

FORM INSP Rev 05/11	State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109		DE ET OE ES
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Inspection Date: 02/06/2012
 Document Number: 662300171
 Overall Inspection: Satisfactory

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Tracking Type	Inspector Name: <u>NEIDEL, KRIS</u>
	<u>299110</u>	<u>324766</u>		

Operator Information:

OGCC Operator Number: 10232 Name of Operator: LARAMIE ENERGY II, LLC
 Address: 1512 LARIMER ST STE 1000
 City: DENVER State: CO Zip: 80202

Contact Information:

Contact Name	Phone	Email	Comment
Bankert, Wayne	970-683-5419	wbankert@laramie-energy.com	Sr. Regulatory & Environmental Coordinator

Compliance Summary:

QtrQtr: SWSE Sec: 18 Twp: 6N Range: 78W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Unsatisfactory	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
10/17/2011	200326445	PR	TA	U			Y
05/05/2011	200311127	PR	TA	U			Y

Inspector Comment:

Eric Lane, laramie energy rep on location. Laramie replaced pop-off valve that caused spill. they are going to keep a man on location when the well goes back on pump to babysit the well.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	
299110	WELL	PR	01/13/2012	OW	057-06483	Fuqua 19-02-10-1H	<input checked="" type="checkbox"/>
324766	LOCATION	XX	04/14/2009		-	Fuqua 18-15 Pad	<input type="checkbox"/>

Equipment: Location Inventory

Special Purpose Pits: _____	Drilling Pits: <u>1</u>	Wells: <u>1</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: <u>2</u>	Separators: <u>1</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: <u>1</u>
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
Gas Compressors: _____	VOC Combustor: <u>1</u>	Oil Tanks: <u>3</u>	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location

Signs/Marker:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
WELLHEAD	Unsatisfactory	no sign at well	Install sign to comply with rule 210.b.	03/14/2012

Emergency Contact Number: (S/U/V) Satisfactory Corrective Date: _____
 Comment: at location entrance.

Corrective Action: _____

Spills:				
Type	Area	Volume	Corrective action	CA Date
Crude Oil	Separator	> 5 bbls	none. spill is bermed. laramie is in process of submitting spill report.	02/06/2012

Multiple Spills and Releases?

Equipment:					
Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Veritcal Heater Treater	2	Satisfactory	in shack.		

Tanks/Berms: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
CRUDE OIL	6	400 BBLS	HEATED STEEL AST	,

S/U/V: Satisfactory Comment: _____

Corrective Action: all tanks are labeled! Corrective Date: _____

Paint

Condition Adequate

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Metal	Adequate	Walls Sufficent	Base Sufficient	Adequate

Corrective Action _____ Corrective Date _____

Comment _____

Venting:	
Yes/No	Comment
NO	

Flaring:				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Ignitor/Combustor	Satisfactory		flair for excess gas and combustor for tank fumes.	

Predrill

Location ID: 324766

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkod	<p>GENERAL SITE COAs:</p> <p>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, and maintained in good condition..</p> <p>Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried permanent pipelines.</p> <p>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.</p> <p>Berms or other containment devices shall be constructed to be sufficiently impervious to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.</p>	05/30/2011

Wildlife BMPs:

BMP Type	Comment
Storm Water/Erosion Control	NOrth Park Project Area -Stormwater Discharge Permit NO. COR-03E511 in place Stormwater Managment Plan in place and active.
Wildlife	<p>Initial Consultation with CDOW Michael Warren 5/16/2011 LARAMIE ENERGY II, LLC</p> <p>Best Management Practices (BMP's) To Reduce Impacts to Wildlife For Operations on the Fuqua 18-15 Pad SWSE Sec 18, Twn. 6N Rng. 78W 6th PM Within Sensitive Wildlife Habitat Area of Fuqua Ranch Jackson County, CO</p> <p>In an effort to minimize the impacts to wildlife, the following BMP's are part of Laramie Energy II's (LEII) standard operating procedures for drilling and operations within Western and Northwest Colorado. This list is a partial of LEII's policy.</p> <p>Initial Stages for Infrastructure and Roads</p> <p>1. Road design and General</p> <ul style="list-style-type: none"> - No firearms, no dogs on location, and no feeding of wildlife. - Minimize the amount of traffic on lease roads within 3 hours of sunrise and sunset. - Use existing routes as much as possible to avoid new disturbance and habitat fragmentation and minimize new road construction. - Maximize the topography as much as possible in designing roads to reduce, visual, noise, impacts, etc. - Participate in road sharing agreements with other Operators when possible. - Design and surface roads based on the traffic, speed, and type of vehicles to reduce, dust, mud, and environmental damage. - Locate roads away from riparian areas and bottoms of drainages as much as possible or re-route entirely. - Obtain Army Corp of Engineer Permits for any stream crossings prior to construction. - Analyze crossings and flow characteristics to determine the best method of crossing, (i.e.

culvert, bridge, or low water).

- Armor all stream crossings to reduce erosion and to comply with Stormwater Requirements.
- Implementation of fugitive dust control measures including but not limited to water or magnesium chloride applications, and road surfacing.
- Limit traffic to the minimum needed for safe and efficient operations.
- No driving or parking off of disturbed areas.
- Install and use locked gates or other means when allowed by landowner or Federal Agencies to prevent unauthorized travel on roads and rights-of ways.

2. Well pad design and location

- Locate well pads to maximize directional drilling practices. LEII currently plans and attempts to locate pads for 16-20 wells which equates to roughly 4 well pads per section.
- Design each location to accommodate both current and future gas production.
- Locate well pads to minimize disturbance yet maximize use to reduce surface impacts.
- Review State and Federal GIS mapping to avoid Sensitive Wildlife Habitat (SWH), Restricted Surface Occupancy (RSO) areas, steep slopes, etc., as much as possible with roads and pad location.
- Design and install gathering lines within the disturbed area of new roads and adjacent to as much as possible to reduce disturbance construction.
- Design Rights-of Way widths to the minimum needed for safe and efficient construction of pipelines
- Remote Telemetry for production operations

3. Drilling and Production Operations

- Implement remote telemetry in all operations
- Where topographically possible and subject to landowner approval, use centralized water gathering and transportation systems.
- Install exclusionary devices to prevent bird and other wildlife access to equipment stacks, vents, and openings.
- Locate facilities to minimize visual effects (e.g. paint color, screening, etc.)
- LEII implements a closed system in its operations. No fluid pits are constructed or used during drilling or completion operations.
- LEII implements an aggressive weed management program. LEII incorporates and uses the BLM Glenwood Springs Energy Office's "Noxious and Invasive Weed Management Plan for Oil and Gas Operators- March 2007" for all operations. Each spring, Laramie inventories all pads, roads, and pipelines to insure no noxious weeds have been introduced. If noxious weeds are found, the county will be notified and the weeds will be treated. Weeds are continuously monitored and treated throughout the growing season. Only herbicides approved by the EPA and State are used by certified weed applicators.

4. Reclamation

- Strip and segregate topsoil from other soil horizons during pad, road, and pipeline construction.
- Minimize topsoil degradation by windrowing no higher than 5 feet when possible.
- Immediately seed topsoil to reduce erosion and prevent weed establishment and maintain soil microbial activity.
- Use only certified weed free native seed mixes, unless recommended otherwise by Federal Agencies or the Landowner.
- Use locally adapted seed when available.
- Use diverse seed mixes to mirror the surrounding area unless recommended otherwise by Federal Agencies or the Landowner.
- Monitor re-vegetation success until a minimum of 75% of preferred perennial plant cover (no weeds) is established.
- Perform "interim" reclamation on all disturbed areas not needed for active producing operations.
- If possible, conduct interim and final reclamation during optimum periods (e.g. late fall/early winter or early spring).
- If needed, fence reclaimed areas to minimize livestock/wildlife impact until plant species have are capable of sustaining grazing.

LARAMIE ENERGY II, LLC
BMPS FOR
Sensitive Wildlife Habitat and Restricted Surface Occupancy
Areas Specific to Laramie Energy II, LLC

Operations For the Fuqua 18-15 Pad
Jackson County, CO

Sensitive Wildlife Habitat (SWH)

Black Bear

- Initiate a food and waste/refuse management program that uses bear-proof food storage containers and trash receptacles.
- Initiate an education program that reduces bear conflicts.
- Establish policy to prohibit keeping food and trash in sleeping quarters.
- Establish policy to support enforcement of state prohibition on feeding of black bear.
- Report bear conflicts immediately to CDOW .

Gunnison and Greater Sage Grouse(SWH)

The proposed location is an existing site constructed in 2008 that bisects the 4 mile buffer of a known Gunnison or Greater sage-grouse lek to the north. The anticipated move-in date to drill the proposed well is late July-early August. If the well proves to be capable of production in paying quantities Laramie Energy II, LLC will consult with the CDOW with the landowner's concurrence for any additional mitigation requirements.

Laramie Energy II will:

- Consult with the CDOW if a development program is warranted
- Restrict well site visitations to portions of the day between 0900-1600 hrs.
- Establish company guidelines to minimize wildlife mortality from vehicle collision on roads.
- Install raptor perch deterrents on equipment.
- Remove all unnecessary infra-structure.
- Use early and effective reclamation techniques, including aggressive interim reclamation program, to return habitat to use by Gunnison or greater sage-grouse as quickly as possible.
- Reclaim disturbed areas with native grasses, forbs, and shrubs conducive to optimal Gunnison or greater sage-grouse habitat and other wildlife appropriate to the site.
- Use high diversity (10 species or more) reclamation seed mixes in Gunnison or greater sage-grouse habitat.
- Use approved CP-4D (Gunnison or greater sage-grouse) seed mixes, based on soil type, precipitation, and elevation, available from Farm Service Agency, NRCS, or other seed mixes approved by the CDOW.
- Avoid aggressive non-native grasses in Gunnison or greater sage grouse habitat reclamation.
- Reclaim mapped summer habitat with a substantially higher percentage of forbs (> 15% cover post establishment) th

Stormwater:

Comment:

Staking:

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____

Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____

Request LGD Attendance: _____

LGD Contact Information:

Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Well

Facility ID: 299110 API Number: 057-06483 Status: PR Insp. Status: SI

Environmental

Spills/Releases: Type of Spill: Description: Estimated Spill Volume: Comment: Corrective Action: Date: Reportable: GPS: Lat Long Proximity to Surface Water: Depth to Ground Water:

Water Well: DWR Receipt Num: Owner Name: GPS: Lat Long

Field Parameters:

Sample Location:

Emission Control Burner (ECB): Comment: Pilot: Wildlife Protection Devices (fired vessels):

Reclamation - Storm Water - Pit

Interim Reclamation: Date Interim Reclamation Started: Date Interim Reclamation Completed: Land Use: RANGELAND Comment: 1003a. Debris removed? CM CA CA Date Waste Material Onsite? CM CA CA Date Unused or unneeded equipment onsite? CM CA CA Date Pit, cellars, rat holes and other bores closed? CM CA CA Date Guy line anchors removed? CM CA CA Date Guy line anchors marked? CM CA CA Date

Inspector Name: NEIDEL, KRIS

1003b. Area no longer in use? _____ Production areas stabilized ? _____

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____
 Cuttings management: _____

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? _____
 Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: RANGELAND

Reminder: _____

Comment: _____

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Debris removed _____ No disturbance /Location never built _____

Access Roads Regraded _____ Contoured _____ Culverts removed _____

Gravel removed _____

Location and associated production facilities reclaimed _____ Locations, facilities, roads, recontoured _____

Compaction alleviation _____ Dust and erosion control _____

Non cropland: Revegetated 80% _____ Cropland: perennial forage _____

Weeds present _____ Subsidence _____

Comment: _____

Corrective Action: _____ Date _____

Overall Final Reclamation

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment

S/U/V: _____ Corrective Date: _____

Comment: _____

CA: _____