses.





COUNTY OF ELBERT

Community and Development Services

P.O. BOX 7
215 COMANCHE STREET
KIOWA, COLORADO 80117
303-621-3136 FAX: 303-621-3165



REFERRAL REQUEST

DATE: 12/2/13 Resend

COMMENTS DUE BY: 12/24/13

RE: PROJECT NAME: Prescott Ranches 32-34 Exploratory Well

PROJECT NUMBER: SU 13-0010

PROJECT TYPE: Special Use Review

Dear Referral Organization:

Information on the proposal in Elbert County referenced above is enclosed for your review and comments. Please check one of the following:

2 We have no objections to this proposal. *Area is not adjacent to any highways, nor a significant traffic generator.*

_____ Please note the following concerns this organization has with this proposal:

_____ See the attached letter for detailed comments regarding this proposal.

Date: 12/2/13

Agency Name: CDOT Region 4

Your name (Please Print): Tim Bilobran

Signature: Tim Bilobran

We invite you to attend the meeting/hearing, if you wish, to express your specific comments/concerns regarding this project. Hearing dates may be obtained by calling the Elbert County Planning Department at 303-621-3136. If you are unable to submit written comments by the above date or need additional materials of information, please contact this office as soon as possible.

Please note that the Planning Department considers failure to respond as approval of the proposal by all identified agencies. This consideration is based upon the language in the Colorado Revised Statutes 30-28-136(2).

Sincerely,

Carolyn Parkinson

Project Planner



COLORADO PARKS & WILDLIFE

4255 Sinton Road • Colorado Springs, Colorado Zip
719-227-5200 • FAX 719-227-5223
cpw.state.co.us

December 9, 2013

County of Elbert
Community and Development
Attn: Carolyn Parkinson
215 Comanche Street
Kiowa, CO 80117

Re: Special Use Review Prescott Ranches 32-34 Oil & Gas Exploration
Project Number SU 13-0010

Dear Ms. Parkinson:

Colorado Parks and Wildlife (CPW) is in receipt of the above referenced proposal and is familiar with the site. Based both on the location and type of action being proposed, the CPW believes impacts to the wildlife resource to be negligible. We appreciate being given the opportunity to comment. Please feel free to contact Energy Specialist Al Trujillo at (719) 227-5232 or via email at al.trujillo@state.co.us, should you have any questions or require additional information.

Sincerely,

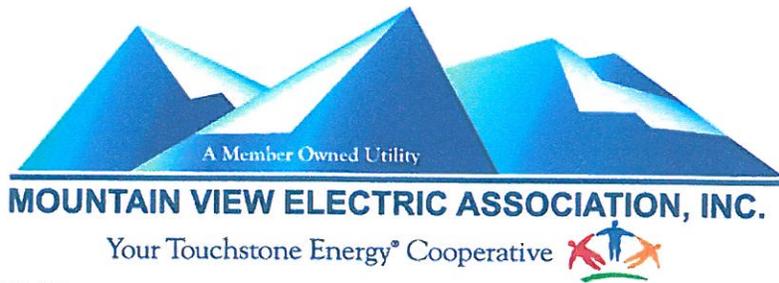
Cory Chick
Area Wildlife Manager

DEC 11 2013

Cc: SE Region Files
Area 14 Files
A. Trujillo, Energy Specialist

STATE OF COLORADO

John W. Hickenlooper, Governor • Mike King, Executive Director, Department of Natural Resources
Bob D. Broscheid, Director, Colorado Parks and Wildlife
Parks and Wildlife Commission: Robert W. Bray • Chris Castilian, Secretary • Jeanne Home
Bill Kane, Chair • Gaspar Perricone • James Pribyl • John Singletary
Mark Smith, Vice-Chair • James Vigil • Dean Wingfield • Michelle Zimmerman
Ex Officio Members: Mike King and John Salazar



December 23, 2013

Carolyn Parkinson
Project Planner
County of Elbert, Planning Dept.
P.O. Box 7
Kiowa, CO 80117

Dear Ms. Parkinson:

Mountain View Electric Association, Inc. (MVEA) has these comments about the following:

Project Name: Prescott Ranches 32-34 Oil & Gas Exploration

Project Number: SU-13-0010

Description: Mustang Creek Operating, LLC is requesting approval for a oil and gas exploratory well site located in unincorporated Elbert County. This well site is located east of County Road 133 and south of County Road 34 in Section 32, Township 12 South, Range 59 West.

This area is within MVEA certificated service area. Should service be needed, connection requirements may include provisions for necessary line extensions and or other system improvements, and payment of all fees under MVEA line extension policy. Information concerning these requirements can be obtained by contacting the Engineering Department of MVEA.

MVEA has no objection to the permitting of this oil and gas exploratory well site in Elbert County.

MVEA has existing facilities near this parcel of land. If there is any removal or relocation of facilities it will be at the expense of the applicant and a review of easements will be required.

If additional information is required, please contact our office at (719) 495-2283.

Sincerely,

Cathy Hansen-Lee
Engineering Administrative Assistant

Limon 719-775-2861 • Falcon 719-495-2283 • 1-800-388-9881 • www.mvea.coop

P.O. Box 1600 • Limon, Colorado 80828-1600 • 11140 E. Woodmen Road • Falcon, Colorado 80831



COUNTY OF ELBERT

Community and Development Services

P.O. BOX 7
215 COMANCHE STREET
KIOWA, COLORADO 80117
303-621-3136 FAX: 303-621-3165



REFERRAL REQUEST

DATE: 11/19/13 COMMENTS DUE BY: 11/24/13

RE: PROJECT NAME: Prescott Ranches 32-34 Oil & Gas Exploration

PROJECT NUMBER: SU 13-0010

PROJECT TYPE: Special Use Review

Dear Referral Organization:

Information on the proposal in Elbert County referenced above is enclosed for your review and comments. Please check one of the following:

 We have no objections to this proposal.

X Please note the following concerns this organization has with this proposal:

*Need to know more about project. Time Line,
WASTE REMOVAL, MOBILE FOTO VENDORS, CONTRACTS
FOR PORTA LETS & TRASH REMOVAL.*

 See the attached letter for detailed comments regarding this proposal.

Date: 11/21/13

Agency Name: Elbert County Health and Environment

Your name (Please Print): GARY L HARTZELL

Signature: *Gary L Hartzell*

We invite you to attend the meeting/hearing, if you wish, to express your specific comments/concerns regarding this project. Hearing dates may be obtained by calling the Elbert County Planning Department at 303-621-3136. If you are unable to submit written comments by the above date or need additional materials of information, please contact this office as soon as possible.

Please note that the Planning Department considers failure to respond as approval of the proposal by all identified agencies. This consideration is based upon the language in the Colorado Revised Statues 30-28-136(2).

Sincerely,

Carolyn Parkinson

Project Planner



December 18, 2013

Ms. Carolyn Parkinson
Elbert County Project Planner
215 Comanche Street
Kiowa, Colorado 80117

**RE: Prescott Ranches 32-34 Oil and Gas Exploratory Well Site
Special Use by Review**

Dear Ms. Parkinson:

We are offering the following responses (in italics) to the comments provided via Elbert County's referral process for the proposed Prescott Ranches 32-34 oil and gas exploratory well site.

Elbert County Health and Environment

1. Please provide more detail regarding the timeline of the project.

The Prescott Ranches 32-34 well is an exploratory production well. Exploratory wells typically are drilled, completed, and constructed dependent on testing results during the drilling and completion phases. It is typical for an exploratory production well to take longer in newer areas, as with this proposed location, than in areas that have "mature" drilling programs already established. The Prescott Ranches 32-34 well pad and exploratory production well construction is expected to last at a minimum of three weeks and no longer than eight weeks.

2. Please provide more detail regarding waste removal and provide copies of the contracts for sanitary waste and trash removal.

Portable toilet(s) will be located on the site in a location that is best suited for such facilities, which is usually the cut slope area of the site or the stabilized construction area, when applicable. The portable toilet location will be determined by a site representative when construction equipment is being placed on site. The portable toilet will be anchored to prevent tipping. The portable toilet(s) will be emptied on a routine and as-needed basis.

Trash will be contained in dumpsters on site designed to prevent accidental removal by weather occurrences. The dumpsters will be emptied on a routine and as-needed basis and all trash will be disposed of offsite at a properly licensed disposal facility.

Please find the attached email correspondence with the sanitary waste and trash disposal company. Please see Section 20.0 Waste Management Plan of the application packet for additional details.



3. Please provide more details regarding mobile food vendors.

Mobile food vendors are not anticipated on this site.

Please feel free to contact Brett Forkner at 303-433-9788 or bforkner@ltenv.com if you have any questions or concerns.

Sincerely,

LT ENVIRONMENTAL, INC.

A handwritten signature in blue ink, appearing to read 'C. Greeson', with a stylized flourish at the end.

Charles Greeson
Staff Environmental Scientist

A handwritten signature in blue ink, appearing to read 'B. Forkner', with a stylized flourish at the end.

Brett Forkner
Project Environmental Scientist

cc: Mr. Robert Davis, Mustang Creek Operating, LLC

Attachments:

1. Email Correspondence Agreement between Reck Flyers, LLC and DTC Energy Group for potable water, trash, and portable toilet maintenance and removal

From: [Charles Greeson](mailto:cgreeson@ltenv.com)
To: cgreeson@ltenv.com
Subject: FW: Reck Flyer Oilfield Services
Date: Tuesday, December 17, 2013 11:12:05 AM

From: Reck Flyers [<mailto:reckflyers@gmail.com>]
Sent: Wednesday, October 30, 2013 12:13 PM
To: dvoorhees@dtcenergygroup.com
Subject: Reck Flyer Oilfield Services

Hi Dave.

This e-mail is to notify DTC Energy that Reck Flyers, LLC will provide potable water/sewer/trash and port a potties weekly or as needed for drilling and/or completion.

Contact will be Jeff Reck at 970-381-6692 for dispatch and Laura Reck at 970-539-1612 if needed.

We appreciate the opportunity to continue working with you.

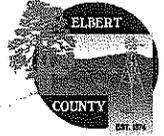
**Laura Reck
Reck Flyers, LLC**



COUNTY OF ELBERT

Community and Development Services

P.O. BOX 7
215 COMANCHE STREET
KIOWA, COLORADO 80117
303-621-3136 FAX: 303-621-3165



DEC 2 2013

REFERRAL REQUEST

DATE: 11/19/13 COMMENTS DUE BY: 11/24/13

RE: PROJECT NAME: Prescott Ranches 32-34 Oil & Gas Exploration

PROJECT NUMBER: SU 13-0010

PROJECT TYPE: Special Use Review

Dear Referral Organization:

Information on the proposal in Elbert County referenced above is enclosed for your review and comments. Please check one of the following:

- We have no objections to this proposal.
- Please note the following concerns this organization has with this proposal:

- See the attached letter for detailed comments regarding this proposal.

Date: 11/22/13

Agency Name: Double E Conservation District

Your name (Please Print): George Fosha

Signature: *George M Fosha*

We invite you to attend the meeting/hearing, if you wish, to express your specific comments/concerns regarding this project. Hearing dates may be obtained by calling the Elbert County Planning Department at 303-621-3136. If you are unable to submit written comments by the above date or need additional materials of information, please contact this office as soon as possible.

Please note that the Planning Department considers failure to respond as approval of the proposal by all identified agencies. This consideration is based upon the language in the Colorado Revised Statutes 30-28-136(2).

Sincerely,

Carolyn Parkinson

Project Planner



Double El Conservation District

P O Box 215
Simla, CO 80835
719-541-2359 x 101

Serving parts of Elbert, El Paso & Lincoln Counties

November 22, 2013

Elbert County
Community and Development Services
P O Box 7
Kiowa, CO 80117

Re: County Review Agency Comments

Project #: SU 13-0010
Prescott Ranches 32-34 Oil & Gas Exploration

Following are comment concerns for the above reference project to taken into consideration for the special use permit.

1. Restoration of any soil conservation practices that might be disturbed during construction (i.e. terraces, erosion control dams, etc)
2. Re-seeding and re-vegetation of all disturbed areas using recommended seed mix from Double El Conservation District/Simla NRCS
3. Facility operators are to be responsible for the long term control of noxious weeds on all distributed areas (reference Colorado State Noxious Weed listing).
4. Proper storm water management practices (sediment catch basins).

If you have any questions or need further information please contact the office. Thank you.

Respectfully,

A handwritten signature in black ink that reads "George M. Fosha".

George Fosha, President



December 18, 2013

Ms. Carolyn Parkinson
Elbert County Project Planner
215 Comanche Street
Kiowa, Colorado 80117

**RE: Prescott Ranches 32-34 Oil and Gas Exploratory Well Site
Special Use by Review**

Dear Ms. Parkinson:

We are offering the following responses (in italics) to the comments provided via Elbert County's referral process for the proposed Prescott Ranches 32-34 oil and gas exploratory well site.

Double El Conservation District

1. Please address restoration of any soil conservation practices that might be disturbed during construction (i.e. terraces, erosion control dams, etc.).

The disturbed area will be confined to the areas necessary for the construction of the driveway and well pad only. There are no known pre-existing structural soil conservation practices that will be damaged or destroyed during construction activity.

2. Please address re-seeding and re-vegetation of all disturbed areas using recommended seed mix from Double El Conservation District/Simla NRCS.

The seed mixture will be chosen considering the recommendation(s) of the Natural Resource Conservation Service (NRCS) and/or the Elbert County Public Works Department unless the landowner or a jurisdictional authority requests an alternate seed mixture be used. Section 21.0 of the application has been updated to replace the contact information of the Adams County NRCS with the contact information for the NRCS Service Center Office located in Simla, Colorado.

3. Facility operators are to be responsible for the long-term control of noxious weeds on all disturbed areas. (reference Colorado State Noxious Weed listing).

Mustang Creek Operating, LLC will ensure proper re-vegetation of the seeded areas in compliance with the Colorado Department of Public Health and Environment (CDPHE) COR030000 permit as well as the special condition that applies to oil and gas sites as detailed in the CDPHE Stormwater Fact Sheet dated July 2007. Following final stabilization, Mustang Creek Operating, LLC staff will visit the site for routine maintenance and other production and operation activities. Staff will contact the



Stormwater Management Plan team if any stormwater, erosion, or sediment control issues are observed. Please see Section 21.0 Weed Management and Revegetation Plan for additional details.

4. Please address use of proper storm water management practices.

Structural and non-structural best management practices (BMPs) identified in the Stormwater Management Plan (SWMP) will be utilized for construction activities to prevent impact to waters of the state. Alternative measures may be used depending on site-specific conditions. If alternative BMPs are utilized, then those changes will be documented in the SWMP that was prepared in compliance with the CDPHE-Water Quality Control Division COR03L274 permit, authorizing Mustang Creek Operating, LLC to discharge stormwater associated with construction activities to waters of the state.

Please feel free to contact Brett Forkner at 303-433-9788 or bforkner@ltenv.com if you have any questions or concerns.

Sincerely,

LT ENVIRONMENTAL, INC.

A handwritten signature in blue ink, appearing to read 'C. Greeson'.

Charles Greeson
Staff Environmental Scientist

A handwritten signature in blue ink, appearing to read 'B. Forkner'.

Brett Forkner
Project Environmental Scientist

cc: Mr. Robert Davis, Mustang Creek Operating, LLC



DEPARTMENT OF NATURAL RESOURCES

DIVISION OF WATER RESOURCES

December 9, 2013

Mr. Robert Davis
Mustang Creek Operating LLC
5251 DTC Parkway #800
Greenwood Village, CO 80111

John W. Hickenlooper
Governor
Mike King
Executive Director
Dick Wolfe, P.E.
Director/State Engineer

To Whom It May Concern;

Certified Letter Receipt No. 7004-0550-0001-0704-3851

Dear Mr. Davis;

The Colorado Division of Water Resources ("DWR") is the state agency with the responsibility for the administration of water use, both surface water and ground water. This administrative responsibility includes ensuring that no water is diverted out of compliance with Colorado state law in a way that would injure other water rights or impair compliance with interstate compacts. Until 2009, DWR did not include ground water produced from oil and gas wells ("produced water") in its administrative responsibilities. Then, in 2009, the Colorado Supreme Court ruled in *Vance v. Wolfe*¹ that DWR does have the responsibility to administer water produced from oil and gas wells in the state. Since that time, the majority of the oil and gas wells in the state have come into compliance with state law and are now operate according to water well permits, where required, and according to plans to replace impacts to the stream system due to water production from wells ("augmentation plan") or a determination that the produced water originates from a source that is not connected to the stream system – or "nontributary."

We have received a copy of your Application for Use by Special Review for Elbert County for the Prescott Ranches 32-34 Oil and Gas Exploratory Well Site for our review. In our efforts to ensure that all oil and gas wells in the state comply with state water law, we need to inform you that any water that is produced from your proposed exploratory wells is production water from a formation that has not been shown to be nontributary, and would not be operating according to an approved plan to replace the water production's impact to the stream system. In addition, these wells may require water well permits issued by our office. Your company needs to ensure that any water production from the wells is in compliance with Colorado water law.

The attached memo dated March 24, 2010 will provide you with more detail on what is necessary to bring your wells into compliance with Colorado water law. In summary, depending on the facts associated with your wells, you will likely need to pursue one of the following options:

1. If you have reason to believe the produced ground water is nontributary, you should submit a "Petition for a Determination of Nontributary Ground Water" for the area in which your wells are completed. The petition should be submitted pursuant to the "Rules and Regulations for

¹ See *Vance v. Wolfe*, 205 P.3d 1165, 1173 (Colo. 2009)

the Determination of the Nontributary Nature of Ground Water Produced Through Wells In Conjunction with the Mining of Minerals", 2 CCR 402-17. If the petition is successful and the produced water from your wells is found to be from a nontributary formation, and no beneficial use is being made of the produced water, no further action may be necessary.

2. If you believe your wells do not produce water from a formation that has been determined to be nontributary, in most cases, you will need to formulate a Plan for Augmentation for the depletions to surface water caused by the extraction of water from the well(s), and submit it to the water court. A substitute water supply plan (SWSP) should be submitted for approval by the Division of Water Resources at the same time.

Your wells may also require water well permits issued by DWR, in addition to the COGCC permit currently in effect. Wells that would require a permit consist of the following:

- Coal-bed Methane (CBM) wells that are extracting water, whether tributary or nontributary.
- In some cases, non-CBM wells that are putting produced water to beneficial use.

Permits for this type of well can be obtained by completing form GWS-45, also found on the DWR website, www.water.state.co.us, and submitted to this office with the requisite fee.

Finally, we would also like to use this letter to inform you that use of water in Colorado for well construction purposes also is subject to Colorado water law. The water you use must be from a source that has been determined to be legally allowed for industrial or well construction purposes. In most areas of the state, pumping water from an aquifer that has a hydraulic connection to a surface stream cannot be done without a plan for augmenting the depletions to those surface streams. Similarly, diverting surface water is most often not allowed without an established water right. Negotiating a lease for the use of another's water right may be allowed, but only in certain circumstances.

We realize this information may be new to you. However, it is important that you contact us as soon as possible to discuss your situation and the procedures for ensuring that your proposed wells are in compliance and that the water you use for well construction is from a legal source. We will also direct you to additional relevant explanatory materials. You may contact Melissa Peterson at the State Engineer's Office in Denver (Melissa.A.Peterson@state.co.us, telephone number 303-866-3581 Ext. 8208) or Bill Tyner in the DWR office in Pueblo (Bill.Tyner@state.co.us, telephone number 719-542-3368 Ext. 2110).

Sincerely,



Melissa A. Peterson, P. E.
Water Resources Engineer, Team 237

Enclosures

Cc: Matt Lapore, Director, Colorado Oil and Gas Conservation Commission
Brett Forkner, LT Environmental, Inc.
Ryan B. McNeil, Prescott Ranches, LLC
Elbert County Community & Development Services Department

**Attachment
Potential Sources of Water for Well Construction
and Construction Related Activities**

Colorado's water rights system is based on the prior appropriation doctrine; first in time, first in right. In other words, water cannot be simply diverted from a surface water source or pumped out of the ground for use in well construction. A water source that is used for well construction must be decreed or permitted for that use, no matter what the source is. Water sources differ slightly in their methods of administration.

A new surface water source, such as a river, creek or pond, must first have a water right to be able to use that water, and secondly, must have an industrial or well construction use listed in the decree and/or permit. This entails an application to a district water court. Most stream systems and their associated tributaries in Colorado are overappropriated; that is, there is normally not sufficient flowing water in the stream to satisfy all existing water rights owners on the stream system. Surface water that is delivered by a ditch or canal may be leased or purchased only if that particular ditch or canal water has an industrial use listed on the water right. If not, the type of use for the water right needs to be changed in the district water court before that water can be used.

Water obtained from a well must have the industrial or well construction use listed among the beneficial uses in the permit. Most existing wells in Colorado are located in areas where the stream systems are overappropriated. Therefore, water that is pumped from these wells has a delayed impact on the stream, which must be accounted for by an augmentation plan (a plan for replacing water to the stream to correct for the depletive effect of well pumping). The replacement of that water prevents injury to the senior water rights on the affected stream system.

Raw water, or treated water leased or purchased from a water provider such as a municipal water treatment plant or wastewater treatment plant may be used for well construction only if the use is compliant with the water provider's water rights. This would also apply to effluent from the wastewater treatment plant that has been discharged to the stream which is being rediverted.

Produced Water. According to Colorado case law, all waters of the State are considered tributary unless proven to be nontributary. The production of water from a tributary ground water formation is subject to administration by the Division of Water Resources under the 1965 Ground Water Management Act and the 1969 Water Rights Determination and Administration Act. As such, the production of the tributary ground water from oil and gas wells requires the replacement of depletions through a court-approved augmentation plan, as well as a substitute water supply plan issued by the Division of Water Resources for the period of the court process. However, if the produced water is from a source that was determined to be nontributary, the use of the water is less restrictive.

A March 24, 2010 memorandum that is enclosed with this letter will provide further explanation of your responsibilities with regard to produced water.



DEPARTMENT OF NATURAL RESOURCES

DIVISION OF WATER RESOURCES

Bill Ritter, Jr.
Governor

Harris D. Sherman
Executive Director

Dick Wolfe, P.E.
Director/State Engineer

March 24, 2010

From: Kevin G. Rein, Assistant State Engineer ^{KAR}
Re: **Revised Memorandum: Submittals to the Division of Water Resources for approval of substitute water supply plans and well permits for oil and gas wells that produce ground water while producing oil or gas.**

On March 22, 2010, Governor Ritter signed SB10-165. Section 1 of SB10-165 clarifies that, except for CBM wells producing water – for which wells, water well permits are always required – no well permit is required for an oil and gas well that produces nontributary ground water if the use of the produced ground water is not beneficially used or used only to facilitate or permit the mining of minerals. Sections 2 and 3 of the bill extend the deadline for operators of oil and gas wells that require water well permits or substitute water supply plans to obtain them. I refer you to SB10-165 for the precise language.

As a result of the provisions of this new law, oil and gas wells that produce water are currently allowed to operate without a water well permit and without a plan of augmentation or a substitute water supply plan pursuant to Section 37-90-138(2), C.R.S., which now states:

“(2) If the state engineer finds any well to have been drilled or maintained in a manner or condition or to be withdrawing ground water contrary to any of the provisions of this article or the rules issued under this article, the state engineer shall immediately notify the user in writing of the violation and give the user time as may reasonably be necessary, not to exceed sixty days, to correct deficiencies. If the user fails or refuses to correct the deficiencies within the allowed time, the state engineer is authorized to enter upon the user's land and do whatever is necessary in order that the user comply with this article or rules issued under this article. Prior to August 1, 2010, this subsection (2) does not apply to oil and gas wells. For an oil and gas well in existence on the effective date of this Subsection (2), as amended, for which a well permit is required by this section, a well permit application shall be submitted to the State engineer on or before April 30, 2010. For an oil and gas well To be constructed between the effective date of this subsection (2), as amended, and august 1, 2010, for which a well permit is Required by this section, a well permit application shall be Submitted to the state engineer on or before June 15, 2010. All oil and gas wells to be constructed after august 1, 2010, for which a Well permit is required by this section shall have a well permit prior to producing groundwater.”

and Section 37-92-308(11)(a)(I) which now states:

Office of the State Engineer

1313 Sherman Street, Suite 818 • Denver, CO 80203 • Phone: 303-866-3581 • Fax: 303-866-3589
www.water.state.co.us

March 24, 2010

2

Second Revised Memo: Submittal of well permit and substitute water supply plan applications, oil and gas wells

"(11) (a) (I) To provide sufficient time to integrate coal bed methane wells into the water court adjudication process for augmentation plans, during 2010, 2011, and 2012 the state engineer may approve annual substitute water supply plans for such wells using the procedures and standards set forth in this subsection (11). Until July 31, 2010, coal bed methane wells may continue to operate without a substitute water supply plan if the oil and gas operator submits a request for approval of a substitute water supply plan pursuant to this subsection (11) by April 30, 2010. Beginning August 1, 2010, and ending December 31, 2012, no coal bed methane well that withdraws tributary ground water and impacts an over-appropriated stream shall operate unless:..."

Therefore, as described in my previous January 25, 2010 memo, with amendments pursuant to the provisions of SB10-165, the following applies:

Well Permitting for Coal Bed Methane ("CBM") Wells

According to the ruling in Vance v. Wolfe, all wells that produce ground water through the CBM extraction process are putting the water to beneficial use and, therefore, require a well permit to be issued pursuant to 37-90-137(2) and, if the water is nontributary, 37-90-137(7). This condition applies whether or not the operator or any other party puts the water to some subsequent beneficial use; and whether the ground water is tributary or nontributary.

Replacement Requirements for CBM Wells

If a CBM well produces nontributary ground water, the well is not subject to administration in the prior appropriation system; therefore, it may operate without a plan of augmentation or substitute water supply plan.

If, however, a CBM well produces tributary ground water that impacts an over-appropriated stream, the well must operate only according to a water court-approved plan of augmentation or a substitute water supply plan approved pursuant to 37-92-308(4), 37-92-308(5), or 37-92-308(11).

Well Permitting for non CBM Wells

All non-CBM wells that put tributary ground water to a beneficial use require well permits to be issued pursuant to 37-90-137(2). In addition, non-CBM wells that put nontributary ground water to a beneficial use require well permits to be issued pursuant to 37-90-137(2) and 37-90-137(7). As allowed by 37-90-137(7), non-CBM wells that produce nontributary ground that is not beneficially used, or used only by the operators within the geologic basin where the ground water is removed, to facilitate or permit the mining of minerals, require no well permit. For the purposes of 37-90-137(7), the condition of ground water being removed to "facilitate or permit the mining of minerals" is further explained in that section.

Replacement Requirements non-CBM Wells

As with CBM wells, if a non-CBM well produces nontributary ground water, the well is not subject to administration in the prior appropriation system; therefore, it may operate without a plan of augmentation or a substitute water supply plan.

If, however, a non-CBM well produces tributary ground water that impacts an over-appropriated stream, the well must operate only according to a water court-approved plan of augmentation or a substitute water supply plan approved pursuant to 37-92-308(4) or 37-92-308(5).

Basis for the SEO's Position on Permitting and Replacement for CBM and Non-CBM Wells

On April 20, 2009, the Supreme Court issued its ruling in the Vance v. Wolfe case. In that ruling, the Supreme Court clearly stated that the withdrawal of ground water through the CBM extraction process is a beneficial use. As a result, the State Engineer has the administrative responsibility of requiring well permits for all CBM well whether they produce ground water that is tributary or nontributary. However, CBM wells that produce nontributary ground water are not subject to administration in the priority system because of the provisions of 37-92-305(11).

The Supreme Court did not rule that water produced through non-CBM oil and gas wells is a beneficial use, rather the Supreme Court made that ruling specifically for only CBM wells. In its ruling, the Supreme Court clearly distinguished CBM wells from non-CBM oil and gas wells on the question of beneficial use. The Supreme Court stated that "the CBM process 'uses' water -- by extracting it from the ground and storing it in tanks -- to 'accomplish' a particular 'purpose' -- the release of methane gas. The extraction of water to facilitate CBM production is therefore a 'beneficial use' as defined in the 1969 Act." Since the Supreme Court made clear its distinction from non-CBM production, lacking any subsequent application of the ground water to beneficial use beyond the use only by the operators within the geologic basin where the ground water is removed to facilitate or permit the mining of minerals, the State Engineer does not regard non-CBM wells as requiring well permits.

However, the State Engineer does acknowledge the statutory responsibility found in § 37-92-502(2)(a), C.R.S – cited in the dissenting opinion in Vance – to administer the withdrawal of ground water to ensure no injury to senior vested water rights. Therefore, as a result of that statutory responsibility, and because the Supreme Court has directed in Simpson v. Bijou that depletions to a surface stream in an over-appropriated system are presumed to be injurious, the State Engineer takes the position that all oil and gas wells that produce ground water that is tributary to an overappropriated system require a showing to overcome the presumption of injury or must demonstrate their operations are compliant with a court approved augmentation plan or a substitute water supply plan that replaces depletions in time location and amount. Therefore, for the purposes of well permitting and administration of wells, the State Engineer's position is that:

- A. All CBM wells, tributary and nontributary, will require a well permit by virtue of the well's application of the water to beneficial use through the CBM extraction process.
- B. All oil and gas wells, CBM and non-CBM, that produce ground water that is tributary to an overappropriated stream are subject to administration by the State Engineer based

on the fact that according to Bijou all depletions in an overappropriated system are presumed to be injurious.

- C. Non-CBM wells that produce nontributary ground water, but do not put the ground water to beneficial use beyond the original withdrawal of the ground water, or beyond the use by the operator in the same geologic basin to facilitate or permit the mining of minerals, do not require well permits, nor do they require administration in the prior appropriation system.
- D. Non-CBM wells that produce tributary ground water, but do not put the ground water to beneficial use beyond the original withdrawal of the water do not require well permits.
- E. All oil and gas wells that produce ground water and put the ground water to beneficial use beyond the original withdrawal of the ground water require well permits. Note the exception to this in item C.
- F. Oil and gas wells that produce nontributary ground water are not subject to administration within the prior appropriation system and do not require substitute water supply plans or augmentation plans.

These six conditions are shown graphically in the following tables.

Extraction Only		
	Tributary	Nontributary
CBM	Permit?: Yes (A)	Permit?: Yes (A)
	Replace depletions ¹ ?: Yes (B)	Replace required?: No (F)
Non-CBM	Permit?: No (D)	Permit ² ?: No (C)
	Replace depletions ¹ ?: Yes (B)	Replace required?: No (C,F)

1. For depletions that impact an over-appropriated stream. No replacement is required for depletions that impact a stream that is not over-appropriated.
2. Includes consideration of the situation where ground water that, in addition to the initial extraction, also is used only by the operator in the same geologic basin to facilitate or permit the mining of minerals.

Use Subsequent to Extraction		
	Tributary	Nontributary
CBM	Permit?: Yes (A,E)	Permit?: Yes (A, E)
	Replace depletions ¹ ?: Yes (B)	Replace required?: No (F)
Non-CBM	Permit?: Yes (E)	Permit ² ?: Yes (E)
	Replace depletions ¹ ?: Yes (B)	Replace required?: No (F)

1. For depletions that impact an over-appropriated stream. No replacement is required for depletions that impact a stream that is not over-appropriated.
2. Does not apply to the situation where ground water that, in addition to the initial extraction, also is used only by the operator in the same geologic basin to facilitate or permit the mining of minerals.

Submittal of well permit and substitute water supply plan applications

All ground water in the state is presumed to be tributary unless shown to be nontributary and, therefore, is subject to the requirements outlined above. For the purposes of the State

Engineer's application of 37-90-137(7), the Produced Nontributary Ground Water Rules are a showing that ground water is nontributary. In keeping with the provisions of SB10-165 and to allow for the most reliable processing of applications, the State Engineer's Office will act according to the following:

1. The State Engineer's Office will not issue a permit for a well that produces tributary ground water that impacts an over-appropriated stream until that well is subject of a water court-approved plan of augmentation or a substitute water supply plan approved pursuant to 37-92-308(4), 37-92-308(5), or in the case of CBM wells, 37-92-308(11).
2. The staff of the State Engineer's Office is willing to meet with the operators and their representatives prior to the submittal of an SWSP to review all aspects of the submittal. This will allow for a more expeditious submittal and will help expedite the review process by eliminating an iteration of requests for more information by the State Engineer's Office.
3. The Produced Nontributary Ground Water Rules include provisions allowing an operator to petition the State Engineer for a determination of nontributary ground water. Such an action may result in identifying some wells as producing tributary ground water and some nontributary. Acknowledging that, the State Engineer's Office will accept submittals of SWSP requests before the State Engineer has decided on a petition
 - a. If the submittal includes wells with a replacement requirement due to their anticipated tributary status and the wells can subsequently be shown to be producing from a nontributary formation, according to the decision on the petition, the State Engineer's Office will allow those wells to be removed from the substitute water supply plan without requiring an amendment to any associated water court application, if applicable, and without requiring amended notice to the substitute water supply plan notification list.
 - b. If the substitute water supply plan applicant wishes to add wells to the plan the applicant must first amend any associated water court application, if applicable, and give notice of the amended substitute water supply plan as required by 37-92-308.
4. If an applicant for an SWSP has submitted the SWSP to the SEO before March 1, 2010, or immediately after a determination of nontributary ground water through the rulemaking, whichever comes latest, the State Engineer will dedicate available staff to the evaluation and approval or denial of the SWSP before committing staff to curtailment of wells that are subject of the SWSP.
5. Each well permit application must include specific data for that well and must be accompanied by the statutory fee for each well permit issued pursuant to 37-90-137(2). The SEO staff will accept a single GWS-45 application form to represent the submittal for a group of wells.
 - a. Each well in such a group of wells must be
 - i. The subject of the same SWSP or water court decree, or
 - ii. Located in one formation that was the subject of a single determination of nontributary ground water

Second Revised Memo: Submittal of well permit and substitute water supply plan applications, oil and gas wells

- b. The GWS-45 application must be accompanied by
 - i. the correct fee for each individual well
 - ii. a cover letter explaining the GWS-45 application and attachments
 - iii. an attachment in spreadsheet form providing all well permit application information for each well. The SEO staff has made this form available for the applicant's use on its website.
 - iv. an electronic copy of the spreadsheet providing all well permit application information for each well. The SEO staff has made this spreadsheet available for the applicant's use on its website.
 - v. for any well for which there are existing production water wells that are not oil and gas wells within 600 feet of the surface location of the well, the permit numbers, owners' name, and owners' addresses of the production water wells that are within 600 feet of the oil and gas well

- 6. Operators should submit well permit applications as soon as possible to ensure timely approval, but only after contacting Kevin Rein or the appropriate permitting Team Leader at the State Engineer's Office. The State Engineer's Office may recommend further discussion at that point.

In any case, the operator must abide by the deadlines in 37-90-138 and 37-92-308(11) as amended by SB10-165. Those deadlines are in the sections of the statute found at the bottom of page 1 and the top of page 2 of this memo.



December 24, 2013

Ms. Carolyn Parkinson
Elbert County Project Planner
215 Comanche Street
Kiowa, Colorado 80117

**RE: Prescott Ranches 32-34 Oil and Gas Exploratory Well Site
Special Use by Review**

Dear Ms. Parkinson:

We are offering the following responses (in italics) to the comments provided via Elbert County's referral process for the proposed Prescott Ranches 32-34 oil and gas exploratory well site.

Colorado Department of Natural Resources – Division of Water Resources (DWR)

1. Any water that is produced from the exploratory well is production water from a formation that has not been shown to be non-tributary. Mustang Creek Operating, LLC will need to either have the produced water classified as being non-tributary by submittal of a Petition for a Determination of Nontributary Ground Water along with supporting documentation or if produced water will originate from a formation that is not determined to be a nontributary formation then a Plan for Augmentation must be created and submitted to the water court. A substitute water supply plan will need to be submitted to the DWR if the Plan for Augmentation is required.

The produced water from the Prescott Ranches 32-34 exploratory well will originate from depths of target formations that have previously been determined to be non-tributary in both El Paso County located approximately 1.5 miles east and Lincoln County located approximately 6 miles south of the proposed Prescott Ranches 32-34 exploratory oil and gas well. Due to the proximity of the previous determinations, Mustang Creek Operating, LLC believes it will be successful in obtaining a determination of non-tributary groundwater. A Petition for a Determination of Nontributary Ground Water will be prepared and submitted to the DWR.

2. Your well may also require a water well permit issued by the Division of Water Resources if it is a coal-bed methane well and the produced water is determined to be either tributary or non-tributary. A DWR water well permit would also be required, in some cases, for non-coal-bed methane wells if the produced water is being used for a beneficial use.

The Prescott Ranches 32-34 exploratory oil and gas well is not a coal-bed methane well and there are no plans to use the produced water for a beneficial use.



3. Please be aware that any water used for well construction purposes must be from a source that has been determined to be legally allowed for industrial or well construction purposes.

Mustang Creek Operating, LLC will be acquiring water from a properly permitted source for well construction purposes.

Please feel free to contact Brett Forkner at 303-433-9788 or bforkner@ltenv.com if you have any questions or concerns.

Sincerely,

LT ENVIRONMENTAL, INC.

A handwritten signature in blue ink, appearing to read 'C. Greeson', with a stylized flourish at the end.

Charles Greeson
Staff Environmental Scientist

A handwritten signature in blue ink, appearing to read 'B. Forkner', with a stylized flourish at the end.

Brett Forkner
Project Environmental Scientist

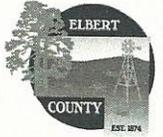
cc: Mr. Robert Davis, Mustang Creek Operating, LLC



COUNTY OF ELBERT

Community and Development Services

P.O. BOX 7
215 COMANCHE STREET
KIOWA, COLORADO 80117
303-621-3136 FAX: 303-621-3165



REFERRAL REQUEST

DATE: 11/19/13 **COMMENTS DUE BY:** 11/24/13

RE: PROJECT NAME: Prescott Ranches 32-34 Oil & Gas Exploration

PROJECT NUMBER: SU 13-0010

PROJECT TYPE: Special Use Review

Dear Referral Organization:

Information on the proposal in Elbert County referenced above is enclosed for your review and comments. Please check one of the following:

 We have no objections to this proposal.

 Please note the following concerns this organization has with this proposal:

X See the attached letter for detailed comments regarding this proposal.

Date: 12/23/13

Agency Name: Simla Volunteer Fire Department

Your name (Please Print): JOHN HUMANN

Signature: *John Humann*

We invite you to attend the meeting/hearing, if you wish, to express your specific comments/concerns regarding this project. Hearing dates may be obtained by calling the Elbert County Planning Department at 303-621-3136. If you are unable to submit written comments by the above date or need additional materials of information, please contact this office as soon as possible.

Please note that the Planning Department considers failure to respond as approval of the proposal by all identified agencies. This consideration is based upon the language in the Colorado Revised Statutes 30-28-136(2).

Sincerely,

Carolyn Parkinson

Project Planner



**Big Sandy Fire Protection District
Simla Volunteer Fire Department
PO Box 161, 219 Sioux Ave.
Simla, Colorado 80835-0161
Phone: 719-541-2883
Fax: 719-541-3148**



To: Carolyn Parkinson, Elbert County Planning Department

Re: Comments to Prescott Ranches 32-34 Oil and Gas Exploration Special Use Review

The Big Sandy Fire Protection District / Simla Volunteer Department have the following comments regarding the Prescott Ranches 32-34 Oil and Gas Exploration Well. The Fire District would like to schedule a face to face meeting with LTE to discuss the following and ensure an agreement is reached on our Fire Protection and Safety items.

1. The Operator Emergency Response and Spill Protection/Clean-Up Plan.
2. Fire District Operational Permitting, including an HMMP, HMIS.
3. Fire District Access Requirements.
4. Tank Battery / Well Head, Safety and Security.
5. Labeling and Signage.
6. Fire Safety and Protection, including training, and equipment.

Sincerely,

John Hillmann
Fire Chief
Big Sandy Fire Protection District
Simla Volunteer Fire Department
C- (719) 651-2432



January 9, 2014

Ms. Carolyn Parkinson
Elbert County Project Planner
215 Comanche Street
Kiowa, Colorado 80117

**RE: Prescott Ranches 32-34 Oil and Gas Exploratory Well Site
Special Use by Review**

Dear Ms. Parkinson:

We are offering the following responses (in italics) to the comments provided via Elbert County's referral process for the proposed Prescott Ranches 32-34 oil and gas exploratory well site.

Big Sandy Fire Protection District/Simla Volunteer Fire Department

1. The Big Sandy Fire Protection District/Simla Volunteer Fire Department (Fire District) would like to schedule a meeting to discuss and ensure an agreement is reached regarding the Operator Emergency Response and Spill Protection/Clean-Up Plan; Fire District Operational Permitting (including HMMP and HMIS); Fire District access requirements; tank battery/wellhead safety and security; labeling and signage; and fire safety and protection (including training and equipment).

LT Environmental, Inc. (LTE) will schedule a meeting with the Fire District at the earliest possible date that can be scheduled between the applicable parties. Currently, LTE is waiting for a response from John Hillmann to schedule a meeting between Mustang Creek Operating, LLC and the Big Sandy Fire Protection District to discuss the above-mentioned agreement.

Please feel free to contact Brett Forkner at 303-433-9788 or bforkner@ltenv.com if you have any questions or concerns.

Sincerely,

LT ENVIRONMENTAL, INC.

Charles Greeson
Staff Environmental Scientist

Brett Forkner
Project Environmental Scientist

cc: Mr. Robert Davis, Mustang Creek Operating, LLC



1437 Larimer St.
Denver, CO 80202
720•473•3131
sean.ohearn@enertiagc.com

November 24, 2013

Ms. Carolyn Parkinson
Elbert County Project Planner
215 Comanche Street
Kiowa, Co 80117

**RE: Prescott Ranch 32-34 Oil and Gas Well Location
Special Use Permit Application Review**

Dear Ms. Parkinson:

Enertia Consulting Group, LLC received the Application for Special Use Review dated October 30, 2013 and has reviewed the following Sections and other well location documents:

- **COGCC Well Permit Information (COGCC web site)**
- **Section 3 - Site Narrative (LTE)**
- **Section 6 – Crisis Management and Incident Response Plan (LTE)**
- **Section 9,10 - Site Maps and Plans (LTE)**
- **Section 11 - Facility Operating Plan (LTE)**
- **Section 12 – Sound Control Measures and Schematic Details (LTE)**
- **Section 13 – Lighting Description and Location of Site Lighting (LTE)**
- **Section 14 - Health & Safety Plan (LTE)**
- **Section 17 – Water Supply Plan and SW/Aquifer Protection Statement (LTE)**
- **Section 18 - Storm Water Management Plan (LTE)**
- **Section 19 – Road Access, Haul Routes and Road Maintenance Agreement (LTE)**
- **Section 20 – Waste Management Plan**
- **Section 21 - Weed Management and Revegetation Plan (LTE)**
- **Section 22 - Traffic Impact Memorandum (LSC)**
-

The USR application was reviewed for accuracy and completeness in accordance with Elbert County Construction Standards and Specifications and standard engineering practice.

Based on our review, we have prepared the following comments on each section.

Section 3 - Site Narrative

1. The narrative is acceptable and complete. Drilling pad and access road area to be improved identified, cut/fill quantities calculated, area well sampling discussed, crossing of Adobe Creek identified (area to be developed is outside delineated floodplain). Site development (well, separators, oil storage, production water storage, flowline piping) discussed. Storm water BMP's and site restoration discussed.

Section 6 – Crisis Mgmt and Incident Response Plan

1. DTC Energy Group personnel are listed as Emergency Response Contacts; is this correct?

Section 9, 10 - Site Maps and Plans

1. Site vicinity map acceptable. Site plan illustrating: proposed well, separator/flare and bulk storage tank location; existing and proposed contours, erosion and sediment controls, driveway, etc. is missing. A site plan is required for this submittal.

Section 11 - Facility Operating Plan (LTE)

1. Facility Operating Plan generally describes construction and production phases for the 32-34 well location.

2. Pad and access road construction is identified as the first construction activity. SWMP and CDPHE Storm Water Discharge Permit need to be in place prior to construction. All SWMP specified storm water BMP's to be installed prior to earth moving activities as described in the Plan.

3. If the well produces, a separator, meter, flare, production water tank and bulk oil storage tank will be installed. Secondary containment capacity (around separator and bulk oil storage/production water tanks) identified as 100% of storage tank capacity plus the 25 yr precipitation event volume.

4. Plan indicates that storm water BMP's will be inspected and maintained routinely during construction and production phases. Elbert County recommends that aside from the access driveway and separator/flare & oil/production water storage area, all exposed slopes and other disturbed areas are revegetated as soon as practical. This will minimize BMP inspection and maintenance requirements. If changes are made, revise SWMP for consistency with Facility Operating Plan.

5. Page 2 - drilling fluids and completion fluids are identified as hazardous materials. Is this correct?

6. Any discussion on storm water BMP's should be consistent with CDPHE storm water permit requirements. In particular, removal of BMP's should be based on revegetation of the well location and not completion of the "exploration phase".

Section 12 – Sound Control Measures and Schematic Details

1. COGCC rules (Rule 802) will be followed during well construction, drilling and completion phases. This is acceptable.

Section 13 – Lighting Description and Location of Site Lighting

1. Light mitigation during drilling and completion is acceptable due to proposed well location.

Section 14 - Health & Safety Plan

1. No comments.

Section 17 – Water Supply Plan and Surface Water/Aquifer Protection Statement

1. Water for drilling and completion provided by HCB Ventures in El Paso County. Is this the only water source required for the well development?

2. Aquifer protection statement includes information on casing but no information on related aquifer depths or thickness. Describe casing depths and lengths as related to aquifer zones.

Section 18 - Storm Water Management Plan

1. A SWMP and CDPHE storm water discharge permit was not submitted with the application. As a condition of permit, these documents should be submitted to the Elbert County DPW prior to construction of the well location.

Section 19 – Road Access, Haul Routes and Road Maintenance Agreement

1. A road maintenance agreement (for CR 24 and CR 133) has not been executed. As a condition of permit, a road use agreement between Mustang Creek Operations and Elbert County DPW shall be completed prior to construction of the well location.

Section 20 – Waste Management Plan

1. Waste Management Plan is acceptable for this project.

Section 22 - Weed Management and Revegetation Plan

1. Revegetation shall performed in accordance with the project SWMP.

2. Seeding and mulching shall be performed in accordance with Elbert County Standards (see attached specifications).

Section 22 - Traffic Impact Memorandum

1. Traffic Impact Memo is acceptable and complete. Memo identifies the types and numbers of vehicles for drilling/construction phase (50 vtpd), fracking/completion phase (175 vtpd) and operations phase (5 vtpd). Highest hourly vehicle trip rate is estimates at 18-20.
2. Travel Route identified and includes CR 133 and CR 34. A road maintenance agreement shall be completed prior to well location site preparation/construction.

CDPHE Storm Water Permit

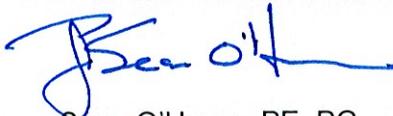
1. Once issued, please provide a copy of the permit certificate.

Spill Response Plan

1. Please include a Contingency Plan Flowchart. For reference, a typical Elbert County Contingency Plan Flowchart has been included.

We trust that our review of the Prescott Ranches 32-34 well location Use by Special Review permit application is acceptable and complete. We recommend that response to the above-listed comments be considered a condition of approval of the Special Use Permit. Please contact me at 720.473.3131 should you have any questions.

Sincerely,
ENERTIA CONSULTING GROUP, LLC



Sean O'Hearn, PE, PG
Managing Partner

attachments

SPCC CONTINGENCY PLAN FLOW CHART

The following chart is a summary of the response to be made in the event of an oil release. For additional details of the response procedures, available cleanup materials, and other spill procedures refer to the SPCC plan kept at the Facility.

1. NOTIFICATION AND RESPONSE

The designated Emergency Coordinator is the primary individual responsible for decisive actions in the event of a spill at the Facility. When a spill is discovered, the individual will immediately report it to their supervisor and the Emergency Coordinator.

Emergency Coordinator (EC)

Lynne Eschbach

Work: (303) 621-3157

Cell: (xxx) xxx-xxxx

Facility Manager

Ed Ehmann

Work: (303) 621-3157

Cell: (720) 951-6489

A. The EC is responsible for all decisive actions in the event of a spill at the Facility. The EC will supervise efforts to provide immediate containment of the spill to prevent a more difficult cleanup situation. Under the direction of the EC, O&M personnel, should isolate or repair the source of the leak/spill to prevent additional spillage. O&M personnel will utilize spill cleanup materials provided and employ safe work practices. For additional details on oil spill cleanup procedures, refer to the SPCC plan.

B. The EC will notify the Facility Manager as needed or by the next working day.

C. The EC or Facility Manager will notify the following Emergency Response Contact as needed or by the end of the next business day.

Cory Stark, EC Office of Emergency Management, 751 Ute Ave, P.O. Box 295, Kiowa, CO 80117, (303) 805-6131

2. FEDERAL AND STATE NOTIFICATION

If a spill occurs on:

WATER The EC will notify the National Response Center (NRC) and the Colorado Department of Public Health and Environment (CDPHE) at the telephone numbers provided below if the spill results in a discharge of any quantity of oil into an adjacent stream and/or wetlands.

LAND The EC will notify the CDPHE if the spill results in the release or threat of release over the reportable quantity of oil on the land or surface or subsurface strata in the State of Colorado.

National Response Center
(800) 424-8802 (24 hours)

CDPHE
(877) 518-5608 (24 Hours)

3. LOCAL NOTIFICATION

The following local agencies will be called to provide emergency assistance at the Facility based on the judgment of the responding EC.

Elbert County Sheriff – Emergency - 911

Elbert County Sheriff – Non Emergency - (303) 621-2027

Kiowa Fire Protection District – Emergency - 911

Kiowa Fire Protection District – Non Emergency - (303) 621-2233

Castle Rock Adventist Health Campus – (720) 455-5000

DRILL SEEDING MIX

1. Seed shall be drilled only (no hydroseed).
2. Seed type and amount of pure live seed (PLS) required per acre shall be:

NATIVE AREA SEED MIX

SEED NAME	BOTANIC NAME	% IN MIX	POUNDS OF PLS PER ACRE
Slender Wheatgrass	Agropyron Trachycaulum	0%	3 lbs.
Mountain Brome	Bromus Marginatus	0%	3 lbs.
Indian Ricegrass	Oryzopsis Hymenoides	0%	2 lbs.
Thickspike Wheatgrass	Agropyron Dasystachyum	0%	2 lbs.
Western Wheatgrass	Agropyron Smithii	0%	2 lbs.
Arizona Fescue	Festuca Arizonica	0%	2 lbs.
Sandburg Bluegrass	Poa Sandbergii	0%	0.5 lbs.
Rocky Mountain Penstemon	Penstemon Strictus	0%	0.5 lbs.
Blue Flax	Linium Lewsii	0%	0.5 lbs.
Mountain Lupine	Lupinus Alpestris	0%	1 lbs.
Lance-leaved Coreopsis	Coreopsis Lanceolata	0%	0.5 lbs.
Rubber Rabbitbrush	Chysothanus Nauseosus	0%	0.5 lbs.
Fringed Sagebrush	Artemisia Frigida	0%	0.3 lbs.
Prairie Sage	Artemesia Ludoviciana	0%	0.2 lbs.
TOTAL			22.5 lbs.

SWALES/DRAINAGE AREA SEED MIX

SEED NAME	BOTANIC NAME	% IN MIX	POUNDS OF PLS PER ACRE
Streambank Wheatgrass	Agropyron Riparium	0%	4 lbs.
Thickspike Wheatgrass	Agropyron Dasystachyum	0%	7 lbs.
Mountain Brome	Bromus Marginatus	0%	3 lbs.
Western Wheatgrass	Agropyron Smithii	0%	3 lbs.
Tufted Hairgrass	Deschampsia Caespitosa	0%	2 lbs.
Nuttall Alkaligrass	Puccinellia Airoides	0%	0.5 lbs.
Western Yarrow	Achillea Lanulosa	0%	0.5 lbs.
New England Aster	Aster Novae-angliae	0%	0.5 lbs.
Rocky Mountain Iris	Iris Missouriensis	0%	0.5 lbs.
TOTAL			21.0 lbs.



STANDARDS &
SPECIFICATIONS

REVISED:

SEED MIX

DATE:

DRAWING NO. 600-11

SEEDING AND MULCHING INSTALLATION NOTES

1. All brands furnished shall be free from such noxious seeds as Russian or Canadian thistle, course fescue, European bindweed, Johnson grass, Knap weed, and leafy spurge.
2. The seeder shall furnish to the Contractor a signed statement certifying that the seed furnished is from a lot that has been tested by a recognized laboratory. Seed that has become wet, moldy, or otherwise damaged in transit or in storage, will not be acceptable. Seed tickets shall be provided to the Engineer upon request.
3. Drill seeding mix shall conform to the seed mix table.
4. If the seed available on the market does not meet the minimum purity and germination percentages specified, the subcontractor must compensate for a lesser percentage of purity or germination by furnishing sufficient additional seed to equal the specified product. The tags from the seed mixes must be supplied to contractor and forwarded to the Engineer.
5. The formula used for determining the quantity of pure live seed (PLS) shall be (pounds of seed) X (purity) X (germination) = pounds of pure live seed (PLS).
6. Perminate seed mix shall be used unless otherwise approved by the Engineer.
7. All areas to be seeded and mulched shall have native topsoil or approved soil amendments spread to a depth of at least 6 inches (loose depth). Haul roads and other compacted areas shall be loosened to a depth of 6 inches prior to spreading topsoil.
8. Soil is to be thoroughly loosened (tilled) to a depth of at least 6 inches prior to seeding. The top 6 inches of the seed bed shall be free of rocks greater than 4 inches and soil clods greater than 2 inches. Seeding over any compacted areas that haven't been thoroughly loosened shall be rejected.
9. Seed is to be applied using a mechanical drill to a depth of 1/4 inch. Row spacing shall be no more than 6 inches. Material used for mulch shall consist of long-stemmed straw. At least 50 percent of the mulch, by weight, shall be 10 inches or more in length. Mulch shall be applied and mechanically anchored to a depth of at least 2 inches. Mulch shall be applied at a rate of 4000 Lb. of straw per acre.
10. If the permittee demonstrates to the Engineer that it is not possible to drill seed, seed is to be uniformly broadcast at two times the drilled rate, then lightly harrowed to provide a seed depth of approximately 1/4 inch, then rolled to compact, then mulched as specified above.
11. Seeding and mulching shall be completed within 30 days of initial exposure or 7 days after grading is substantially complete in a given area (as defined by the Engineer). This may require multiple mobilizations for seeding and mulching.
12. Mulch shall be applied within 24-hours of seeding.
13. Tackifier should be utilized to help with straw displacement.



STANDARDS &
SPECIFICATIONS

REVISED:

**EROSION AND SEDIMENTATION
SEED AND MULCHING**

DATE:

DRAWING NO. 600-10



February 5, 2014

Ms. Carolyn Parkinson
Elbert County Project Planner
215 Comanche Street
Kiowa, Colorado 80117

**RE: Prescott Ranches 32-34 Oil and Gas Exploratory Well Site
Special Use by Review**

Dear Ms. Parkinson:

We are offering the following responses (in italics) to the comments (items 1 through 12) provided via Elbert County's referral process for the proposed Prescott Ranches 32-34 oil and gas exploratory well site.

Enertia Consulting Group, LLC

1. Section 6 – DTC Energy Group personnel are listed as Emergency Response Contacts; is this correct?

This information is correct. Through the construction and completion phases of the exploratory well, DTC Energy Group has been contracted to be the Emergency Response Contact. Mr. Robert Davis with Mustang Creek Operating, LLC will assume the position as the Emergency Response Contact once those phases have been completed.

2. Section 11 – Pad access and road construction is identified as the first construction activity. Storm Water Management Plan (SWMP) and Colorado Department of Health and Environment (CDPHE) Storm Water Discharge Permit need to be in place prior to construction. All SWMP specified storm water Best Management Practices (BMP's) to be installed prior to earth moving activities as described in the Plan

A CDPHE stormwater discharge permit covering activities for Mustang Creek Operating, LLC has already been issued (COR03L274 – Graham 1 13 Oil and Gas Location). A modification form for COR03L274 was submitted in January 2014 to incorporate and include activities for the Prescott Ranches 32-34. The SWMP is being revised to incorporate the new permit boundaries and will be completed before any ground breaking activities begin per the CDPHE COR030000 permit. Attached is the CDPHE issued stormwater discharge permit and the associated modification form that was submitted. The SWMP can be provided if requested.

3. Section 11 – Plan indicates that storm water BMP's will be inspected and maintained routinely during construction and production phases. Elbert County recommends that aside from the access driveway and separator/flare & oil/production water storage area, all exposed slopes and other disturbed areas are re-vegetated as soon as practical. This will minimize BMP inspection and maintenance requirements. If changes are made, revise SWMP for consistency with Facility Operating Plan.