

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
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Inspection Date:
07/16/2013

Document Number:
670200660

Overall Inspection:
Satisfactory

FIELD INSPECTION FORM

Location Identifier	Facility ID <u>297765</u>	Loc ID <u>334388</u>	Inspector Name: <u>BURGER, CRAIG</u>	On-Site Inspection <input type="checkbox"/>	2A Doc Num: _____
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Operator Information:

OGCC Operator Number: 10433 Name of Operator: PICEANCE ENERGY LLC

Address: 1512 LARIMER STREET #1000

City: DENVER State: CO Zip: 80202

Contact Information:

Contact Name	Phone	Email	Comment
Kellerby, Shaun		Shaun.Kellerby@state.co.us	NW Field Supervisor
Bankert, Wayne	970-812-5310	wbankert@laramie-energy.com	Senior Regulatory & Environmental Coordinator

Compliance Summary:

QtrQtr: NWNE Sec: 5 Twp: 8S Range: 93W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Unsatisfactory	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
11/19/2010	200285334	PR	PR	S			N

Inspector Comment:

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	
297765	WELL	PR	12/20/2010	GW	045-16960	JOHNSON FED. 5-10C	X
297766	WELL	PR	12/12/2012	GW	045-16961	JOHNSON 5-02B	X
297767	WELL	PR	08/14/2008	GW	045-16962	JOHNSON FED. 5-15B	X

Equipment: Location Inventory

Special Purpose Pits: _____	Drilling Pits: <u>1</u>	Wells: <u>17</u>	Production Pits: _____
Condensate Tanks: <u>8</u>	Water Tanks: _____	Separators: <u>5</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: <u>1</u>	Oil Pipeline: _____	Water Pipeline: <u>1</u>
Gas Compressors: _____	VOC Combustor: <u>1</u>	Oil Tanks: _____	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location

Signs/Marker:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
BATTERY	Satisfactory			
TANK LABELS/PLACARDS	Satisfactory			

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

Comment: _____

Corrective Action: _____

Good Housekeeping:				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
WEEDS	Unsatisfactory	Recent spraying occurred on pad but weeds have not been managed in reclaimed area.	Manage weeds in reclaimed area.	08/06/2013

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

Equipment:					
Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Deadman # & Marked	2	Satisfactory			
Plunger Lift	3	Satisfactory			
Ancillary equipment	1	Satisfactory	descaler unit		
Bird Protectors	2	Satisfactory			
Horizontal Heated Separator	4	Satisfactory			
Gas Meter Run	1	Satisfactory			
Gathering Line	1	Satisfactory			
Pig Station	1	Satisfactory			
Emission Control Device	1	Satisfactory			

Facilities:					
<input type="checkbox"/> New Tank		Tank ID: _____			
Contents	#	Capacity	Type	SE GPS	
METHANOL	1	<50 BBLS	STEEL AST	,	
S/U/V:	Satisfactory	Comment:	same berm as 400 bbl tanks		
Corrective Action:				Corrective Date:	

Paint	
Condition	Adequate
Other (Content)	_____
Other (Capacity)	_____
Other (Type)	_____

Berms					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Corrective Action				Corrective Date	
Comment					

Facilities:		<input type="checkbox"/> New Tank	Tank ID: _____	
Contents	#	Capacity	Type	SE GPS
CONDENSATE	3	400 BBLS	STEEL AST	39.397100,-107.797420
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			
NO				
Flaring:				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Ignitor/Combustor	Satisfactory			

Predrill

Location ID: 334388

Site Preparation:

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

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

Form 2A COAs:

Group	User	Comment	Date
Agency	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.	03/07/2010
Agency	kubeczkod	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.	03/07/2010
Agency	kubeczkod	Operator must implement best management practices to contain any unintentional release of fluids.	03/07/2010
Agency	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.	03/07/2010

Comment: No drilling or completions. No pits present. Secondary containment for fluids in place.

CA: _____ **Date:** _____

Wildlife BMPs:

BMP Type	Comment
PROPOSED BMPs	<p>PROPOSED BMP's</p> <p>LARAMIE ENERGY I , LLC</p> <p>West Mamm Project</p> <p>Sec. 29 & 32, Twn 7S, Rng 93W 6th PM</p> <p>Sec. 5, Twn. 8S, Rng. 93W 6th PM</p> <p>Garfield County, CO</p> <p>Locations</p> <p>Johnson 32 -03 Pad Johnson 05 -03 Pad</p> <p>Johnson 05 -05 Pad Johnson 05 -06 Pad</p> <p>Johnson 05 -07 Pad</p> <p>Stormwater Management</p> <p>Stormwater Management will be managed under (Laramie Energy II) LE II's Stormwater Management Plan known as the "West Mamm Creek Project" under CDPHE General Permit No. COR- 03E157. The permit and will be amended to include any additional disturbance.</p> <p>Prior to construction a stormwater "perimeter" will be built around the site for initial work purposes. Once the pad construction is completed, LE II's Stormwater Administrator will inspect the site and install any necessary Erosion Control Devices to manage sediment discharge from the pad. These devices may include but are not limited to:</p> <ul style="list-style-type: none"> -Rock Check dams -Settling ponds -Straw waddles -Silt Fencing (used sparingly) <p>Once the final stormwater Erosion Control Devices are installed they will be mapped in GIS and a diagram of the site will be drafted and included as part of the Stormwater Documentation as required by the CDPHE General Permit.</p> <p>Each site will be inspected every 14 days and 72 hrs after any major storm event. These inspections will be recorded and documented in the Stormwater Manual onsite and any necessary repairs or modifications will be made and documented.</p> <p>Spill Prevention Control and Counter Measures(SPCC)</p>

Once the wells are drilled and completed onsite Laramie Energy II's "West Mamm Creek" SPCC plan will be amended to include the sites as part of the plan.

Laramie Energy II, LLC

LARAMIE ENERGY II, LLC

Best Management Practices (BMP's)

To Reduce Impacts to Wildlife

For Operations in the

Piceance Basin

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 the Piceance Basin. This list is a partial of LEII's policy. LEII will attempt to incorporate as much as possible the CDOW's "Actions to

Minimize Adverse Impacts to Wildlife Resources" as dated October 27, 2008, unless those actions will impede upon LEII's lease rights and the wishes of surface owners who LEII has signed Surface Use and Access Agreements (SUA's).

Initial Stages for Infrastructure and Roads

I . Road design and General

- 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.

	<ul style="list-style-type: none"> - 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. <p>2. Well pad design and location</p> <ul style="list-style-type: none"> - 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.
<p>PROPOSED BMPs</p>	<ul style="list-style-type: none"> -Design Rights -of Way widths to the minimum needed for safe and efficient construction of pipelines - Remote Telemetry for production operations <p>3. Drilling and Production Operations</p> <ul style="list-style-type: none"> - 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. <p>4. Reclamation</p>

- 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.

LARAME ENERGY II, LLC

BMPS FOR

Sensitive Wildlife Habitat and Restricted Surface Occupancy

Areas Specific to Laramie Energy II, LLC

Operations Within the Piceance Basin

Garfield 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.

Deer and Elk

- Consult with CDOW GIS and Federal GIS database at the initial stage of development to identify the locations of mule deer and elk important wintering habitats and production areas.

Attempt to avoid any critical habitat patches with roads and development.

- Attempt to avoid oil and gas activities within mule deer critical winter range, elk winter concentration areas, elk production areas, and migration corridors.
- Attempt to conduct post - development well site visitations 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 critical winter range and elk winter concentration areas.
- Phase and concentrate all development activities, so that large areas of undisturbed habitat for wildlife remain and thorough reclamation occurs immediately after development and before moving to new sites. Development should progress at a pace commensurate with reclamation success.
- Gate single - purpose roads and restrict general public access to reduce traffic disruptions to wildlife.
- 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 (orbs appropriate to the ecological site disturbed.
- Restore appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.

Comment: Stormwater and erosion control BMP's present. Stream crossing provided with concrete section. Pad contains only 3 wells.

CA: Utilize existing well pads for future gas production. **Date:** 08/30/2013

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: 297765 Type: WELL API Number: 045-16960 Status: PR Insp. Status: PR

Producing Well

Comment: plunger lift

Facility ID: 297766 Type: WELL API Number: 045-16961 Status: PR Insp. Status: PR

Producing Well

Comment: plunger lift

Facility ID: 297767 Type: WELL API Number: 045-16962 Status: PR Insp. Status: PR

Producing Well

Comment: plunger lift

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): Y

Comment:

Pilot: ON Wildlife Protection Devices (fired vessels): YES

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: Date Interim Reclamation Completed:

Land Use: RANGELAND, TIMBER

Comment: Large area not reclaimed. Manage reclaimed area for weeds.

1003a. Debris removed? Pass CM

CA CA Date

Waste Material Onsite? Pass CM

CA CA Date

Unused or unneeded equipment onsite? Pass 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? _____ CM _____

CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? Pass

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? _____

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? _____

Comment: _____

Overall Interim Reclamation _____

Final Reclamation/ Abandoned Location:

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

Final Land Use: RANGELAND, TIMBER

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
Berms	Pass	Ditches	Pass			
Drains	Pass	Culverts	Pass			
Sediment Traps	Pass	Gravel	Pass			
Retention Ponds	Pass					
Ditches	Pass	Other	Pass			

S/U/V: Satisfactory Corrective Date: _____

Comment: Low water crossing on access road provided with concrete section.

CA: _____