

**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



DE	ET	OE	ES
----	----	----	----

Inspection Date:

09/20/2012

Document Number:

669400122

Overall Inspection:

Violation**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Tracking Type	Inspector Name
	<u>428395</u>	<u>428397</u>		<u>LABOWSKIE, STEVE</u>

Operator Information:

OGCC Operator Number: 46685 Name of Operator: KINDER MORGAN CO2 CO LP
 Address: 17801 HWY 491
 City: CORTEZ State: CO Zip: 81321

Contact Information:

Contact Name	Phone	Email	Comment
WEEMS, MARK		mark.weems@state.co.us	
Clayton, Bob	(970) 882-5507/ (303) 585-1309	bob_clayton@kindermorgan.com	Operations Superintendent (Dolores)
ANDREWS, DAVID		david.andrews@state.co.us	
LEONARD, MIKE		mike.leonard@state.co.us	

Compliance Summary:

QtrQtr: SWNE Sec: 14 Twp: 37N Range: 18W

Inspector Comment:

Joint inspection with Mike Leonard and Shaun Kelerby in conjunction with BLM staff members Pam Leschak and Tracy Perfors (with Kinder Morgan permission) to see closed loop system currently being employed on drilling operation. Rig had recently drilled pilot hole into Leadville formation, geophysical logging at time of inspection. Improper cuttings management of both mud and air-drilled cuttings. No erosion control on spoil pile, no delineation of segregated soil, torn shrink wrap, open drilling products and material sacks, inadequate secondary containment and/or spill prevention in much of storage area. A subsequent visit was made on 9/28/12 with no significant changes other than the air-drilling cuttings cleaned up/covered by fresh gravel. Photos were taken to document observations.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	
428395	WELL	DG	08/21/2012		083-06697	YG 1	<input checked="" type="checkbox"/>
428410	PIT		03/30/2012		-	YG 1	<input type="checkbox"/>

Equipment:**Location Inventory**

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

Location

Signs/Marker:				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
DRILLING/RECOMP	Satisfactory			

CONTAINERS	Satisfactory	containers retaining manufacturer labels		
TANK LABELS/PLACARDS	Satisfactory	fuel tanks adequately labeled		

Emergency Contact Number: (S/U/V) Satisfactory

Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
OTHER	Violation	cuttings and dried mud from air-drilling on location and not in pit	clean-up, prevent further cuttings/mud releases outside of lined pits.	10/10/2012
STORAGE OF SUPL	Unsatisfactory	excavators stored on edge of disturbance (didn't move in between site visits), PVC pipe behind spoil pile.	remove all unnecessary equipment, parts or supplies.	10/10/2012
OTHER	Satisfactory	Rig condition was in good working condition, clean and well maintained, properly grounded, proper rig floor safety valve, location mostly free of trash and debris.		
OTHER	Unsatisfactory	improper cement washout/material storage within spoil pile. Cuttings and cement or some other material dumped on backside of spoil pile	remove foreign material from spoil pile.	10/10/2012

Spills:

Type	Area	Volume	Corrective action	CA Date
Other		> 5 bbls	clean up overall cuttings pile and brine fluid runing off of it. Liner edge, installation and integrity in question. Report spill, submit Form 27	10/11/2012
Other		<= 5 bbls	cement and or cuttings pile within and on backside of spoil pile	10/10/2012
Other		<= 5 bbls	air drilled cuttings and dried mud on location appear to be less than 5 bbl, potentially greater than 5 bbl of fluid in unlined partially buried cut open storage container. Remove fluid and report and or line this small extra pit.	10/12/2012

☒ Multiple Spills and Releases?**Fencing/:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
PIT	Satisfactory			

Equipment:					
Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Ancillary equipment	1	Unsatisfactory	compressors on same side of rig as discharge line, no auto ignitor, (3) 90 degree elbows observed in path of discharge line, propane tank next discharge line.	Configure air-drilling equipment to meet Rule 606B requirements or obtain variance.	10/10/2012

Venting:		
Yes/No	Comment	

Flaring:				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date

Predrill

Location ID: 428397

Site Preparation:

Lease Road Adeq.: _____

Pads: _____

Soil Stockpile: _____

Corrective Action: _____

Date: _____ CDP Num.: _____

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkod	<p>SITE SPECIFIC COAs:</p> <p>Either a lined drilling pit or closed loop system must be implemented.</p> <p>Production pit or any other pit constructed to hold fluids or salt based cuttings must be lined.</p> <p>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 prior to offsite disposal.</p> <p>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.</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>If the well is to have hydraulic fracturing treatment, then flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or pit located on the well pad or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment 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>All personnel must be H2S trained and proper air monitoring for H2S must be implemented during drilling, completion, and production operations. Emergency response plan for H2S must be onsite at all times.</p>	02/17/2012

Comment:**CA:****Date:****Wildlife BMPs:**

BMP Type	Comment
Storm Water/Erosion Control	Disturbed portions of the well pad not necessary for operation and maintenance of the well would be re-contoured and roughened to blend into the surrounding terrain. In addition, a landowner approved seed mix would be applied at the appropriate time using seeding and mulching methods outlined in the RSWMP.
Storm Water/Erosion Control	Fiber wattles will encompass the entire western periphery of the well pad

Comment:**CA:****Date:****Stormwater:**

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

Inspector Name: LABOWSKIE, STEVE

Corrective Action: _____		Date: _____	
Comments: Erosion BMPs: _____			
Other BMPs: _____			
Comment: _____			
Staking: _____			
On Site Inspection (305):			
<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: 428395 Type: WELL API Number: 083-06697 Status: DG Insp. Status: DG

Well Drilling

Rig: Rig Name: Nabors 405 Pusher/Rig Manager: Jimmy Hale
Permit Posted: Satisfactory Access Sign: Satisfactory

Well Control Equipment:

Pipe Ram: YES Blind Ram: YES Hydril Type: YES
Pressure Test BOP: Pass Test Pressure PSI: _____ Safety Plan: YES

Drill Fluids Management:

Lined Pit: YES Unlined Pit: NO Closed Loop: NO Semi-Closed Loop: YES
Multi-Well: NO Disposal Location: _____

Comment:

Drill rig was clean, well maintained and adequately grounded for static discharge.

Environmental

Spills/Releases:

Type of Spill: DRILLING Description: fluid coming off cuttings pile Estimated Spill Volume: _____

Comment: _____

Corrective Action: clean, remediate, Form 19 Date: 10/10/2012

Inspector Name: LABOWSKIE, STEVE

Reportable: YES	GPS: Lat	Long
Proximity to Surface Water:	Depth to Ground Water:	

Water Well:

	Lat	Long
DWR Receipt Num:	Owner Name:	GPS :

Field Parameters:

Sample Location:

Waste Management:

Type	Management	Condition	Comment	GPS (Lat)	(Long)
Drill Cuttings	Other	Inadequate	imporper storage onto inadequately lined surface		

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: CRP, DRY LAND

Comment: Although interim reclamation period has not yet started, there is no delineation or marking of segregated soil pile and no protections employed to prevent wind and water erosion of soils.

1003a. Debris removed? CM CA Date
Waste Material Onsite? CM CA Date
Unused or unneeded equipment onsite? CM CA Date
Pit, cellars, rat holes and other bores closed? CM CA Date
Guy line anchors removed? CM CA Date
Guy line anchors marked? CM CA Date

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

Inspector Name: LABOWSKIE, STEVE

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: DRY LAND _____

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 _____ Multi-Well Location ☐

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
				MHSP	Fail	broken sacks, cement washout area, inad spill prev
				SI	Fail	spill
Waddles	Fail					never installed, specified in Form 2A
				CM	Fail	torn shrink wrap
Berms	Pass					location bermed on west side, COA states waddles

S/U/V: **Violation** Corrective Date: **10/10/2012**

Comment: Cuttings off liner (edge of liner not defined) in large pile, briney fluid running off and away from cuttings pile, air-drilled cuttings and dried mud sprayed on south side of location near flare stack and modified shipping container. Inadequate spill prevention and chemical storage practices, torn shrink wrap and open/broken sacks. Inadequately installed liner, Rule 904.b(2) violation, folds, punctures from posts.

CA: Install and maintain adequate stormwater BMPs to prevent wind and water erosion, run-off/run-on and site degradation. Improve material storing practices, all liquids in barrels and jugs need to have some sort of spill prevention BMP installed to prevent site degradation.

Permit:

Facility ID	Permit Num	Expiration Date
428410	400254733	
428410	400254733	

COGCC Comments

Comment	User	Date
air drilling discharge line not "laid in straight", anchoring methods questionable, discharge line has at least (3) 90 degree elbows and is laid in closely to other equipment in places, propane tank next to discharge line, all inconsistent with Rule 606B. There is no flare pit, compressors are on same general side of rig (near catwalk) as discharge line, discharge turns straight up at end with no auto-ignitor visible. A modified shipping container is incorporated for fluid and/or cuttings recovery, this was placed below grade in an area not lined, container was filled with fluid on both site visits, cuttings and dried mud appeared to have sprayed out of this area and onto the southeast side of location.	labowsks	09/22/2012
Rule citations 603.j 606B 902.a 904.b(2) 906.b 907.a 907.d 907.f 1002.b(2) 1002.c 1002.d 1002.e(1) 1002.f(2)A,B,C,D	labowsks	09/22/2012
Bulk drilling materials improperly stored and handled on location. Specifically there were broken, uncovered bags of dry material and liquid material was stored in manner that did not afford the best management practices (BMP's) to prevent site degradation from potential spills and releases (Rules 1002 f 2 A & B).	labowsks	10/02/2012
No Stormwater BMPs installed at or near the stockpiled soil from the site construction (Rule 1002 f 2 C, 1002 e 1). The stockpiled soil were not readily marked or documented as to proper separation (Rule 1002 b 2). No obvious stockpiled soil protection measures were being taken (Rule 1002 c).	labowsks	10/02/2012
The inspection found wet drill cuttings were being stored between the pit and the soil stockpile. KM personnel stated that there was a liner under the drill cuttings, however there was evidence the liner's integrity was impacted by heavy equipment used to move the cuttings In addition fluids from the cuttings were draining back onto unlined areas of the location Drill cuttings produced from air drilling process were found outside of the container used to store them and on the back side of the stockpiled soil pile (907 a). An area on the stockpiled soil had apparently used for storage of excess cement pumped out of the well during a cementing process (902 a, 907 f)	labowsks	10/02/2012
Form 2A submitted states location size of 2.53 acres. Location seemed larger so GPS points were taken on the corners of the disturbance area. Calculation of disturbance within these points is over 4 acres.	labowsks	10/02/2012
Material from nearby hydroexcavation site being dumped on road near the Southwest corner of the YG-1 disturbance area, potential 907.a violation.	labowsks	10/02/2012
Heavy earth moving/excavation equipment stored on Northeast corner of the greater YG-1 disturbed area, large diameter PVC piping stored on back side/side of spoil pile. Rig had moved on to air-drilling operations, mud drilling products with material handling and spill prevention which are no longer needed could be moved off site at this point of operation to meet requirements of Rule 603.j.	labowsks	10/02/2012
A NOAV is being prepared, this inspection report outlines details found while on site visits on 9/20 and 9/28 2012.	labowsks	10/02/2012

Subsequent visit to collect GPS data on 9/29/12 found no actions being taken on stormwater violations that inspectors informed Kinder Morgan representative Grant Gibbons about. Air-drilled cuttings and sprayed mud had been cleaned off location or were covered up by fresh gravel. Shipping container still had fluid in it, containers is partially buried in what appears to be an unlined pit. Rig was out of hole after fishing job during horizontal/air-drilling operations.	labowsks	10/02/2012	
---	----------	------------	--