

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: <p style="text-align: center;"><u>03/31/2014</u></p> Document Number: <p style="text-align: center;"><u>673500908</u></p> Overall Inspection: <div style="border: 2px solid red; padding: 2px; text-align: center; color: red; font-weight: bold;"> Unsatisfactory </div>

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection
	<u>431612</u>	<u>431613</u>	<u>Covington, Dave</u>	<input type="checkbox"/> 2A Doc Num: _____

Operator Information:

OGCC Operator Number: _____ Name of Operator: <u>LONE MOUNTAIN PRODUCTION COMPANY</u> Address: <u>PO BOX 250</u> City: <u>LOMA</u> State: <u>CO</u> Zip: <u>81524</u>
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- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED
- INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

Contact Information:

Contact Name	Phone	Email	Comment
Kellerby, Shaun		shaun.kellerby@state.co.us	
Dyk, Joe	970-250-9770	joevdyk@aol.com	Operations

Compliance Summary:

QtrQtr: SWNE Sec: 14 Twp: 1S Range: 104W

Inspector Comment:

wellhead, separator, six tanks small compressor station and meterhouse on location.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
431612	WELL	PR	02/03/2014	OW	103-11955	Meagher 14-1H	PR <input checked="" type="checkbox"/>

Equipment: Location Inventory

Special Purpose Pits: <u>1</u>	Drilling Pits: <u>1</u>	Wells: <u>1</u>	Production Pits: _____
Condensate Tanks: <u>3</u>	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: <u>1</u>	Flare: <u>1</u>	Fuel Tanks: _____

Location

Lease Road:

Type	Satisfactory/Unsatisfactory	comment	Corrective Action	Date
Access	Satisfactory			
Main	Satisfactory			

Signs/Marker:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
BATTERY	Satisfactory			

TANK LABELS/PLACARDS	Unsatisfactory	No labels or placards are on the tanks	Install sign to comply with rule 210.	04/30/2014
WELLHEAD	Unsatisfactory	A wellhead sign needs to be on the wellhead.	Install sign to comply with rule 210.	04/30/2014

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

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
UNUSED EQUIPMENT	Unsatisfactory	Unused pipe and other equipment on location.	Remove all unused equipment and pipes.	04/30/2014

Spills:

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

Equipment:

Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Horizontal Heated Separator	2	Satisfactory			
Bird Protectors	1	Satisfactory			
Gas Meter Run	1	Satisfactory			
Deadman # & Marked	2	Satisfactory			

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	1	400 BBLS	STEEL AST	39.964200,-109.035800

S/U/V: _____ Comment: _____

Corrective Action: _____ Corrective Date: _____

Paint

Condition: _____

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
OTHER	1	<50 BBLS	PLASTIC AST	39.963930,-109.036150
S/U/V:	Satisfactory	Comment:		
Corrective Action:				Corrective Date:
<u>Paint</u>				
Condition				
Other (Content)	No labeling on tank			
Other (Capacity)	approx. 200 gallons			
Other (Type)	HDPE plastic			
<u>Berms</u>				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Corrective Action	needs secondary containment as well as the 55 gal containers at the wellhead.			Corrective Date
Comment	Needs secondary containment.			

Facilities:		<input type="checkbox"/> New Tank	Tank ID: _____	
Contents	#	Capacity	Type	SE GPS
CRUDE OIL	5	400 BBLS	STEEL AST	39.964200,-109.035800
S/U/V:	Satisfactory	Comment:		
Corrective Action:				Corrective Date:
<u>Paint</u>				
Condition	Adequate			
Other (Content)				
Other (Capacity)				
Other (Type)				
<u>Berms</u>				
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: 431612				
Site Preparation:				
Lease Road Adeq.: _____		Pads: _____		Soil Stockpile: _____

S/UV: _____

Corrective Action: _____

Date: _____

CDP Num.: _____

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkod	<p>SITE SPECIFIC COAs:</p> <p>Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, and start of hydraulic stimulation operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).</p> <p>Operator must ensure 110 percent secondary containment for any volume of fluids contained at frac tank water transfer/storage site during 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 location will be stabilized, inspected at regular intervals (every 14 days at a minimum during the construction phase and at least every 30 days during operations period), 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 permanent buried pipelines. Additional containment shall be required where temporary or permanent pumps and other necessary equipment or chemicals are located.</p> <p>Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any reconfiguration of the pipeline network. Operator shall maintain pipeline pressure testing records throughout operations of the water transfer facility. The records will be made available to COGCC upon request.</p> <p>Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment on each individual well pad before the fluids can be placed into any pipeline, storage vessel, or lined pit (only if an amended Form 2A has been submitted/approved and a Form 15 Earthen Pit Permitted has been submitted/approved) located on the well pad; or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks must be placed on the frac pad in an area with additional downgradient perimeter berming and must be constructed to be sufficiently impervious to contain any spilled or released material. The site will be manned 24/7 during completion operations and period visual checks will be conducted to provide overflow monitoring of the tanks during flowback.</p> <p>For pits containing fluids other than freshwater only; the pit must be fenced. If the pit is not drained, or closure has not begun within 30 days after last use for well completion, the pit must be netted. The operator must maintain the fencing and netting until the pit is closed.</p> <p>The moisture content of any freshwater generated 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, if the freshwater generated drill cuttings are to be onsite, they must also meet the applicable standards of table 910-1.</p> <p>Berms or other containment devices shall be constructed to be sufficiently impervious (preferably corrugated steel with poly liner) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.</p>	01/30/2013

S/UV: _____

Comment:

CA:

Date: _____

Wildlife BMPs:

BMP Type	Comment
Material Handling and Spill Prevention	Spill Prevention Control and Countermeasures (SPCC) Once the wells are drilled and completed onsite KGH will prepare a SPCC plan for the site.
Wildlife	<p>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).</p> <p>2. Restrict post-development well site visitations to between the hours of 10:00 am and 3:00 pm and reduce well site visitations between December 1 and April 15 in mule deer critical winter range.</p> <p>3. Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads.</p> <p>4. Gate single-purpose road and restrict general public access to reduce traffic disruptions to wildlife.</p> <p>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.</p> <p>6. Avoid aggressive non-native grasses and shrubs in mule deer and elk habitat restoration.</p> <p>7. Reclaim mule deer habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed.</p> <p>8. Restore appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.</p>
Storm Water/Erosion Control	<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"> -Rock Check Dams -Settling Ponds -Straw Waddles -Silt Fencing (Used Sparingly)

S/U/V: _____ **Comment:** _____

CA: _____ **Date:** _____

Stormwater:

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: 431612 Type: WELL API Number: 103-11955 Status: PR Insp. Status: PR

Producing Well

Comment: wellhead, separator, six tanks small compressor station and meterhouse on location.

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: RANGELAND

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? 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? _____ 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

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

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 _____ Well Release on Active Location 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					

Inspector Name: Covington, Dave

S/U/V: Satisfactory Corrective Date: _____

Comment: No sediment flows.

CA: _____

Pits: NO SURFACE INDICATION OF PIT

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

Document Num	Description	URL
673500911	tanks, no NFPA Labels	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3312667
673500912	misc pipe and other material on location.	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3312668
673500913	Container, no labeling. or secondary containment	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3312669
673500914	Drums, need secondary containment.	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3312670