

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:
07/17/2014

Document Number:
674900037

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|--------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>432376</u> | <u>432377</u> | <u>Hughes, Jim</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|--|
| OGCC Operator Number: | <u>100178</u> |
| Name of Operator: | <u>SIMMONS, INC.* D. J.</u> |
| Address: | <u>1009 RIDGEWAY PL STE 200</u> |
| City: | <u>FARMINGTON</u> State: <u>NM</u> Zip: <u>87401</u> |

- 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 |
|-----------------|-------|--------------------------|--------------------------|
| Leschak, Pamela | | pleschak@blm.gov | |
| FISCHER, ALEX | | alex.fischer@state.co.us | |
| Maclaren, Joe | | joe.maclaren@state.co.us | |
| Seale, Rod | | rseale@djsimmons.com | Pet. Eng./Operations Mgr |
| Lopez, Chris | | clopez@djsimmons.com | Regulatory Specialist |
| Tucker, Laura | | ltucker@djsimmons.com | |

Compliance Summary:

| | | | | | | | |
|---------|---------------|------|----------|------|------------|--------|------------|
| QtrQtr: | <u>Lot 11</u> | Sec: | <u>7</u> | Twp: | <u>39N</u> | Range: | <u>19W</u> |
|---------|---------------|------|----------|------|------------|--------|------------|

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 06/04/2014 | 667700372 | DG | DG | ACTION REQUIRED | I | | No |
| 12/12/2013 | 667700107 | DG | WO | ACTION REQUIRED | I | | No |

Inspector Comment:

On July 17, 2014 COGCC staff members Alex Fischer and Jim Hughes met Pam Leschak from the BLM to perform a joint inspection of the Pinto 1-7. A netted, double lined drilling pit noted on inspection report 667700372 remains on this location. A Form 27 shall be submitted to COGCC EPS staff regarding closure of this pit.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|--|
| 432376 | WELL | DG | 07/11/2014 | LO | 033-06174 | Pinto 1-7 | DG <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

| |
|--|
| |
|--|

Inspector Name: Hughes, Jim

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

Location

Lease Road:

| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
|------|------------------------------|---------|-------------------|------|
| Main | SATISFACTORY | | | |

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------------------|------------------------------|--|---------------------------------------|------------|
| WELLHEAD | SATISFACTORY | | | |
| CONTAINERS | ACTION REQUIRED | Unlabelled container near pump jack, in secondary containment. | Install sign to comply with rule 210. | 08/04/2014 |
| BATTERY | SATISFACTORY | | | |
| TANK LABELS/PLACARDS | SATISFACTORY | | | |

Emergency Contact Number (S/A/V): SATISFACTORY

Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|----------------|----------------|-----------|--|------------|
| Produced Water | Gathering Line | <= 5 bbls | Leak from pipe going from separator to produced water tank. Stop leak. | 08/04/2014 |
| Crude Oil | WELLHEAD | <= 5 bbls | Stained soils around wellhead need to be removed and disposed of properly. | 08/04/2014 |
| Crude Oil | Gathering Line | <= 5 bbls | Leak from pipe going from separator to crude oil tank. Stop leak. | 08/04/2014 |
| Crude Oil | Valve | <= 5 bbls | Stained soils near crude oil tank valve. Remove stained soils and dispose of properly. | 08/04/2014 |

Multiple Spills and Releases?

Fencing/:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
| PIT | SATISFACTORY | | | |

Venting:

| Yes/No | Comment |
|--------|---------|
| | |

| Flaring: | | | | |
|-----------------|------------------------------|---------|-------------------|---------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| | | | | |

Predrill

Location ID: 432376

Site Preparation:

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

S/AV: _____

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 implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines</p> <p>Operator must ensure 110 percent secondary containment for any volume of fluids (excluding freshwater) contained at well site during drilling and completion operations (as indicated on the BMP tab of the Form 2#400369343 and the Construction Layout Drawings attachment); 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.</p> <p>Either a lined drilling pit or closed loop system must be implemented.</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 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, if drill cuttings are to remain/disposed of onsite, they must also meet the applicable standards of table 910-1.</p> <p>If the well is hydraulically stimulated, 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, 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, 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>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> | 04/02/2013 |

S/AV: _____ **Comment:**

CA: **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|--------------|--|
| Construction | <p>The BMP's that will be used during construction activities are based on EPA Guidance Documents and training sessions, Colorado Discharge Permit System, Colorado Department of Transportation training sessions and publications, good engineering practices, International Erosion Control Association training sessions and publications, and Stormwater publications.</p> <p>The BMP's to be used on this project for pre/during construction will be 9-inch diameter fiber logs, hay bales and a sediment trap. The post construction BMP's will be 9-inch diameter fiber logs, hay bales, sediment trap and earth berms. The BMP's were designed specifically for this project to contain sediments on the project site with the intention of not allowing the sediments or any possible pollutants off-site and more specifically not to reach the drainage of Squaw Canyon.</p> <ul style="list-style-type: none"> - The fiber logs are designed to function for flows up to 4 cubic feet per second before failure generally occurs. One third the diameter (3-inches) of the fiber log will be placed in ground and staked down with 24-inch wooden stakes. The fiber logs will be placed a distance of three feet outside the toe of the well pad, the toe of the berms disturbance, and on the downhill side of the toe of the access road until restoration is achieved. - The hay bales and sediment trap will be located at the lowest point of the project area, allowing for outfall of stromwater but at the same time trapping sediments before outfall occurs. - Windrow berms shall be approximately 12-inches in height by 3-feet in width and shall be constructed on the uphill and downhill sides of the well pad to allow for an outfall for stormwater but at the same time trapping sediments before the outfall occurs. - Should dust become a problem on the project site, then dust abatement technique of wetting the soil to keep airborne dust particles down may be applied to the site or any other dust abatement technique the contractor may select that is acceptable by Dolores County, Colorado. <p>The BMP's shall be installed on the access road and well pad location before surface disturbing activities begin. The BMP's will be checked before each sequence of construction for integrity and prior to drilling completion activities or pipeline activities begin. The BMP's will remain in working order until they are no nlonger necessary or restoration is completed.</p> |
| Planning | <p>The sequence of activities for the project is as follows:</p> <ol style="list-style-type: none"> 1) Construct well access road <ul style="list-style-type: none"> - Install pre/during BMP's; - Blade, level, crown and construct drain ditch for access road to well pad. 2) Construct well pad <ul style="list-style-type: none"> - Install pre/during BMP's at well pad; - Construct well pad by leveling (with cut and fill) including pits; - Set-up completion rig including light plant and mud pits; - Complete the well; - Set surface facilites such as meter run, separator, and storage tanks. 3) Construct well-tie pipeline right-of-way <ul style="list-style-type: none"> - Install pre/during BMP's; - Level right-of-way; - Excavate ditch; - String pipe; - Bend pipe; - Weld pipe; - Lower-in pipe; - Shade-in pipe; - Hydrostat pipe test; - Backfill ditch; - Restore area for interim reclamation. |

| | |
|--|---|
| <p>Material Handling and Spill Prevention</p> | <p>The following are examples of measures that will be taken to minimize generation of dust, construction materials and waste handling and storage, spill prevention and response:</p> <ul style="list-style-type: none"> - Up-to-date Material Safety Data Sheets for all chemicals used on-site are maintained. It is not anticipated that reportable quantities of acids, solvents, paints, chemicals or other liquids will be stored or used for construction purposes. - Drums and containers will be clearly labeled. Drums of hazardous waste are labeled and dated per regulatory requirements. - Accumulation of waste on-site is limited. - Best Management Practices are implemented. - Chemicals that are poured into smaller containers, the secondary containers will be clearly labeled and dedicated to one material. Funnels or other aids to reduce spills, drips, and splashes are used during pouring. - Secondary containment is covered to prevent the mixing of released materials with precipitation. - Proper pumps for fueling are provided to reduce leaks and spills. Drip pans are installed for fueling nozzles. Drip pans will be cleaned regularly and will not be allowed to accumulate water. - Storage areas, containment areas and spill response kits are inspected regularly. - Proper signage is installed for hazardous materials storage areas. - Leaks are repaired promptly and spilled material and contaminated media are cleaned up immediately. - Available equipment (spill pallets, mats, absorbants) is used to reduce spills, leaks and drips as well as their impacts. - Tailgate safety meetings are held with all personnel prior to each construction or drilling activity. <p>The CDPHE will be notified of any upset or accidental spill (SWMP Administrator, (877) 518-5608) and the spill will be cleaned up immediately and the contaminated soils will be either land farmed or land filled in accordance with State, Federal or Dolores County requirements. Where a release of hazardous substance or oil exceeds the reportable quantity established under 40 CFR 110, 40 CFR 117, or 40 CFR 302 during a 24-hour period, the operator must:</p> <ol style="list-style-type: none"> 1) Contact SWMP Administrator (877) 518-5608 2) Notify the National Response Center (800) 424-8802 or (202) 426-2675 3) Update the Plan within 7 days to address reoccurrences of such releases. |
| <p>Interim Reclamation</p> | <p>Interim site reclamation will be achieved in the following manner:</p> <ul style="list-style-type: none"> - Grading and establishing original grade to contour - Restoring and replacing topsoil in non-working areas; - Constructing proper drainage; - Installing interim BMP's; - Maintaining interim BMP's and contouring. |
| <p>Storm Water/Erosion Control</p> | <p>Storm water erosion BMP's are designed to reduce, prevent or control pollution by entraining sediments in runoff during and after construction.</p> |

S/A/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: _____

Inspector Name: Hughes, Jim

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Facility

Facility ID: 432376 Type: WELL API Number: 033-06174 Status: DG Insp. Status: DG

Producing Well

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:

Lat _____ Long _____

DWR Receipt Num: _____ Owner Name: _____ GPS : _____

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: CRP

Comment:

1003a. Debris removed? _____ 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? _____ CM _____

CA _____ CA Date _____

Inspector Name: Hughes, Jim

Guy line anchors removed? _____ CM _____

CA _____ CA Date _____

Guy line anchors marked? Pass CM _____

CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Fail 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: CRP _____

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Sediment Traps | Pass | | | | | |
| Waddles | Pass | | | | | |
| Check Dams | Pass | Culverts | Pass | MHSP | Pass | |

Inspector Name: Hughes, Jim

S/A/V: SATISFACTOR Corrective Date: _____
Y

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

Pit Type: Drilling Pit Lined: YES Pit ID: _____ Lat: 37.654230 Long: -108.985690

Lining:

Liner Type: Plastic Liner Condition: Adequate

Comment: Liner has been compromised on the western edge.

Fencing:

Fencing Type: Netting/Fen Fencing Condition: Adequate

Comment: Netting has collapsed where rocks have been thrown on it.

Netting:

Netting Type: _____ Netting Condition: _____

Comment: _____

Anchor Trench Present: _____ Oil Accumulation: _____ 2+ feet Freeboard: _____

Pit (S/A/V): ACTION Comment: _____

Corrective Action: Submit a Form 27 for pit closure to COGCC EPS staff for approval. Date: 08/04/2014

Attached Documents

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

| Document Num | Description | URL |
|--------------|--------------------------|---|
| 674900038 | Produced Water Leak | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3390798 |
| 674900039 | Stained Soil at Wellhead | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3390799 |
| 674900040 | Collapsed netting | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3390800 |