

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:
12/08/2014

Document Number:
667400504

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>258177</u>	<u>331062</u>	<u>ALLISON, RICK</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>10112</u>
Name of Operator:	<u>FOUNDATION ENERGY MANAGEMENT LLC</u>
Address:	<u>16000 DALLAS PARKWAY #875</u>
City:	<u>DALLAS</u> State: <u>TX</u> Zip: <u>75248-</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
Grant, Rachel		rgrant@foundationenergy.com	
Rains, Bill		bill.rains@state.co.us	

Compliance Summary:

QtrQtr: NWSE Sec: 34 Twp: 8N Range: 60W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
10/04/2007	200120330	PR	PR	ACTION REQUIRED			Yes
09/27/2007	200120325	PR	PR	ACTION REQUIRED			Yes
10/19/2000	200011429	PR	WO	SATISFACTORY	I	Fail	No
10/16/2000	200011445	DG	DG	SATISFACTORY	I	Pass	No

Inspector Comment:

COGCC Environmental Inspection: Pit lacks 2+ feet freeboard and appears to seep from east wall. COGCC collected samples for analysis. Report is attached. Results indicate seeping water is impacting adjacent soil. Operator shall investigate the extent of produced water impact to surrounding soil and shall stop seepage from the pit. Submit a Form 27 Site Investigation and Remediation Workplan for the investigation of the impacts related to the pit seepage and a plan for preventing further seepage. Operator shall immediately restore 2+feet of freeboard to the pit. Fiberglass AST on location is connected to the Heater Treater and lacks secondary containment. Immediately provide secondary containment for fiberglass AST. No signs are present at the wellhead, or at the production facility. Pit Facility ID 273442 and 273443 (the Hoffman 34-7 #1 and Hoffman 34-7 #2) still show Diversified Operating as the Operator. If Foundation is operating these pits to serve the Hoffman 34-10 then Foundation must submit a Form 10 Change of Operator to transfer the pits.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
258177	WELL	PR	11/01/2000	OW	123-20097	HOFFMAN 34-10	PR <input type="checkbox"/>
331062	LOCATION	AC			-	HOFFMAN-68N60W 34NWSE	EI <input checked="" type="checkbox"/>

Equipment:

Location Inventory

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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

Emergency Contact Number (S/A/V): _____ ACTION _____ Corrective Date: 01/20/2015

Comment: No signs are present at the wellhead or tank battery.

Corrective Action: Install signs per Rule 209.

Spills:

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

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	1	300 BBLS	FIBERGLASS AST	,

S/A/V: ACTION REQUIRED Comment: Fiberglass AST connected to Heater Treater lacks containment.

Corrective Action: _____ Corrective Date: 01/01/2015

Paint

Condition	_____
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Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Other				

Corrective Action: Install secondary containment per Rule 605.a. Corrective Date: 01/01/2015

Comment: _____

Venting:

Yes/No	Comment

Flaring:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 258177

Site Preparation:

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

S/AV: _____

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

Form 2A COAs:

S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

S/AV: _____ **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: 331062 Type: LOCATION API Number: - Status: AC Insp. Status: EI

Environmental

Spills/Releases:

Type of Spill: WATER Description: From Pit Estimated Spill Volume: _____

Comment: Pit is seeping from berm onto adjacent cropland. Sample Collected at GPS point below. Sample summary results: SAR in soil = 110; Benzene in ponded water at base = 36 ug/l; TPH-DRO in soil = 12 mg/kg.

Corrective Action: Investigate extent of impact from produced water Submit Form 19 and 27 as applicable Date: 01/31/2015

Reportable: _____ GPS: Lat 40.621380 Long -104.074660

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: _____

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? _____ 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? _____ 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 _____ 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: _____

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

S/A/V: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

Pit Type: Produced Water Lined: NO Pit ID: _____ Lat: _____ Long: _____

Lining:

Liner Type: _____ Liner Condition: _____

Comment: _____

Fencing:

Fencing Type: None Fencing Condition: _____

Comment: _____

Netting:

Netting Type: _____ Netting Condition: _____

Comment: _____

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

Pit (S/A/V): **ACTION** Comment: Pit lacks freeboard and There is evidence of seepage from the pit wall on the east side of the second pit. COGCC collected water and soil samples for analysis. BTEX concentrations in the water sample collected from the water at the base of the pit berm exceed Table 910-1 Standards. SAR in soil exceeds Table 910-1.

Corrective Action: Operator shall immediately restore 2+ feet of freeboard to the pit. Operator shall investigate seepage from pit berm and investigate the degree of released produced water from the pit. Submit a Form 27 with a plan for this investigation. If a reportable quantity of produced water has been release submit a Form 19. Date: **01/31/2015**

Attached Documents

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

Document Num	Description	URL
667400505	Area of seepage from pit wall	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3510767
667400506	Produced water seepage and frozen on cropland	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3510768
667400507	Weeds in pit and lack of 2+ feet freeboard	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3510770
667400508	Lack of 2+ feet freeboard, evidence of oil on water	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3510771
667400509	Fiberglass AST, no secondary containment	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3510772
667400510	Laboratory Analytical Report	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3510773

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.)