

**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:

02/25/2015

Document Number:

675201252

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	334426	334426	CONKLIN, CURTIS	<input type="checkbox"/>	

Operator Information:OGCC Operator Number: 10433Name of Operator: PICEANCE ENERGY LLCAddress: 1512 LARIMER STREET #1000City: DENVER State: CO Zip: 80202

- ☐ 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
Bankert, Wayne	(970) 683-5419	wbankert@laramie-energy.com	Senior Regulatory & Environmental Coordinator

Compliance Summary:QtrQtr: SENE Sec: 29 Twp: 9S Range: 93W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
08/14/2013	668500317			SATISFACTORY		Pass	No

Inspector Comment:**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
298709	WELL	XX	10/21/2014	LO	077-09756	Gunderson 29-05E	WO	<input checked="" type="checkbox"/>
299043	WELL	XX	10/21/2014	LO	077-09758	Gunderson 29-06E	WO	<input checked="" type="checkbox"/>
299044	WELL	XX	10/21/2014	LO	077-09759	Gunderson 29-07E	WO	<input checked="" type="checkbox"/>
299045	WELL	XX	10/22/2014	LO	077-09760	Gunderson 29-08E	WO	<input checked="" type="checkbox"/>
299046	WELL	XX	10/22/2014	LO	077-09761	Gunderson 29-08M	WO	<input checked="" type="checkbox"/>
299047	WELL	XX	10/22/2014	LO	077-09762	Gunderson 29-09E	WO	<input checked="" type="checkbox"/>
299048	WELL	XX	10/22/2014	LO	077-09763	Gunderson 29-09M	WO	<input checked="" type="checkbox"/>
299049	WELL	XX	10/22/2014	LO	077-09764	Gunderson 29-10E	WO	<input checked="" type="checkbox"/>
299050	WELL	XX	10/22/2014	LO	077-09765	Gunderson 29-10M	WO	<input checked="" type="checkbox"/>
299051	WELL	XX	10/22/2014	LO	077-09766	Gunderson 29-11M	WO	<input checked="" type="checkbox"/>

Inspector Name: CONKLIN, CURTIS

299053	WELL	XX	10/21/2014	LO	077-09767	Gunderson 29-04E	WO	X
299054	WELL	XX	10/22/2014	LO	077-09768	Gunderson 29-11E	WO	X
299055	WELL	XX	10/27/2014	LO	077-09769	Gunderson 29-12E	WO	X
439999	WELL	XX	11/20/2014		077-10225	Gunderson 29-13M	WO	X
440000	WELL	XX	11/20/2014		077-10226	Gunderson 29-14M	WO	X
440001	WELL	XX	11/20/2014		077-10227	Gunderson 29-15M	WO	X
440002	WELL	XX	11/20/2014		077-10228	Gunderson 29-12M	WO	X
440003	WELL	XX	11/20/2014		077-10229	Gunderson 29-16E	WO	X
440004	WELL	XX	11/20/2014		077-10230	Gunderson 29-14E	WO	X
440005	WELL	XX	11/20/2014		077-10231	Gunderson 29-13E	WO	X
440006	WELL	XX	11/20/2014		077-10232	Gunderson 29-15E	WO	X

Equipment:Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>21</u>	Production Pits: _____
Condensate Tanks: <u>10</u>	Water Tanks: _____	Separators: <u>22</u>	Electric Motors: _____
Gas or Diesel Motors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
Gas Compressors: _____	VOC Combustor: <u>1</u>	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	ACTION REQUIRED	No signs at wellheads. See attached photo.	Install sign to comply with rule 210.	03/25/2015

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

Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

Type	Area	Volume	Corrective action	CA Date
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☐ Multiple Spills and Releases?**Venting:**

Yes/No	Comment
NO	

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

Predrill

Location ID: 334426

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkd	<p>The moisture content of drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. After drilling and completion operations have been completed, the drill cuttings that will remain on the well pad location (cuttings management area, the cut portion of the pad, cuttings trench, dry cuttings drilling pit), must meet the applicable standards of Table 910-1. After the drill cuttings have been amended (if necessary) and placed on the well pad, sampling frequency of the drill cuttings (to be determined by the operator) shall be representative of the material left on location. No offsite disposal of cuttings to another oil and gas location shall occur without prior approval of a Waste Management Plan (submitted via a Form 4 Sundry Notice) specifying disposal location and waste characterization method. No offsite reuse of cuttings to another oil and gas location shall occur without prior approval of a Beneficial Reuse or Land Application Plan (submitted via a Form 4 Sundry Notice) specifying reuse or application, location, and waste characterization method. Commercial disposal of drill cuttings will only require notification to COGCC via a Form 4 Sundry Notice.</p> <p>If the well(s) is(are) to be hydraulically stimulated, flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or storage vessel located on the well pad; or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area constructed to be sufficiently impervious to contain any spilled or released material.</p> <p>Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated.</p>	10/21/2014
OGLA	kubeczkd	Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, pipeline testing, start of hydraulic stimulation operations, and start of flowback operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).	10/21/2014

OGLA	kubeczkd	<p>Operator must ensure secondary containment for any volume of fluids contained at tank site during operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days and after precipitation events), and maintained in good condition.</p> <p>The access road will be constructed and maintained as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water.</p> <p>Strategically apply fugitive dust control measures, including enforcing established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.</p> <p>Berms or other containment devices shall be constructed to be sufficiently impervious (corrugated steel with poly liner) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.</p>	10/21/2014
OGLA	kubeczkd	<p>Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface or permanent buried pipelines and following any reconfiguration of the pipeline network.</p> <p>Operator will utilize, to the extent practical, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines. This will reduce surface disturbance and fragmentation of wildlife habitat in the area.</p>	10/21/2014

S/A/V: _____ **Comment:** No activity on location at time of inspection.

CA: _____

Date: _____

Wildlife BMPs:

BMP Type	Comment
Wildlife	<p>PICEANCE ENERGY, LLC</p> <p>Best Management Practices (BMP's) To Reduce Impacts to Wildlife on the Gunderson 29-09 Pad For Operations in Sec. 29, Twn. 9S, Rng. 93W 6th PM Mesa County, CO</p> <p>COGCC Mapping indicates: ** NO RSO (Restricted Surface Occupancy) on the Gunderson 29-09 Pad ** SWH (Elk Winter Range and Black Bear) on the Gunderson 29-09 Pad Note: COGCC Order 399-7 Excuses Piceance Energy from consultation with CDOW (CPW) contained in rule 306c.</p> <p>In an effort to minimize the impacts to wildlife, the following BMP's are part of Piceance Energy's (PE) standard operating procedures for drilling and operations within the Piceance Basin. This list is a partial of PE's policy.</p> <p>Initial Stages for Infrastructure and Roads</p> <p>1. Road design and General</p> <ul style="list-style-type: none"> - 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. PE currently plans and attempts to locate pads for the maximum number of wells which can safely be developed from each pad. This is normally 16-20 wells per pad 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.
- Design Rights-of Way widths to the minimum needed for safe and efficient construction of pipelines
- Remote Telemetry for production operations

3. Drilling and Production Operations

- 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.)
- PE implements a dewatering system in its operations. No fluid pits are constructed or used during drilling or completion operations.
- PE implements an aggressive weed management program. PE incorporates and uses the BLM Colorado River Valley Field Office's "Noxious and Invasive Weed Management Plan for Oil and Gas Operators- March 2007" for all operations. Each spring, Piceance Energy 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.

4. Reclamation

- 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.

PICEANCE ENERGY, LLC
 BMPS FOR
 Sensitive Wildlife Habitat and Restricted Surface Occupancy
 Areas Specific to Piceance Energy, LLC
 Operations within the Piceance Basin
 Mesa 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 CPW .

Signature /s/ Wayne P. Bankert Date 9/19/2014
 Wayne P. Bankert
 Senior Reg. & Env. Coordinator

Storm Water/Erosion
 Control

CDPHE Stormwater Certification Number COR03K454 for North Vega Project Area includes this location.

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: 298709 Type: WELL API Number: 077-09756 Status: XX Insp. Status: WO

Facility ID: 299043	Type: WELL	API Number: 077-09758	Status: XX	Insp. Status: WO
Facility ID: 299044	Type: WELL	API Number: 077-09759	Status: XX	Insp. Status: WO
Facility ID: 299045	Type: WELL	API Number: 077-09760	Status: XX	Insp. Status: WO
Facility ID: 299046	Type: WELL	API Number: 077-09761	Status: XX	Insp. Status: WO
Facility ID: 299047	Type: WELL	API Number: 077-09762	Status: XX	Insp. Status: WO
Facility ID: 299048	Type: WELL	API Number: 077-09763	Status: XX	Insp. Status: WO
Facility ID: 299049	Type: WELL	API Number: 077-09764	Status: XX	Insp. Status: WO
Facility ID: 299050	Type: WELL	API Number: 077-09765	Status: XX	Insp. Status: WO
Facility ID: 299051	Type: WELL	API Number: 077-09766	Status: XX	Insp. Status: WO
Facility ID: 299053	Type: WELL	API Number: 077-09767	Status: XX	Insp. Status: WO
Facility ID: 299054	Type: WELL	API Number: 077-09768	Status: XX	Insp. Status: WO
Facility ID: 299055	Type: WELL	API Number: 077-09769	Status: XX	Insp. Status: WO
Facility ID: 439999	Type: WELL	API Number: 077-10225	Status: XX	Insp. Status: WO
Facility ID: 440000	Type: WELL	API Number: 077-10226	Status: XX	Insp. Status: WO
Facility ID: 440001	Type: WELL	API Number: 077-10227	Status: XX	Insp. Status: WO
Facility ID: 440002	Type: WELL	API Number: 077-10228	Status: XX	Insp. Status: WO
Facility ID: 440003	Type: WELL	API Number: 077-10229	Status: XX	Insp. Status: WO
Facility ID: 440004	Type: WELL	API Number: 077-10230	Status: XX	Insp. Status: WO
Facility ID: 440005	Type: WELL	API Number: 077-10231	Status: XX	Insp. Status: WO
Facility ID: 440006	Type: WELL	API Number: 077-10232	Status: XX	Insp. Status: WO

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, RECREATIONAL
 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

Inspector Name: CONKLIN, CURTIS

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: RANGELAND, RECREATIONAL

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
Slope Roughening	Pass					
Berms	Pass	Compaction	Pass			
Compaction	Pass	Culverts	Pass			
Ditches	Pass					

S/A/V: _____ Corrective Date: _____

Comment: Could not do complete stormwater inspection due to snow cover.

CA: _____

Pits: ☒ NO SURFACE INDICATION OF PIT

Attached Documents

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

Document Num	Description	URL
675201253	Wellheads missing correct signage.	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3557719

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.)