

**FORM
INSP**Rev
05/11**State of Colorado****Oil and Gas Conservation Commission**

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



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| DE | ET | OE | ES |
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Inspection Date:

07/11/2012

Document Number:

668400566

Overall Inspection:

Satisfactory**FIELD INSPECTION FORM**

| | | | | |
|---------------------|---------------|---------------|---------------|------------------------|
| Location Identifier | Facility ID | Loc ID | Tracking Type | Inspector Name: |
| | <u>292452</u> | <u>312741</u> | | <u>BROWNING, CHUCK</u> |

Operator Information:OGCC Operator Number: 10150 Name of Operator: BLACK HILLS PLATEAU PRODUCTION LLCAddress: 1515 WYNKOOP ST STE 500City: DENVERState: COZip: 80202**Contact Information:**

| Contact Name | Phone | Email | Comment |
|------------------|----------------|------------------------------------|-----------------|
| Lindholm, Stan | (970) 257-0727 | stan.lindholm@blackhillscorp.com | |
| Donahue, Jessica | (720) 210-1333 | jessica.donahue@blackhillscorp.com | |
| Browning, Chuck | 970-433-4139 | chuck.browning@state.co.us | Field Inspector |

Compliance Summary:QtrQtr: SWSW Sec: 35 Twp: 9s Range: 97w

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 03/25/2010 | 200239344 | PR | PR | S | | | N |
| 08/04/2008 | 200206700 | PR | PR | S | | | N |
| 08/04/2008 | 200206702 | PR | PR | S | | | N |

Inspector Comment:**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | |
|-------------|------|--------|-------------|------------|-----------|-----------------|-------------------------------------|
| 292452 | WELL | PR | 08/14/2011 | GW | 077-09403 | Federal 35-2 | <input checked="" type="checkbox"/> |
| 420488 | PIT | | 11/19/2010 | | - | HANCOCK GULCH 1 | <input checked="" type="checkbox"/> |

Equipment:Location Inventory

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

Location

| | | | | |
|--------------------|-----------------------------|---------|-------------------|------|
| Lease Road: | | | | |
| Type | Satisfactory/Unsatisfactory | comment | Corrective Action | Date |
| Main | Satisfactory | | | |

| | | | | |
|----------------------|-----------------------------|--------------------|---|------------|
| Signs/Marker: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| BATTERY | Unsatisfactory | No sign at battery | Install sign to comply with rule 210.b. | 09/30/2012 |
| WELLHEAD | Satisfactory | | | |
| TANK LABELS/PLACARDS | Satisfactory | | | |

Emergency Contact Number: (S/U/V) Satisfactory Corrective Date: _____

Comment: _____

Corrective Action: _____

| | | | | |
|---------------------------|-----------------------------|--|-------------------|---------|
| Good Housekeeping: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| STORAGE OF SUPL | Satisfactory | large piles of plastic flowline stored on pad. | | |

| | | | | |
|--|------|--------|-------------------|---------|
| Spills: | | | | |
| Type | Area | Volume | Corrective action | CA Date |
| <input type="checkbox"/> Multiple Spills and Releases? | | | | |

| | | | | |
|------------------|-----------------------------|---------|-------------------|---------|
| Fencing/: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| TANK BATTERY | Satisfactory | | | |
| WELLHEAD | Satisfactory | | | |
| SEPARATOR | Satisfactory | | | |

| <u>Equipment:</u> | | | | | |
|-----------------------------|---|-----------------------------|---------|-------------------|---------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Gas Meter Run | 1 | Satisfactory | | | |
| Horizontal Heated Separator | 1 | Satisfactory | | | |

| | | | | |
|--------------------------|-----------------------------|---|------------------------|-----------------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | |
| Contents | # | Capacity | Type | SE GPS |
| PRODUCED WATER | 1 | 100 BBLS | STEEL AST | 39.226580,-108.191820 |
| S/U/V: | Satisfactory | | Comment: _____ | |
| Corrective Action: _____ | | | Corrective Date: _____ | |
| Paint | | | | |
| Condition | Adequate | | | |
| Other (Content) _____ | | | | |
| Other (Capacity) _____ | | | | |
| Other (Type) _____ | | | | |
| Berms | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Metal | Adequate | Walls Sufficient | Base Sufficient | Adequate |
| Corrective Action | | | Corrective Date | |
| Comment _____ | | | | |
| Venting: | | | | |
| Yes/No | | Comment | | |
| | | | | |
| Flaring: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| | | | | |
| <u>Predrill</u> | | | | |
| Location ID: 312741 | | | | |
| Site Preparation: | | | | |
| Lease Road Adeq.: _____ | | Pads: _____ | Soil Stockpile: _____ | |
| Corrective Action: _____ | | Date: _____ | CDP Num.: _____ | |
| Form 2A COAs: | | | | |
| Group | User | Comment | Date | |
| OGLA | kubeczkod | If the completion/flowback pit is not closed (either drained and/or backfilled) immediately after well completion, then operator must appropriately fence and net the completion/flowback pit, in a timely manner, and maintain the fencing and netting until pit is closed. | 11/19/2010 | |
| OGLA | kubeczkod | Operator must submit a professional engineer (PE) approved/stamped as-built drawing (plan view and cross-sections) of the completion/flowback pit within 14 calendar days of construction. | 11/19/2010 | |
| OGLA | kubeczkod | Location is in a sensitive area because of close proximity to surface water, therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., BMPs associated with stormwater management) sufficiently protective of the nearby surface water. | 10/21/2010 | |

Inspector Name: BROWNING, CHUCK

| | | | |
|------|-----------|---|------------|
| OGLA | kubeczkod | A closed loop system must be implemented during drilling. Any other pit constructed that will hold any drilling or completion fluids must be lined. | 10/21/2010 |
| OGLA | kubeczkod | Operator must implement best management practices to contain any unintentional release of fluids. | 10/21/2010 |
| OGLA | kubeczkod | If fluids are conveyed via pipeline, operator must implement best management practices to contain any unintentional release of fluids. | 10/21/2010 |
| OGLA | kubeczkod | No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut. | 10/21/2010 |

Comment:

CA:

Date:

Wildlife BMPs:

Comment:

CA:

Date:

Stormwater:

| | | | |
|--------------|---------|------------|---------|
| Erosion BMPs | Present | Other BMPs | Present |
| | | | |

Corrective Action: _____ Date: _____

Comments: Erosion BMPs: _____

Other BMPs: _____

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:

Facility

Facility ID: 292452 Type: WELL API Number: 077-09403 Status: PR Insp. Status: PR

Producing WellComment:

Facility ID: 420488 Type: PIT API Number: - Status: Insp. Status:

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: **Complaint:**

| Tracking Num | Category | Assigned To | Description | Incident Date |
|--------------|---------------------------|------------------------|--|---------------|
| 200318242 | SOIL CONTAMIN ATION | SPRY OROURKE, LINDA | <p>-----Original Message----- From: jchristi@blm.gov [mailto:jchristi@blm.gov] Sent: Tuesday, June 28, 2011 4:08 PM To: Spry ORourke, Linda Subject: Black Hills 35-2 compliance questions for you</p> <p>Linda, hi. I have a compliance question to discuss with you.</p> <p>I told Black Hills to contact COGCC regarding some reserve pit contents they turned up while digging a new fluids pit in supposedly virgin ground, on an existing pad, on private land (split estate). They are preparing to re-complete a federal well there and need a frac fluids pit.</p> <p>The stuff they turned up was black and stinky, so I told them to segregate it on a liner and cover it, then contact you to mitigate it appropriately, which would include sampling it to your standards. I've told them twice (which counts as orders from BLM, in the category of Verbal Warning) but now they're telling me they've sampled it to COGCC standards and concluded on their own that there's no need to contact COGCC. I told them to document all their sampling to me, I thought they probably should fill out forms</p> | 06/28/2011 |

with you, etc, etc. Am I right? Is this 'pit closure'? Something else? They were actually removing soil to build a new pit, but will be putting it back when the pit is closed.

They didn't notify me when they turned up the contaminated soil (which also contained pieces of old pit liner), although they were aware of it. Until I discovered it during a construction inspection, they were just burying it with the rest of the subsoil coming out of the ground.

API is 050770940300S1
T9S R97W, Sec 35, SWSW
Federal well Shire Gulch 35-2, Lease COC 22503

What do you think about how to pursue this? I'll paste in my inspection notes below.

PS - just as a sidenote, the pad expansion was not constructed to BLM or CDPHE standards, and they're under orders to fix that immediately as well.
Fill slopes loose/unstable and steep, insufficient SW BMPs, etc.

~~~~~ Surface Inspection Notes ~~~~~

Black Hills Shire Gulch 35-2, COC22503, expand existing pad for horizontal shale recomple, JESC, 6/21/11

Pad has been expanded and new frac fluids pit constructed. Approved by Sundry.

Steep loose soil piles and fill slopes in places, lacking SW BMPs (notable at E and NW). Not track walked, seeded or otherwise stabilized.

Large frac water pit under construction. Stained soil and liner pieces (HC smelly) uncovered during pit construction, tho previous pit not located here. Presumably deposited by previous landowner who closed original reserve pit. Black Hills was notified of contaminated soils by construction and SW inspector but did not self-report to BLM or COGCC. Much of the bad soil was removed gradually during construction, mixing with subsoils in soils storage piles.

Julia Verbally Warned that remaining stained soil be removed and segregated. Liner to be installed under and cover installed over, per MB foreman Seely at site. Stan Lindholm of BH was info

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? Pass CM \_\_\_\_\_  
 CA \_\_\_\_\_ CA Date \_\_\_\_\_  
 Waste Material Onsite? Pass CM \_\_\_\_\_  
 CA \_\_\_\_\_ CA Date \_\_\_\_\_  
 Unused or unneeded equipment onsite? \_\_\_\_\_ CM \_\_\_\_\_  
 CA \_\_\_\_\_ CA Date \_\_\_\_\_  
 Pit, cellars, rat holes and other bores closed? Pass CM \_\_\_\_\_  
 CA \_\_\_\_\_ CA Date \_\_\_\_\_  
 Guy line anchors removed? \_\_\_\_\_ CM \_\_\_\_\_  
 CA \_\_\_\_\_ CA Date \_\_\_\_\_  
 Guy line anchors marked? Pass CM \_\_\_\_\_  
 CA \_\_\_\_\_ CA Date \_\_\_\_\_

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

1003c. Compacted areas have been cross ripped? \_\_\_\_\_

1003d. Drilling pit closed? Pass Subsidence over on drill pit? Pass

Cuttings management: \_\_\_\_\_

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? InProduction areas have been stabilized? Pass

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? \_\_\_\_\_ P \_\_\_\_\_

Comment: \_\_\_\_\_

Overall Interim Reclamation In Process**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 \_\_\_\_\_

Inspector Name: BROWNING, CHUCK

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: \_\_\_\_\_

**Pits:**

Pit Type: Evaporation Lined: YES Pit ID: 420488 Lat: 39.226390 Long: -108.191700

**Lining:**

Liner Type: PVC Liner Condition: Adequate

Comment: \_\_\_\_\_

**Fencing:**

Fencing Type: Wildlife Fencing Condition: Adequate

Comment: \_\_\_\_\_

**Netting:**

Netting Type: Mesh Netting Condition: Good

Comment: \_\_\_\_\_

Anchor Trench Present: YES Oil Accumulation: YES 2+ feet Freeboard: \_\_\_\_\_

Pit (S/U/V): Satisfactory Comment: Soil from pits stockpiled on N side of pad.

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_

| Permit: | Facility ID | Permit Num | Expiration Date |
|---------|-------------|------------|-----------------|
|         | 420488      | 2085757    |                 |
|         | 420488      | 2085757    |                 |