

**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:  
07/24/2015Document Number:  
680700252

Overall Inspection:

**ACTION REQUIRED****FIELD INSPECTION FORM**

|                     |             |        |                 |                          |             |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection       | 2A Doc Num: |
|                     | 424626      | 424628 | Peterson, Tom   | <input type="checkbox"/> |             |

**Operator Information:**OGCC Operator Number: 10311Name of Operator: SYNERGY RESOURCES CORPORATIONAddress: 20203 HIGHWAY 60City: PLATTEVILLE State: CO Zip: 80651

- ☐ 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         |
|-------------------|-------|-------------------------|-----------------|
| Pennington, David |       | dpennington@syrinfo.com | All inspections |

**Compliance Summary:**QtrQtr: NWSW Sec: 34 Twp: 4N Range: 68W

| Insp. Date | Doc Num   | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 01/07/2014 | 674100200 | PR         | PR          | SATISFACTORY                  | P        |                | No              |

**Inspector Comment:****Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num   | Facility Name | Insp Status |                                     |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 424626      | WELL | PR     | 05/05/2012  | GW         | 123-34118 | Margil 13-34D | PR          | <input checked="" type="checkbox"/> |
| 424636      | WELL | PR     | 05/01/2012  | OW         | 123-34122 | Margil 23-34D | PR          | <input checked="" type="checkbox"/> |
| 424637      | WELL | PR     | 05/05/2012  | OW         | 123-34123 | Margil 34BD   | PR          | <input checked="" type="checkbox"/> |
| 424638      | WELL | PR     | 05/05/2012  | OW         | 123-34124 | Margil 14-34D | PR          | <input checked="" type="checkbox"/> |
| 424639      | WELL | PR     | 05/05/2012  | OW         | 123-34125 | Margil 24-34D | PR          | <input checked="" type="checkbox"/> |

**Equipment:****Location Inventory**

|                              |                         |                      |                         |
|------------------------------|-------------------------|----------------------|-------------------------|
| Special Purpose Pits: _____  | Drilling Pits: _____    | Wells: <u>5</u>      | Production Pits: _____  |
| Condensate Tanks: <u>5</u>   | Water Tanks: <u>3</u>   | Separators: <u>5</u> | Electric Motors: _____  |
| Gas or Diesel Mortors: _____ | Cavity Pumps: _____     | LACT Unit: _____     | Pump Jacks: _____       |
| Electric Generators: _____   | Gas Pipeline: <u>1</u>  | Oil Pipeline: _____  | Water Pipeline: _____   |
| Gas Compressors: _____       | VOC Combustor: <u>2</u> | Oil Tanks: _____     | Dehydrator Units: _____ |
| Multi-Well Pits: _____       | Pigging Station: _____  | Flare: _____         | Fuel Tanks: _____       |

**Location**

Inspector Name: Peterson, Tom

| <b>Signs/Marker:</b> |                              |  |                                       |            |
|----------------------|------------------------------|--|---------------------------------------|------------|
| Type                 | Satisfactory/Action Required | Comment  | Corrective Action                     | CA Date    |
| TANK LABELS/PLACARDS | ACTION REQUIRED              | Capacity/contents placarding on produced water vaults have faded and are illegible. See attached photos. | Install sign to comply with rule 210. | 08/31/2015 |
| BATTERY              | SATISFACTORY                 |  |                                       |            |
| WELLHEAD             | ACTION REQUIRED              | No sign is present on Margil 14-34D wellhead.  | Install sign to comply with rule 210. | 08/31/2015 |

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

Corrective Date: \_\_\_\_\_

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

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

| <b>Spills:</b> |          |           |   |            |
|----------------|----------|-----------|---|------------|
| Type           | Area     | Volume    | Corrective action   | CA Date    |
| Crude Oil      | WELLHEAD | <= 5 bbls | Remove or remediate stained soil (<1 bbl) below master valves on Margil 14-34D and 23-34D wellheads. Repair all leaks. See attached photos. | 08/31/2015 |

☐ Multiple Spills and Releases?

| <b>Fencing/:</b> |                              |                         |                   |         |
|------------------|------------------------------|-------------------------|-------------------|---------|
| Type             | Satisfactory/Action Required | Comment                 | Corrective Action | CA Date |
| SEPARATOR        | SATISFACTORY                 | Architectural steel.    |                   |         |
| TANK BATTERY     | SATISFACTORY                 | Architectural steel.    |                   |         |
| WELLHEAD         | SATISFACTORY                 | Architectural steel x 5 |                   |         |

**Facilities:** ☐ New Tank Tank ID: \_\_\_\_\_

| Contents       | # | Capacity | Type           | SE GPS |
|----------------|---|----------|----------------|--------|
| PRODUCED WATER |   | 200 BBLS | PBV FIBERGLASS | ,      |

S/A/V: **ACTION REQUIRED** Comment: Areas around produced water vaults have subsided. See attached photos.

Corrective Action: **Backfill subsided areas.** Corrective Date: **08/31/2015**

**Paint**

| Condition | Adequate |
|-----------|----------|
|-----------|----------|

Other (Content) \_\_\_\_\_

Other (Capacity) \_\_\_\_\_

Other (Type) \_\_\_\_\_

**Berms**

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

Corrective Action \_\_\_\_\_ Corrective Date \_\_\_\_\_

Comment \_\_\_\_\_

**Facilities:** ☐ New Tank Tank ID: \_\_\_\_\_

Inspector Name: Peterson, Tom

|                    |                              |                     |                     |                  |
|--------------------|------------------------------|---------------------|---------------------|------------------|
| Contents           | #                            | Capacity            | Type                | SE GPS           |
| CRUDE OIL          |                              | 300 BBLS            | STEEL AST           | ,                |
| S/A/V:             | SATISFACTORY                 |                     | Comment:            |                  |
| Corrective Action: |                              |                     |                     | Corrective Date: |
| <b>Paint</b>       |                              |                     |                     |                  |
| Condition          | Adequate                     |                     |                     |                  |
| Other (Content)    |                              |                     |                     |                  |
| Other (Capacity)   |                              |                     |                     |                  |
| Other (Type)       |                              |                     |                     |                  |
| <b>Berms</b>       |                              |                     |                     |                  |
| Type               | Capacity                     | Permeability (Wall) | Permeability (Base) | Maintenance      |
| Earth              | Adequate                     | Walls Sufficent     | Base Sufficient     | Adequate         |
| Corrective Action  |                              |                     |                     | Corrective Date  |
| Comment            |                              |                     |                     |                  |
| <b>Venting:</b>    |                              |                     |                     |                  |
| Yes/No             | Comment                      |                     |                     |                  |
| NO                 |                              |                     |                     |                  |
| <b>Flaring:</b>    |                              |                     |                     |                  |
| Type               | Satisfactory/Action Required | Comment             | Corrective Action   | CA Date          |
|                    |                              |                     |                     |                  |

Inspector Name: Peterson, Tom

**Predrill**

Location ID: 424626

**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: 424626 Type: WELL API Number: 123-34118 Status: PR Insp. Status: PR

**Producing Well**

Comment: PR

**BradenHead**

Comment: Bradenhead is exposed at surface.

CA: \_\_\_\_\_

CA Date: \_\_\_\_\_

Facility ID: 424636 Type: WELL API Number: 123-34122 Status: PR Insp. Status: PR

**Producing Well**Comment: **PR****BradenHead**Comment: **Bradenhead is exposed at surface.**

CA:

CA Date:

Facility ID: 424637 Type: WELL API Number: 123-34123 Status: PR Insp. Status: PR

**Producing Well**Comment: **PR****BradenHead**Comment: **Bradenhead is exposed at surface.**

CA:

CA Date:

Facility ID: 424638 Type: WELL API Number: 123-34124 Status: PR Insp. Status: PR

**Producing Well**Comment: **PR****BradenHead**Comment: **Bradenhead is exposed at surface.**

CA:

CA Date:

Facility ID: 424639 Type: WELL API Number: 123-34125 Status: PR Insp. Status: PR

**Producing Well**Comment: **PR****BradenHead**Comment: **Bradenhead is exposed at surface.**

CA:

CA Date:

**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:

Inspector Name: Peterson, Tom

Emission Control Burner (ECB): Y \_\_\_\_\_

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

Pilot: ON \_\_\_\_\_ Wildlife Protection Devices (fired vessels): YES \_\_\_\_\_

**Reclamation - Storm Water - Pit**

**Interim Reclamation:**

Date Interim Reclamation Started: \_\_\_\_\_ Date Interim Reclamation Completed: \_\_\_\_\_

Land Use: DRY LAND

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

1003a. Debris removed? Pass CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Waste Material Onsite? Pass CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Unused or unneeded equipment onsite? Pass CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Pit, cellars, rat holes and other bores closed? Pass CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Guy line anchors removed? Pass 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: DRY LAND

Reminder: \_\_\_\_\_

Inspector Name: Peterson, Tom

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 | Fail            | Gravel                  | Pass                  |               |                          |         |

S/A/V: **ACTION REQUIRED**

Corrective Date: **08/31/2015**

Comment: **North and west walls behind production tanks has significant erosion into tank area. See attached photos.**

CA: **Add BMP's to walls to mitigate location degradation.**

**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   |
|--------------|---------------------------------|---|
| 680700253    | Margil 23-34 wellhead           | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650086">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650086</a> |
| 680700254    | Margil 14-34D wellhead          | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650087">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650087</a> |
| 680700255    | North wall erosion              | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650088">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650088</a> |
| 680700256    | West wall erosion               | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650089">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650089</a> |
| 680700257    | West wall erosion               | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650090">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650090</a> |
| 680700258    | Produced water vault subsidence | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650091">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650091</a> |
| 680700259    | Produced water vault subsidence | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650092">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650092</a> |
| 680700260    | Produced water vault placarding | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650093">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650093</a> |
| 680700261    | Produced water vault placarding | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650094">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3650094</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.)