


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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FIELD INSPECTION FORM

Location Identifier	Facility ID 422992	Loc ID 413893	Inspector Name: COLBY, CARL	On-Site Inspection <input type="checkbox"/>	2A Doc Num: _____
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Inspection Date: <u>08/16/2013</u>
Document Number: <u>670400034</u>
Overall Inspection: <u>Satisfactory</u>

Operator Information:

OGCC Operator Number: 77330 Name of Operator: SG INTERESTS I LTD

Address: 1485 FLORIDA RD #C202

City: DURANGO State: CO Zip: 81301

Contact Information:

Contact Name	Phone	Email	Comment
Kellerby, Shaun		shaun.kellerby@state.co.us	
Starkebaum, Neal	(970)641-0360	NStarkebaum@gunnisoncounty.org	Assistant Director Gunnison County
Sanford, Eric	(970) 252-0697	esanford@sgintrests.com	Operations & land Manager

Compliance Summary:

QtrQtr: NENE Sec: 27 Twp: 11S Range: 90W

Inspector Comment:

Excellent regrowth on all areas outside of location pad, unused area of location pad could be reclaimed

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	
412691	WELL	WO	02/10/2011	GW	051-06087	PASCO SPADAFORA 2	<input checked="" type="checkbox"/>
422992	WELL	PR	06/25/2013	GW	051-06102	PASCO SPADAFORA 3	<input checked="" type="checkbox"/>

Equipment: Location Inventory

Special Purpose Pits: _____	Drilling Pits: <u>2</u>	Wells: <u>2</u>	Production Pits: _____
Condensate Tanks: <u>1</u>	Water Tanks: <u>6</u>	Separators: <u>2</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: <u>1</u>
Electric Generators: _____	Gas Pipeline: <u>1</u>	Oil Pipeline: _____	Water Pipeline: <u>1</u>
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: _____	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: <u>1</u>	Fuel Tanks: _____

Location

Signs/Marker:

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

WELLHEAD	Satisfactory	Well head sign one wellhead on the ground needs to be posted other wellhead sign missing	install sign	10/25/2013
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Emergency Contact Number: (S/U/V) Satisfactory Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

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

Fencing/:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
LOCATION	Satisfactory	wire fence around location with 2 metal gates at access road		

Equipment:

Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Bird Protectors	6	Satisfactory			
	1		Water transfer pump and building inside water tank berm		
Gathering Line					
Deadman # & Marked	4	Satisfactory			
Gas Meter Run					
Horizontal Heated Separator	2				

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
CONDENSATE	1	200 BBLS	STEEL AST	39.077403,107.426636

S/U/V: Satisfactory Comment: _____

Corrective Action: _____ Corrective Date: _____

Paint

Condition	Adequate
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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 _____

Facilities:		<input type="checkbox"/> New Tank	Tank ID: _____		
Contents	#	Capacity	Type	SE GPS	
PRODUCED WATER	4	400 BBLS	HEATED STEEL AST	39.076863,107.426578	
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	

Predrill			
Location ID: 413893			
Site Preparation:			
Lease Road Adeq.:	Pads:	Soil Stockpile:	_____
Corrective Action:	Date:	CDP Num.:	_____
Form 2A COAs:			
Group	User	Comment	Date
OGLA	kubeczkod	SENSITIVE AREA (SHALLOW GROUNDWATER) COAs: Location is in a sensitive area because of shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented. Location is in a sensitive area because of shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.	03/16/2011
OGLA	kubeczkod	SENSITIVE AREA (CLOSE SURFACE WATER) COAs: Location is in a sensitive area because of 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., 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 (at least every 14 days), and maintained in good condition. Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed temporary surface pipelines or buried pipelines.	03/16/2011

Public Room	kusterk	CDPHE consulted with Gunnison County during two conference calls for the Cow Skull 11-89-18, HL 11-89-19 #1 Pad and the Pasco Spadafora #2 Pad applications all owned by SG Interests. The second conference call involved SG Interests, CDPHE Stormwater, Gunnison County and COGCC. The issues included the sensitive area determination, proposed COAs and BMPs, the Stormwater Management Plan and automated leak detection for the pit liners. The COAs and BMPs were settled, SG Interests agreed to provide the proposed stormwater management plan for the Gunnison County planning commission meeting and automated leak detection for the liners were discussed but the determined to be too expensive and unreliable.	04/19/2011
OGLA	kubeczkod	<p>GENERAL SITE COAs:</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. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.</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>The drilling (reserve) pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels.</p> <p>Due to the potential presence of seeps/springs in the area, the nearby hillside must be monitored for any day-lighting of drilling fluids throughout the drilling of the surface casing interval.</p> <p>The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place during all drilling and well completion operations. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.</p> <p>Notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to start of fracing operations.</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 (per Rule 604.a.(4)).</p> <p>Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.</p>	03/16/2011

Comment: Location BMP's are in place and well maintained, as follows Location perrimeter berm and diversion ditches. Excellent regrowth on all areas outside of location pad, unused area of location pad could be reclaimed

CA:

Date: _____

Wildlife BMPs:

BMP Type	Comment
<p>PROPOSED BMPs</p>	<ul style="list-style-type: none"> • Seed at times of the year when germination and success is highest. • Conduct stormwater inspections and document regrowth of vegetation on disturbed areas. Correct problem areas as they are noted. • Reclaim disturbed areas that are not needed for long-term operations as quickly as possible in order to restore wildlife habitat value to areas surrounding projects. • Remove all unnecessary equipment from project sites during the production phase. • Reclaim pits as quickly as practical after use and ensure that pit contents do not contaminate soil. Verify soil condition with testing. • Sample and test surface water and drinking water from select sites (considering state and local requirements) for comparison to baseline water quality conditions. • Remediate spills on disturbed areas prior to reclamation. • Whenever possible, complete final reclamation activities so that seeding occurs during the first optimal season following plugging and abandonment of wells and closure of facilities. • Remove and properly dispose of degraded or unneeded silt fencing and erosion control materials in a timely fashion. • Remove unneeded fencing (and cattle guards) on project sites. Replace degraded or hazardous fencing as needed. • Remove and properly dispose of pit contents at an approved disposal facility. Dispose of or recycle pit liners at designated facilities. • Apply weed free mulch and crimp or otherwise treat the mulch so that it remains in place thus preserving seeds and retaining moisture to enhance seed germination and seedling survival. • Control weeds in areas surrounding reclamation areas when possible to prevent recolonization of recently reclaimed areas by weed species. • When necessary, fence livestock and wildlife out of newly reclaimed areas until reclamation standards have been met and plants are capable of sustaining grazing and trampling. • Monitor reclamation efforts as needed and make corrections when necessary. • Keep records of inspections for state inspectors to review when requested. <p>Site - Specific BMPs for Pasco Spadafora #3 well</p> <ul style="list-style-type: none"> • Drilling pits will be lined with an impervious liner • Fluids contained at a well site during drilling and completion operations will have secondary containment designed to hold 110% of the stored fluid volume • Maintain drainage features on the Pasco well pad to protect stormwater quality • Continue to monitor shallow groundwater at the Aspen Leaf Ranch springbox (with landowner consent).
<p>PROPOSED BMPs</p>	<p>303.d.3.J Applicant - proposed Best Management Practices (BMPS)</p> <p>SG Interests I, Ltd, Montrose, Colorado</p>

Overall Practices

- Areas designated as Sensitive Wildlife Habitat will be constructed and operated in compliance with the requirements of the COGCC Rule 1203, General Operating Requirements in Sensitive Wildlife Habitat and Restricted Surface Occupancy Areas unless the Director has granted a waiver from one of these requirements.
- Projects will be constructed and operated in compliance with the terms and stipulations applied to permits including those issued by the Colorado Air Quality Control Division, Colorado Water Quality Control Division, and US Bureau of Land Management.
- Treat and control noxious weeds on new and existing facilities, roads, pipeline corridors, and well pads.
- Enforce policies that protect wildlife such as prohibiting firearms and dogs from all project - related areas and by educating employees on wildlife protection practices.
- Dispose of trash appropriately. Instruct employees not to feed wildlife or otherwise attract them to project sites.
- Instruct employees and contractors to drive at safe speeds and to be alert to wildlife and livestock on roadways whenever driving for a project - related reason.

Project Planning Phase BMPs

- Conduct wildlife and vegetation surveys to determine presence of any Threatened, Endangered, or sensitive species or their habitat in the project vicinity. Take appropriate protection measures as indicated by the results of these surveys.
- When siting access roads, pads, pipelines, and facilities consider impacts to wildlife habitat, agriculture, water resources, recreation, and visual resources. Consider visual impact of cut and fill slopes.
- Minimize the number, size and distribution of well pads as practicable.
- Locate pads and facilities near existing roads and pipelines where possible.
- Minimize pipeline right -of -way and access road width as much as possible while maintaining safe construction and use conditions.
- Adequately size pipelines, well pads, and facilities to accommodate both current and expected gas production.
- Engage local stakeholders and landowners in the planning process to reduce landuse conflicts.
- Choose reference areas that are representative of the pre- construction conditions and that are relatively free of noxious weeds. Document the area during the growing season so that an appropriate seed mix can be chosen for reclamation activities

Construction Phase BMPs

- Schedule construction in streams and rivers at low water periods to minimize disturbance to this habitat.
- Appropriately maintain roads by surfacing, crowning, and maintaining ditches to prevent runoff from damaging water quality.
- Apply water or other dust suppressant to roads and other work sites as needed to control fugitive dust.

- Limit speeds on access roads and work sites to prevent road damage and dust problems.
- Install energy dissipation structures at culvert outfalls to prevent soil erosion.
- Install and maintain check dams or other structures in road ditches to slow flowing water and prevent scouring and sedimentation.
- Use and maintain erosion and sedimentation control devices at all disturbed areas as described in the project- specific or field -wide stormwater management plan.
- Reduce right -of -way width as much as possible and use equipment mats when crossing wetlands and streams with pipelines.
- Complete waterbody and wetland crossings within 24 hours if possible. Use trench breakers when needed to prevent water from flowing from waterbodies into pipeline trenches.
- Construct water bars along pipeline ROWs to prevent erosion on hillsides. Install trench breakers around the pipe to prevent water from flowing along the buried pipe and causing trench subsidence.
- Crown pipeline trenches to allow for soil compaction over time and prevent subsidence.
- Construct fences and netting that are appropriately sized and reinforced to function in the environmental conditions and for the species of the region.
- Line pits to protect groundwater.
- Salvage and store topsoil from the surface of all construction areas for use during interim and final reclamation.
- Protect soil and spoil piles during storage with sediment barriers until stabilized. Use temporary seeding on piles that will be stored for long -term.
- Encourage car pooling to the project site and restrict parking to designated parking areas.
- Educate employees and contractors about weed issues. Clean trucks and equipment of weeds, seeds and weed propagules prior to bringing this equipment on site.

Drilling and Completion BMPs

- Maintain wildlife fencing and netting as needed.
- Limit days and hours of operations where practical to minimize disturbance resulting from activity and traffic.
- Promptly report spills to agencies as required.
- Store emergency spill response equipment at centralized locations so that it is readily available in the event of a spill.
- Instruct all employees on the aspects of the spill prevention and response plan relevant to their position at the start of their employment.
- Limit vehicle and equipment parking to designated parking areas.
- Screen water suction hoses to exclude fish and other aquatic life when necessary.
- Reduce noise by using effective sound dampening devices and /or techniques as needed.
- Use centralized frac'ing facilities where water is stored for reuse between operations. Connect water storage facilities to well sites with temporary pipelines to reduce truck traffic

- Use recycled flowback fluid where possible in additional frac'ing operations by storing it in a centralized tank or pit facility.
 - Use produced water as much as possible in frac'ing operations to reduce use of fresh water.
- Production and Reclamation BMPs
- Gate access roads where necessary to minimize and control access and reduce disturbance.
 - Install automated emergency response systems where appropriate to facilitate rapid response and prevent accidents.
 - Control fugitive dust that could result from production and reclamation activities.
 - Avoid direct discharge of pipeline hydrostatic test water to any lake, wetland, or natural stream or river. Use appropriate erosion and sedimentation devices as specified in the hydrostatic discharge permit/plan.
 - Locate, design, and paint aboveground facilities to minimize the impact to visual resources.
 - Control noxious weeds by following project specific weed management plans.
 - Use locally adapted seed in reclamation efforts whenever available and approved by the landowner.
 - Prepare the seedbed appropriately prior to seeding an area. Replace rocks on surface at density of surrounding areas.

Comment: Excellent regrowth on all areas outside of location pad, unused area of location pad could be reclaimed, location is well fenced with 2 gated access closures. All needed bird protection is in place. No evidence of a pit

CA: _____ **Date:** _____

Stormwater:

Erosion BMPs	Present	Other BMPs	Present
DITCHES	Yes	Self Inspection	Yes`

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: 412691 Type: WELL API Number: 051-06087 Status: WO Insp. Status: WO

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/V: Satisfactory CA Date: _____

CA: _____

Comment: Not completed. no documentation found

Facility ID: 422992 Type: WELL API Number: 051-06102 Status: PR Insp. Status: SI

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/V: Satisfactory CA Date: _____

CA: _____

Comment: _____

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: IMPROVED PASTURE, IRRIGATED

Comment: _____

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? In CM _____
 CA _____ CA Date _____
 Guy line anchors marked? Pass CM _____
 CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? In

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? In

Production areas have been stabilized? Pass Segregated soils have been replaced? Pass

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: IMPROVED PASTURE, IRRIGATED _____

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 _____

Inspector Name: COLBY, CARL

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	Gravel	Pass	MHSP	Pass	
Ditches	Pass	Ditches	Pass	SI	Pass	
Seeding	Pass	Culverts	Pass			
		Rip Rap	Pass			some gravel on location

S/U/V: Satisfactory Corrective Date:

Comment:

CA: