

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:
12/09/2014

Document Number:
675200928

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>334778</u>	<u>334778</u>	<u>CONKLIN, CURTIS</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>10433</u>
Name of Operator:	<u>PICEANCE ENERGY LLC</u>
Address:	<u>1512 LARIMER STREET #1000</u>
City:	<u>DENVER</u> State: <u>CO</u> Zip: <u>80202</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
Freeman, Sarah		sarah.freeman@state.co.us	NW Permitting
Kellerby, Shaun		shaun.kellerby@state.co.us	NW Supervisor
Bankert, Wayne	(970) 683-5419	wbankert@laramie-energy.com	Senior Regulatory & Environmental Coordinator

Compliance Summary:

QtrQtr:	<u>SWNE</u>	Sec:	<u>22</u>	Twp:	<u>7S</u>	Range:	<u>95W</u>
Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
01/06/2014	663902611			SATISFACTORY			No
01/06/2014	663902612			SATISFACTORY			No

Inspector Comment:

API 045 18463 is listed as XX. Permit expired 8/9/2012

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
286087	WELL	PR	02/01/2011	GW	045-12613	FURR 7-22D	PR	<input checked="" type="checkbox"/>
286729	WELL	PR	02/01/2011	GW	045-12738	FURR 10-22 B	PR	<input checked="" type="checkbox"/>
286730	WELL	PR	02/01/2011	GW	045-12737	FURR 7-22B	PR	<input checked="" type="checkbox"/>
290461	WELL	PR	07/01/2011	GW	045-14122	FURR-HAGEN 6-22B (F-1)	PR	<input checked="" type="checkbox"/>
290462	WELL	PR	02/01/2011	GW	045-14123	FURR-HAGEN 6-22D (F-1)	PR	<input checked="" type="checkbox"/>
412507	WELL	XX	07/15/2010	LO	045-18463	Furr 22-06C	XX	<input checked="" type="checkbox"/>
412509	WELL	PR	09/24/2010	GW	045-18472	Furr 22-07A	PR	<input checked="" type="checkbox"/>
418133	WELL	PR	10/05/2010	GW	045-19683	FURR 22-07C	PR	<input checked="" type="checkbox"/>

Equipment:		Location Inventory			
Special Purpose Pits: _____	Drilling Pits: <u>1</u>	Wells: <u>8</u>	Production Pits: _____		
Condensate Tanks: <u>4</u>	Water Tanks: _____	Separators: <u>2</u>	Electric Motors: _____		
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____		
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: <u>1</u>		
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: _____	Dehydrator Units: _____		
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____		

Location

Lease Road:				
Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY			

Signs/Marker:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY			
CONTAINERS	SATISFACTORY			
TANK LABELS/PLACARDS	SATISFACTORY			

Emergency Contact Number (S/A/V): SATISFACTORY Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
UNUSED EQUIPMENT	ACTION REQUIRED	Pipe at entrance, tank at battery, and solar stand at wellheads. See attached photos.	Remove to comply with COGCC rules	01/09/2015

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

Equipment:					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Bird Protectors	2	SATISFACTORY			
Gas Meter Run	1	SATISFACTORY			
Emission Control Device	1	SATISFACTORY	Lit at time of inspection		
Ancillary equipment	2	SATISFACTORY	Chem units w/ containments		
Vertical Heated Separator	7	SATISFACTORY			
Plunger Lift	7	SATISFACTORY			

Facilities:		New Tank		Tank ID: _____	
Contents	#	Capacity	Type	SE GPS	
CONDENSATE	4	400 BBLS	STEEL AST	,	
S/AV:	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/Action Required		Comment	Corrective Action	CA Date

Predrill

Location ID: 334778

Site Preparation:

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

S/AV: _____

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

Form 2A COAs:

Group	User	Comment	Date
Agency	kubeczko	<p>Comply with all DOE office of legacy management requests for sampling and analysis of natural gas and other materials associated with drilling and production. Operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations. If fluids are conveyed via pipeline, operator must implement best management practices to contain any unintentional release of fluids. Flowback to tanks only. Submit a secondary and tertiary containment plan via sundry notice form 4 for the tanks. Attn: Chris Canfield. Obtain approval of the plan prior to flowback. Produced water from this location may not be transported to or re-used at another location without specific written approval from COGCC and only after analysis confirms compliance with the Rulison SAP. Drill solids and cuttings from this location may not be transported to, disposed of or re-used at another location without specific written approval from COGCC and only after analysis confirms compliance with the Rulison SAP. A closed loop mud system shall be utilized to ensure containment of all materials that have been in contact with downhole strata and fluids. All cuttings and fresh make up water storage pits shall be lined to ensure containment. Contour features, french drains and other stormwater BMPs as necessary shall be employed to ensure site integrity. No individual operator shall utilize more than one rig within one mile of the project rulison blast site at any given time and no individual operator shall utilize more than two rigs within a three mile radius of the site at any given time. The total number of rigs allowed by all operators within three miles of the site shall be limited to five at any given time. Operator shall comply with all provisions of the most recent COGCC approved revision of the rulison sampling and analysis plan. In addition to the produced water sampling and analysis outlined in section 5.8 of the plan the operators shall also obtain and analyze produced water samples on wells described in the plan for constituents listed in the plan using the specified method where applicable. Pit construction shall comply with the "reserve pit and liner design technical specifications," dated July 2008. 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. 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>	04/20/2010

S/AV: _____ **Comment:** Secondary containment in place around fluids. No cutting on location.

CA: _____ **Date:** _____

Wildlife BMPs:

BMP Type	Comment
PROPOSED BMPs	<p>LARAMIE ENERGY II, LLC</p> <p>Best Management Practices (BMP's)</p> <p>To Reduce Impacts to Wildlife</p> <p>For Operations in the</p> <p>Piceance Basin</p> <p>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.</p> <p>**Specific to Proposed Furr 22 -07 (F -1) Pad: Existing access road to location crosses BLM</p>

lands with December 1 — April 30 Winter Wildlife Restriction.

Initial Stages for Infrastructure and Roads

1. 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.
- 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.

2. Well pad design and location

- 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.

PROPOSED BMPs	<p>Laramie Energy II, LLC</p> <p>Design Rights -of Way widths to the minimum needed for safe and efficient construction of pipelines</p> <p>Remote Telemetry for production operations</p> <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. <p>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> <p>4. Reclamation</p> <ul style="list-style-type: none">-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.
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LARAMIE 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

- Review State GIS and Federal GIS mapping databases 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.
- 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 reclamation

<p>PROPOSED BMPs</p>	<p>PROPOSED BMP's</p> <p>LARAMIE ENERGY II, LLC</p> <p>Furr 22 -07 (F -1) Pad</p> <p>Lat: 39.423882 Long: - 107.982243</p> <p>SWNE Sec. 22, Twn. 7S, Rng. 95W 6th PM</p> <p>Garfield County, CO</p> <p>Stormwater Management</p> <p>Stormwater Management will be managed under (Laramie Energy II) LE II's Stormwater Management Plan known as the "Jacks Pocket Production Field" under CDPHE General Permit No. COR- 03A897.</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> <p>Rock Check dams</p> <p>Settling ponds</p> <p>Straw waddles</p> <p>Silt Fencing (used sparingly)</p> <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> <p>Once the wells are drilled and completed onsite Laramie Energy II's "Jacks Pocket and Reppo Areas" SPCC plan will be amended to include the site as part of the plan.</p>
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S/A/V: _____ **Comment:** Site has had iterim reclamation performed. **Date:** _____

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: 286087 Type: WELL API Number: 045-12613 Status: PR Insp. Status: PR

Producing Well

Comment: **PR**

Facility ID: 286729 Type: WELL API Number: 045-12738 Status: PR Insp. Status: PR

Producing Well

Comment: **PR**

Facility ID: 286730 Type: WELL API Number: 045-12737 Status: PR Insp. Status: PR

Producing Well

Comment: **PR**

Facility ID: 290461 Type: WELL API Number: 045-14122 Status: PR Insp. Status: PR

Producing Well

Comment: **PR**

Facility ID: 290462 Type: WELL API Number: 045-14123 Status: PR Insp. Status: PR

Producing Well

Comment: **PR**

Facility ID: 412507 Type: WELL API Number: 045-18463 Status: XX Insp. Status: XX

Facility ID: 412509 Type: WELL API Number: 045-18472 Status: PR Insp. Status: PR

Producing Well

Comment: PR

Facility ID: 418133 Type: WELL API Number: 045-19683 Status: PR Insp. Status: PR

Producing Well

Comment: PR

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? _____ CM _____ CA _____ CA Date _____
Waste Material Onsite? _____ CM _____ CA _____ CA Date _____
Unused or unneeded equipment onsite? _____ 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? Pass Production areas stabilized? _____
 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 Pass 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
Seeding	Pass					
Retention Ponds	Pass					
Drains	Pass					
Berms	Pass	Compaction	Fail			
Compaction	Fail	Gravel	Fail			
Gravel	Fail					
Ditches	Pass	Drains	Pass			

Inspector Name: CONKLIN, CURTIS

S/A/V:	ACTION REQUIRED	Corrective Date:	01/30/2015
Comment:	Rutting on location and erosion of cut slope on south end of location. See attached photos.		
CA:	Submit plan and time line for repair to areas of concern.		

Pits:	<input checked="" type="checkbox"/> NO SURFACE INDICATION OF PIT
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Attached Documents

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

Document Num	Description	URL
675200935	Furr22-07 (F1) Pad	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3502583

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)