

**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:
01/27/2015Document Number:
667400555Overall Inspection:
SATISFACTORY**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 263494 | 331563 | ALLISON, RICK | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 10112Name of Operator: FOUNDATION ENERGY MANAGEMENT LLCAddress: 16000 DALLAS PARKWAY #875City: DALLAS State: TX Zip: 75248-

- ☒ 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 | |

Compliance Summary:QtrQtr: SESE Sec: 36 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) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 05/03/2011 | 200309460 | ES | PR | ACTION REQUIRED | | | Yes |
| 09/27/2007 | 200119759 | PR | PR | ACTION REQUIRED | | | Yes |
| 05/09/2007 | 200110533 | ES | AO | ACTION REQUIRED | | Fail | Yes |
| 03/15/2006 | 200087020 | ES | PR | ACTION REQUIRED | | Fail | Yes |
| 04/01/2004 | 200052437 | ES | PR | ACTION REQUIRED | | Fail | Yes |
| 04/15/2003 | 200037489 | PR | PR | SATISFACTORY | | Pass | No |

Inspector Comment:

Followup inspection to Inspection #200309460 from 5/3/2011. Equipment and fresh material are on location - Operator appears in process of improving containment berms.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 263494 | WELL | PR | 10/15/2002 | OW | 123-20908 | STATE 36-16 | EI | <input checked="" type="checkbox"/> |
| 273446 | PIT | AC | | | - | STATE 36-16 | EI | <input checked="" type="checkbox"/> |

Equipment:Location Inventory

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

Inspector Name: ALLISON, RICK

Location

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

Corrective Date: 03/01/2015

Comment: Sticker on old Diversified sign is becoming illegible

Corrective Action: Improve signage to make emergency contact number visible

Spills:

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

☐ Multiple Spills and Releases?

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-------------------------|---|------------------------------|---------|-------------------|---------|
| Veritcal Heater Treater | 1 | SATISFACTORY | | | |

Facilities:

☐ New Tank

Tank ID: _____

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

S/A/V: SATISFACTORY

Comment:

Corrective Action:

Corrective Date:

Paint

| | |
|-----------|--|
| Condition | |
|-----------|--|

Other (Content)

Other (Capacity)

Other (Type)

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|-------|------------|---------------------|---------------------|-------------|
| Earth | Inadequate | Walls Insufficient | Base Sufficient | Inadequate |

Corrective Action: Improve capacity at produced water tank

Corrective Date: 02/27/2015

Comment

Facilities:

☐ New Tank

Tank ID: _____

| Contents | # | Capacity | Type | SE GPS |
|-----------|---|----------|-----------|--------|
| CRUDE OIL | 3 | 300 BBLS | STEEL AST | , |

S/A/V: ACTION REQUIRED

Comment: Oil leaking from thief hatches on ASTs

Corrective Action: Correct oil leaks from thief hatches

Corrective Date: 02/27/2015

Paint

| | |
|-----------|------------|
| Condition | Inadequate |
|-----------|------------|

Other (Content)

Other (Capacity)

Other (Type)

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|-------|----------|---------------------|---------------------|-------------|
| Earth | Adequate | Walls Sufficent | Base Sufficient | Adequate |

Corrective Action

Corrective Date

| | |
|---------|-----------------------|
| Comment | Berms recently graded |
|---------|-----------------------|

| | | |
|-----------------|---------|--|
| Venting: | | |
| Yes/No | Comment | |
| | | |

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

Predrill

Location ID: 263494

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: 263494 Type: WELL API Number: 123-20908 Status: PR Insp. Status: EI

Inspector Name: ALLISON, RICK

Facility ID: 273446 Type: PIT API Number: - Status: AC Insp. Status: EI

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:

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:

Inspector Name: ALLISON, RICK

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

Inspector Name: ALLISON, RICK

Pit Type: Produced Water Lined: NO Pit ID: 273446 Lat: 40.611835 Long: -104.034734

Lining:

Liner Type: _____ Liner Condition: _____

Comment: _____

Fencing:

Fencing Type: Livestock Fencing Condition: _____

Comment: Location is fenced

Netting:

Netting Type: Metal Grid Netting Condition: _____ Holes _____

Comment: Gaps in netting may allow entry by birds

Anchor Trench Present: _____ Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/A/V): SATISFACTOR Comment: Improve netting. Berms around skim tank recently graded.

Corrective Action: _____ Date: _____

| | | | |
|---------|-------------|------------|-----------------|
| Permit: | Facility ID | Permit Num | Expiration Date |
| | 273446 | 1126922 | |