

**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:
05/28/2015Document Number:
667400659

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 333083 | 333083 | ALLISON, RICK | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 10312Name of Operator: PROSPECT ENERGY LLCAddress: 500 DALLAS STREET SUITE 1800City: HOUSTON State: TX Zip: 77002

- ☐ 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 |
|--------------|----------------------|------------------------|------------|
| Dene Martin | | dmartin@memorialrd.com | |
| Griggs, Mary | 303-973-3228 x233 | mgriggs@memorialrd.com | Regulatory |

Compliance Summary:QtrQtr: NWNW Sec: 30 Twp: 8N Range: 68W**Inspector Comment:**

COGCC Environmental Staff Followup Inspection of Spill Facility ID #441826 and 441871; See spill section of this report for corrective actions

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------------------|--------|-------------|------------|-----------|---------------------|-------------|-------------------------------------|
| 217066 | WELL | PR | 10/01/2011 | OW | 069-06253 | MSSU 30-8 | EI | <input checked="" type="checkbox"/> |
| 217067 | WELL | PR | 11/13/2012 | OW | 069-06254 | Hearthfire 1 | EI | <input checked="" type="checkbox"/> |
| 441826 | SPILL OR RELEASE | AC | 05/19/2015 | | - | SPILL/RELEASE POINT | EI | <input checked="" type="checkbox"/> |
| 441871 | SPILL OR RELEASE | AC | | | - | SPILL/RELEASE POINT | 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: _____ |

Location

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

Corrective Date: _____

Comment: _____

Inspector Name: ALLISON, RICK

Corrective Action: _____

Spills:

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

☐ Multiple Spills and Releases?

Venting:

| Yes/No | Comment |
|--------|---------|
|--------|---------|

Flaring:

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

Predrill

Location ID: 333083

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: 217066 Type: WELL API Number: 069-06253 Status: PR Insp. Status: EI

Facility ID: 217067 Type: WELL API Number: 069-06254 Status: PR Insp. Status: EI

Facility ID: 441826 Type: SPILL OR API Number: - Status: AC Insp. Status: EI

Facility ID: 441871 Type: SPILL OR API Number: - Status: AC Insp. Status: EI

Environmental**Spills/Releases:**

Type of Spill: WATER Description: Estimated Spill Volume:

Comment: Corrective action date refers to the Supplemental Report required by Rule 906.b. Additional Supplemental Reports may be filed after that date as additional documentation becomes available. Initial impact related to spill 441826 had been excavated and is stored on location. A subsequent release occurred from a produced water line in the excavation. Release occurred due to a corrosion hole in the steel line. Majority of produced water has been removed from the excavation. Additional produced water is present on the surface in the southeast corner of the site near the pipe rack. This water is contained by the site berm, however this water must be removed and a soil sample must be collected from the area of standing water at the pipe rack. Additional soil samples will be required in the excavation to demonstrate soil remaining in the sidewalls and floor of the excavation meets the Table 910-1 Concentration Levels. Analyzed all soil samples for BTEX, TPH-GRO and TPH-DRO.

Corrective Action: Submit Form 19 Supplemental Report per Rule 906.b. Additional actions outlined above Date: 06/07/2015

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:

Waste Management:

| Type | Management | Condition | Comment | GPS (Lat) | (Long) |
|-----------|------------|-----------|--------------------------------------------------------------------------------------------------------------|-----------|--------|
| Oily Soil | Piles | Adequate | Improve containment around soil pile to prevent runoff of oily waste into downgradient site stormwater pond. | | |

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 REVEGETATIONCropland

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 _____

Inspector Name: ALLISON, RICK

| | | | | | | |
|--------------------------------------------------------------------|-----------------|----------------------------------------------------------|-----------------------|----------------------------------------------|--------------------------|---------|
| Overall Final Reclamation _____ | | Well Release on Active Location <input type="checkbox"/> | | Multi-Well Location <input type="checkbox"/> | | |
| 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: <input type="checkbox"/> 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 |
|--------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 667400660 | South end of excavation looking north | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615735 |
| 667400661 | South end of excavation | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615736 |
| 667400662 | Produced water ponded at southeast corner | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615737 |
| 667400663 | Produced water release in north end excavation | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615738 |
| 667400664 | Pipe joint from production line spill 441826 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615739 |
| 667400665 | Stockpiled soil | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615740 |
| 667400666 | Stockpiled soil with stormwater pond to north | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615741 |
| 667400667 | Corrosion hole from produced water line | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3615742 |

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.)