

**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:  
12/29/2014

Document Number:  
674300143

Overall Inspection:

**ACTION REQUIRED**

**FIELD INSPECTION FORM**

|                     |               |               |                      |                          |             |
|---------------------|---------------|---------------|----------------------|--------------------------|-------------|
| Location Identifier | Facility ID   | Loc ID        | Inspector Name:      | On-Site Inspection       | 2A Doc Num: |
|                     | <u>335165</u> | <u>335165</u> | <u>Spencer, Stan</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                                       |
|----------------|--------------|-----------------------------|---|
| Fischer, Alex  |              | alex.fischer@state.co.us    |   |
| Bankert, Wayne | 970-812-5310 | wbankert@laramie-energy.com | Senior Regulatory & Environmental Coordinator |
| Lujan, Carlos  |              | carlos.lujan@state.co.us    |   |

**Compliance Summary:**

QtrQtr: NWNE Sec: 30 Twp: 6S Range: 93W

**Inspector Comment:**

Site visit by Stan Spencer and Carlos Lujan to ases potential impact of tank release of 150 bbl condensate plus 210 bbl PW. Spill report #400759851 received 12/29/14. Entire 400bbl tank released due to frozen/separated ball valve. Tanks are contained in PVC-lined steel SPCC, however containment appears to have failed due to unsealed vertical pipe perforations in the liner. All liquids were lost to permeable soils including gravel-bedded pipe trenches beneath the liner. SPCC contained 8-10 inches of snow with no evidence of liquids on the surface other than between the spill pont and liner perforations. Piceance has shut in the wells and emptied tanks. Temporary lined, bermed, containment was under construction at the time of site visit for excavation of gravel, liner and soils from tank area. Adjacent ephemeral drainage (dry and snow-filled) to the NE was observed for 300-400 feet downstream with no evidence of impact such as surface discharge or seeps. This drainage is ~30 vertical feet below pad and will require ongoing monitoring. Piceance has contracted HRL, Inc. to assist with assessment and remediation and will prepare a Form 27 inconultation and approval by COGCC. See attached photos

**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num   | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|
| 275310      | WELL | PR     | 11/14/2006  | GW         | 045-13517 | HOOKER 30-02D | PR          |
| 280809      | WELL | AL     | 09/09/2008  | LO         | 045-11359 | HOOKER 30-3   | AL          |
| 280810      | WELL | PR     | 11/14/2006  | GW         | 045-11360 | HOOKER 30-02A | PR          |
| 280835      | WELL | AL     | 09/09/2008  | LO         | 045-11372 | HOOKER 30-15  | AL          |
| 280836      | WELL | PR     | 11/14/2006  | GW         | 045-11373 | HOOKER 30-01C | PR          |
| 281719      | WELL | PR     | 11/14/2006  | GW         | 045-11498 | HOOKER 30-02C | PR          |

**Equipment:**

Location Inventory

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

Inspector Name: Spencer, Stan

|                              |                        |                     |                         |
|------------------------------|------------------------|---------------------|-------------------------|
| 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): \_\_\_\_\_ Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

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

| <b>Venting:</b> |         |
|-----------------|---------|
| Yes/No          | Comment |
|                 |         |

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

**Predrill**

Location ID: 335165

**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:

**Environmental**

**Spills/Releases:**

Type of Spill: CONDENSATE Description: condensate and PW Estimated Spill Volume: 360

Comment: Site visit by Stan Spencer and Carlos Lujan to ases potential impact of tank release of 150 bbl condensate plus 210 bbl PW. Spill report #400759851 received 12/29/14. Entire 400 bbl tank released due to frozen/separated ball valve. Tanks are contained in PVC-lined steel SPCC, however containment appears to have failed due to unsealed vertical pipe perforations in the liner. All liquids were lost to permeable soils including gravel-bedded pipe trenches beneath the liner. SPCC contained 8-10 inches of snow with no evidence of liquids on the surface other than between the spill pont and liner perforations. Piceance has shut in the wells and emptied tanks. Temporary lined, bermed, containment was under construction at the time of site visit for excavation of gravel, liner and soils from tank area. Adjacent ephemeral drainage (dry and snow-filled) to the NE was observed for 300-400 feet downstream with no evidence of impact such as surface discharge or seeps. This drainage is ~30 vertical feet below pad and will require ongoing monitoring. Piceance has contracted HRL, Inc. to assist with assessment and remediation and will prepare a Form 27 inconsultation and approval by COGCC. See attached photos

Corrective Action: **Form 27 Assessment and Remediation Plan** Date: **01/30/2015**

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: \_\_\_\_\_

**Complaint:**

| Tracking Num | Category | Assigned To  | Description  | Incident Date |
|--------------|----------|--------------|--|---------------|
| 1260578      | ODOR     | Graham, Dave | BOB HOOKER IS COMPLAINING ABOUT ODOR, AND HAS TAKEN A AIR SAMPLE. JIM RADA WITH THE GARFIELD COUNTY ENVIROMENTAL HEALTH HAS INFORMED THE COMMISSION THAT THE AIR QUALITY IS BEING IMPACTED BY PETRO-GULFS USE OF AN ONSITE PIT EVAPORATION SYSTEM. THERE ALSO WAS OIL ON THE PIT, THAT WOULD CAUSE AN ODOR. UPON INSPECTION WE COULD SEE A SMALL AMOUNT OF VEGETATION LOSS ON THE SOUTH EAST CORNER OF THE PIT. NOAVS WILL BE SENT TO THE OPERATOR FOR THESE VIOLATIONS. THE PIT WILL BE CLEANED UP IN 24 HOURS. THE SPRINKLERS WILL NO LONGER BE USED AT THIS PIT. AND RECLAMATION ON LOST VEGETATION WILL HAVE TO BE DONE. | 08/03/2006    |

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

**COGCC Comments**

| Comment   | User     | Date       |
|---|----------|------------|
| Submit Form 27 plan to assess and remediate soil and/or groundwater to Table 910-1 standards. Conduct periodic monitoring of adjacent drainage for seeps or flow and if detected sample for 910-1 water quality parameters. | spencers | 12/30/2014 |

**Attached Documents**

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

| Document Num | Description  | URL   |
|--------------|--|---|
| 674300144    | Liner failure area of subsurface drainage-N of tanks | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517815">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517815</a> |
| 674300145    | Spill release point between tanks S end of SPCC      | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517816">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517816</a> |
| 674300146    | Drainage to NE of pad                                | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517817">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517817</a> |
| 674300147    | View of pad looking SW                               | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517818">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3517818</a> |

## **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.)