

<b>FORM INSP</b>  Rev 05/11	<b>State of Colorado</b> <b>Oil and Gas Conservation Commission</b> 1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109		DE ET OE ES
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Inspection Date: 07/20/2012

Document Number: 668400599

Overall Inspection: **Violation**

Location Identifier	Facility ID	Loc ID	Tracking Type	Inspector Name: <u>BROWNING, CHUCK</u>
	<u>421298</u>	<u>421297</u>		

**Operator Information:**

OGCC Operator Number: 51090 Name of Operator: LONE MOUNTAIN PRODUCTION CO

Address: P O BOX 80965

City: BILLINGS State: MT Zip: 59108-

**Contact Information:**

Contact Name	Phone	Email	Comment
Dyk, Joe	970-250-9770	joevdyk@aol.com	
Browning, Chuck	970-433-4139	chuck.browning@state.co.us	Field Inspector

**Compliance Summary:**

QtrQtr: Lot 3 Sec: 10 Twp: 1S Range: 104W

**Inspector Comment:**

NO Form 5. DRILLING COMPLETION REPORT on file. Rule 308.ANO Form 5A. COMPLETED INTERVAL REPORT on file. Rule 308.B.Trash and unused equipment scattered around location. Rule 604.j.No tank labels or wellhead signs. Rule 210Leaking equipment. Rule 604.dNo documentation of pit closure. Rule 905

**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name
421298	WELL	PR	10/03/2011		103-11854	MEAGHER 10-1H <input checked="" type="checkbox"/>

**Equipment:** Location Inventory

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

**Location**

**Signs/Marker:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
TANK LABELS/PLACARDS	Unsatisfactory		Install signs to comply with rule 210.d.	<b>11/05/2012</b>
BATTERY	Unsatisfactory		Install sign to comply with rule 210.b.	<b>11/05/2012</b>
WELLHEAD	Unsatisfactory		Install sign to comply with rule 210.b.(1).	<b>11/05/2012</b>

Emergency Contact Number: (S/U/V) Violation \_\_\_\_\_ Corrective Date: 11/13/2012

Comment: No Emergency Contact Number posted

Corrective Action: Install signs to comply with rule 210.b.(2).

**Good Housekeeping:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
STORAGE OF SUPL	Unsatisfactory	Leaking portable diesel tank. 55 gal drums & 5 gal buckets of various chemicals around wellhead and location	Install BMP'S To Prevent Site Degradation From Potential Spills And/Or Releases From Stored Materials	11/05/2012
OTHER	Unsatisfactory	Leaking valves and pipes.	Rule 604.d.	11/05/2012
TRASH	Unsatisfactory	Trash and debris around location	Clean up location according to 603.j.	11/05/2012

**Spills:**

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

**Equipment:**

Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Veritcal Heater Treater	1	Satisfactory			
Gas Meter Run	1	Satisfactory			
Dehydrator	1	Satisfactory			
Horizontal Heated Separator	1	Satisfactory			

**Facilities:**

New Tank Tank ID: \_\_\_\_\_

Contents	#	Capacity	Type	SE GPS
CRUDE OIL	5	400 BBLS	STEEL AST	39.974990,-109.048800

S/U/V: Unsatisfactory	Comment: No tank labels
Corrective Action: Install signs to comply with rule 210.d.	Corrective Date: 11/05/2012

**Paint**

Condition	Inadequate
Other (Content)	_____
Other (Capacity)	_____
Other (Type)	_____

**Berms**

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Inadequate	Walls Insufficient	Base Insufficient	Inadequate
Corrective Action	Berms insufficient. Comply with rule 604.a.(4)			Corrective Date 10/31/2012
Comment				

**Venting:**

Yes/No	Comment
NO	

<b>Flaring:</b>				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date

**Predrill**

Location ID: 421297

**Site Preparation:**

Lease Road Adeq.: \_\_\_\_\_ Pads: \_\_\_\_\_ Soil Stockpile: \_\_\_\_\_  
 Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

Group	User	Comment	Date
OGLA	kubeczko	The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.	11/04/2010

**Comment:**

**CA:**  **Date:** \_\_\_\_\_

**Wildlife BMPs:**

BMP Type	Comment
<p>PROPOSED BMPs</p>	<p>ATTACHMENT B</p> <p>PROPOSED BMP's</p> <p>KGH Operating Company</p> <p>Meagher #104H</p> <p>Lat: 39.975192 Long: - 109.048658</p> <p>SWNE Sec. 10, Twn.1S, Rug. 104W 6th PM</p> <p>Rio Blanco, CO</p> <p>Stormwater Management</p> <p>Stormwater Management will be managed under KGH Operating Company's (KGH) proposed Stormwater Management Plan prepared for the project area. A Stormwater Plan and Permit will be submitted to CDPHE as required. Prior to construction a stormwater "perimeter" will be built around the site for initial work purposes. Once the pad construction is completed, the site will be inspected and any necessary Erosion Control Devices needed to manage sediment discharge from the pad will be installed. These devices may include but are not limited to:</p> <ul style="list-style-type: none"> <li>- Rock Check dams</li> <li>- Settling ponds</li> <li>- Straw waddles</li> <li>- Silt Fencing (used sparingly)</li> </ul> <p>Spill Prevention Control and Counter Measures (SPCC)</p> <p>Once the wells are drilled and completed onsite KGH will prepare a SPCC plan for the site.</p>
<p>PROPOSED BMPs</p>	<p>Attachment A</p> <p>KGH Operating Company</p> <p>Colorado Oil and Gas Conservation Commission (COGCC), Form 2A:</p> <p>Colorado Division of Wildlife (CDOW) Consultation Requirement</p> <p>Based on the fact that KGH's proposed well pad in Section 10, Twn 1S, Rng 104W is in an area that is classified by the CDOW as a sensitive wildlife area, a formal consultation with the CDOW is required as part of the Form 2A process. A phone conference was conducted on June 18, 2010 with CDOW representative Edward Winters to solicit inputs regarding CDOW wildlife concerns for the area and to identify the CDOW's expectations for informational requirements to accommodate the Form 2A consultation.</p> <p>Meeting Report and Recommended BMPs</p>

Mr. Winters confirmed that the proposed project is in an area deemed as a sensitive wildlife area. He indicated that it is "critical winter range for mule deer" and an "elk concentration area ". He provided the following mitigation recommendations:

1. Where oil and gas activities must occur in mule deer critical winter range or elk winter concentration areas, conduct these activities outside the time period from December 1 through April 15 (construction and drilling).
2. Restrict post - development well site visitations to between the hours of 10:00 a.m. and 3:00 p.m. and reduce well site visitations between December 1 and April 15 in mule deer and elk winter range.
3. Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads.
4. Gate single - purpose roads and restrict general public access to reduce traffic disruptions to wildlife.
5. Close and immediately reclaim all roads that are redundant, not used regularly, or have been abandoned to the maximum extent possible to minimize disturbance and habitat fragmentation.
6. Avoid aggressive non - native grasses and shrubs in mule deer and elk habitat restoration.
7. Reclaim mule deer and elk habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed.
8. Restore appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.

Craia Richardson

From: Winters, Edward [Edward.Winters @state.co.us] SEP 2 6 2010

Sent: Friday, June 18, 2010 10:00 AM

To: Craig Richardson

Subject: Wildlife BMPs for Mule deer critical winter range

Attachments: image003.jpg

Craig,

As per our conversation, here is a listing of BMPs that will satisfy the mule deer critical winter range issue associated

with the well location:

- Where oil and gas activities must occur in mule deer critical winter range or elk winter concentration areas, conduct these activities outside the time period from December 1 through April 15 (construction and drilling).

- Restrict post - development well site visitations to between the hours of 10:00 a.m. and 3:00 p.m. and reduce well site visitations between December 1 and April 15 in mule deer and elk winter range.
- Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads.
- Gate single - purpose roads and restrict general public access to reduce traffic disruptions to wildlife.
- Close and immediately reclaim all roads that are redundant, not used regularly, or have been abandoned to the maximum extent possible to minimize disturbance and habitat fragmentation.
- Avoid aggressive non - native grasses and shrubs in mule deer and elk habitat restoration.
- Reclaim mule deer and elk habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed.
- Restore appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.

If all agree to these mitigative practices, just attach the listing of wildlife BMP's to the 2A application. Once I

receive the packet from COGCC for review and approval, I will post the attached BMPs for wildlife as acceptable and a condition of approval for this action. This will also satisfy the consultation requirement from COGCC.

If I can be of further help, please just let me know.

Thanks,

Ed

Land Use Specialist

Northwest Region

PO Box 1181

Meeker, Colorado 81641

(970) 878-6069

edward.winters@state.co.us

**Comment:**

**CA:**  **Date:** \_\_\_\_\_

**Stormwater:**

Erosion BMPs	Present	Other BMPs	Present
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Corrective Action: _____		Date: _____	
Comments: Erosion BMPs: _____			
Other BMPs: _____			
<b>Comment:</b> _____			
<b>Staking:</b> _____			
<b>On Site Inspection (305):</b>			
<u>Surface Owner Contact Information:</u>			
Name: _____		Address: _____	
Phone Number: _____		Cell Phone: _____	
<u>Operator Rep. Contact Information:</u>			
Landman Name: _____		Phone Number: _____	
Date Onsite Request Received: _____		Date of Rule 306 Consultation: _____	
Request LGD Attendance: _____			
<u>LGD Contact Information:</u>			
Name: _____		Phone Number: _____	Agreed to Attend: _____
<u>Summary of Landowner Issues:</u>			
<u>Summary of Operator Response to Landowner Issues:</u>			
<u>Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:</u>			

**Facility**

Facility ID: 421298	Type: WELL	API Number: 103-11854	Status: PR	Insp. Status: PR
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Producing Well	
Comment:	NO Form 5. DRILLING COMPLETION REPORT on file. Rule 308.A NO Form 5A. COMPLETED INTERVAL REPORT on file. Rule 308.B.

**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: \_\_\_\_\_

Inspector Name: BROWNING, CHUCK

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? Fail CM \_\_\_\_\_  
CA 603.j CA Date 11/05/2012

Waste Material Onsite? Pass CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_

Unused or unneeded equipment onsite? Fail CM \_\_\_\_\_  
CA 603.j CA Date 11/05/2012

Pit, cellars, rat holes and other bores closed? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_

Guy line anchors removed? Pass CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_

Guy line anchors marked? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_

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

1003c. Compacted areas have been cross ripped? Fail

1003d. Drilling pit closed? In 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? 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: \_\_\_\_\_

Inspector Name: BROWNING, CHUCK

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 \_\_\_\_\_ Multi-Well Location

**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: \_\_\_\_\_