

**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:

08/07/2014

Document Number:

673705342

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 278630 | 317400 | Sherman, Susan | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 10495Name of Operator: LILIS ENERGY INCAddress: 1900 GRANT ST STE 720City: DENVER State: CO Zip: 80203

- ☒ 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 |
|----------------|----------------|----------------------------------|---------|
| Peterson, Andy | (970) 203-4263 | andy.peterson@petersonenergy.com | |

Compliance Summary:QtrQtr: NENE Sec: 25 Twp: 3S Range: 51W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 10/17/2012 | 663300685 | PR | PR | ACTION REQUIRED | P | | No |
| 09/18/2007 | 200119495 | PR | PR | SATISFACTOR Y | | | No |
| 05/04/2007 | 200111088 | PR | PR | SATISFACTOR Y | | Pass | No |
| 07/17/2006 | 200094470 | PR | PR | ACTION REQUIRED | | Fail | Yes |
| 10/15/2005 | 200078891 | PR | WO | ACTION REQUIRED | | Fail | No |
| 08/29/2005 | 200076232 | SR | DA | ACTION REQUIRED | F | Fail | Yes |

Inspector Comment:**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|--|
| 278630 | WELL | PR | 06/18/2008 | OW | 121-10865 | CHURCH 41A-25 | PR <input checked="" type="checkbox"/> |

Equipment:Location Inventory

Inspector Name: Sherman, Susan

| | | | |
|------------------------------|------------------------|---------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: _____ | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: _____ | Separators: _____ | Electric Motors: _____ |
| Gas or Diesel Mortors: _____ | 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: _____ |

Location

| Signs/Marker: | | | | |
|----------------------|------------------------------|-----------------------------|-------------------|---------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| CONTAINERS | SATISFACTORY | | | |
| WELLHEAD | SATISFACTORY | IAW 10/167/2012 inspection. | | |

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

Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
|------|------|--------|-------------------|---------|

☐ Multiple Spills and Releases?

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|---------------------|---|------------------------------|---|-----------------------|------------|
| Progressive Cavity | 1 | SATISFACTORY | | | |
| Ancillary equipment | 4 | ACTION REQUIRED | Electrical panel top on ground (see attached photo). Three chemical containers. | Fix electrical panel. | 09/12/2014 |
| Deadman # & Marked | 4 | SATISFACTORY | | | |

Inspector Name: Sherman, Susan

Facilities: ☐ New Tank Tank ID: _____

| | | | | |
|----------|---|----------|---------------------|-----------------------|
| Contents | # | Capacity | Type | SE GPS |
| | | | CENTRALIZED BATTERY | 39.768730,-103.032660 |

| | | | |
|--------------------|--|------------------|--|
| S/A/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 | | | |

Venting:

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

Flaring:

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

Predrill

Location ID: 278630

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:**S/A/V:** _____ **Comment:** _____**CA:** _____ **Date:** _____**Wildlife BMPs:****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: _____

Summary of Landowner Issues:Summary of Operator Response to Landowner Issues:Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:**Facility**

Facility ID: 278630 Type: WELL API Number: 121-10865 Status: PR Insp. Status: PR

Producing Well

Comment: May 2014 last reported production data.

Environmental**Spills/Releases:**

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____

Comment: _____

Corrective Action: _____ Date: _____

Reportable: _____ GPS: Lat _____ Long _____

Inspector Name: Sherman, Susan

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: _____

Comment: **CRP**

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? _____ 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? In Production areas stabilized ? Pass

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass 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? 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 Pass Recontoured Pass 80% Revegetation In

1003 f. Weeds Noxious weeds? _____ I _____

Inspector Name: Sherman, Susan

Comment: _____

Overall Interim Reclamation ☐ In Process ☐

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____

Date Final Reclamation Completed: _____

Final Land Use: _____

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Gravel | Pass | Gravel | Pass | | | |
| Compaction | Pass | Compaction | Pass | MHSP | Fail | |

S/A/V: **ACTION REQUIRED**

Corrective Date: **09/12/2014**

Comment: **Chemical containers are in earthen berms at wellhead that require maintenance (see attached photo).**

CA: **Maintain wellhead berms.**

Pits: ☐ NO SURFACE INDICATION OF PIT

COGCC Comments

| Comment | User | Date |
|---|----------|------------|
| Form 10 was submitted to COGCC for new Operator. | ShermaSe | 08/12/2014 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|--|---|
| 673705392 | Peterson Church 41A-25 well sign | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3407001 |
| 673705393 | Peterson Church 41A-25 well electrical panel | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3407002 |