

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:
07/23/2015

Document Number:
673901045

Overall Inspection:
SATISFACTORY

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|--------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>435244</u> | <u>435249</u> | <u>Rains, Bill</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|--|
| OGCC Operator Number: | <u>10373</u> |
| Name of Operator: | <u>NGL WATER SOLUTIONS DJ LLC</u> |
| Address: | <u>3773 CHERRY CRK NORTH DR #1000</u> |
| City: | <u>DENVER</u> State: <u>CO</u> Zip: <u>80209</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 |
|---------------|--------------|-----------------------------------|---------|
| GOTTLOB, PAUL | 720-420-5747 | paul.gottlob@iptenergyservice.com | |
| Koehler, Bob | | bob.koehler@state.co.us | |

Compliance Summary:

QtrQtr: SESE Sec: 27 Twp: 5N Range: 61W

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 435244 | WELL | IJ | 01/27/2015 | SI | 123-38533 | NGL C11 | AC | <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

| | | | |
|-------------------------------|-------------------------|---------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: <u>1</u> | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: <u>8</u> | Separators: _____ | Electric Motors: _____ |
| Gas or Diesel Mortors: _____ | Cavity Pumps: _____ | LACT Unit: _____ | Pump Jacks: <u>1</u> |
| Electric Generators: <u>1</u> | Gas Pipeline: _____ | Oil Pipeline: _____ | Water Pipeline: _____ |
| Gas Compressors: _____ | VOC Combustor: <u>1</u> | Oil Tanks: <u>4</u> | Dehydrator Units: _____ |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: _____ | Fuel Tanks: _____ |

Location

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------------------|------------------------------|---------|-------------------|---------|
| TANK LABELS/PLACARDS | SATISFACTORY | | | |
| WELLHEAD | SATISFACTORY | | | |
| BATTERY | SATISFACTORY | | | |

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

Corrective Date: _____

Comment:

Corrective Action:

Spills:

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

Fencing/:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------|------------------------------|---------|-------------------|---------|
| LOCATION | SATISFACTORY | Wire | | |

Facilities: New Tank Tank ID: _____

| Contents | # | Capacity | Type | SE GPS | |
|---------------------|-------------------|----------|----------------|------------------|--|
| OTHER | 1 | | FIBERGLASS AST | , | |
| S/A/V: SATISFACTORY | Comment: 800 bbls | | | | |
| Corrective Action: | | | | Corrective Date: | |

Paint

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

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
|-------------------|----------|---------------------|---------------------|-----------------|--|
| | | | | | |
| Corrective Action | | | | Corrective Date | |
| Comment | | | | | |

Facilities: New Tank Tank ID: _____

| Contents | # | Capacity | Type | SE GPS | |
|---------------------|----------|-----------|----------------|------------------|--|
| PRODUCED WATER | 3 | 1000 BBLs | FIBERGLASS AST | , | |
| S/A/V: SATISFACTORY | Comment: | | | | |
| Corrective Action: | | | | Corrective Date: | |

Paint

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

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
|-------------------|----------|---------------------|---------------------|-----------------|--|
| | | | | | |
| Corrective Action | | | | Corrective Date | |
| Comment | | | | | |

Facilities: New Tank Tank ID: _____

Inspector Name: Rains, Bill

| | | | | |
|--------------------|--------------|----------|-----------|-----------------------|
| Contents | # | Capacity | Type | SE GPS |
| CRUDE OIL | 5 | 400 BBLS | STEEL AST | 40.365920,-104.189320 |
| S/A/V: | SATISFACTORY | | Comment: | |
| Corrective Action: | | | | Corrective Date: |

Paint

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

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| | | | | |
|-------------------|--------------------|---------------------|---------------------|-----------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Concrete | Adequate | Walls Sufficient | Base Sufficient | Adequate |
| Corrective Action | | | | Corrective Date |
| Comment | Shared Containment | | | |

Facilities: New Tank Tank ID: _____

| | | | | |
|--------------------|--------------|----------|-------------------|------------------|
| Contents | # | Capacity | Type | SE GPS |
| PRODUCED WATER | 8 | | FIBERGLASS AST | , |
| S/A/V: | SATISFACTORY | | Comment: 750 bbls | |
| Corrective Action: | | | | Corrective Date: |

Paint

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

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| | | | | |
|-------------------|----------|---------------------|---------------------|-----------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| | | | | |
| Corrective Action | | | | Corrective Date |
| Comment | | | | |

Venting:

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

Flaring:

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

Predrill

Location ID: 435244

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

| Group | User | Comment | Date |
|-------|----------|---|------------|
| OGLA | andrewsd | LVSTs will be brought into service incrementally, by loading to 25%, 50%, 75%, and 100% capacity (subject to freeboard) and held at each level without leaks for 24-hours prior to increasing load. | 10/22/2013 |
| OGLA | andrewsd | Access to the tanks shall be controlled by the operator and limited to operational personnel, COGCC, or other Local Government Designee personnel. | 10/22/2013 |
| OGLA | andrewsd | Signs shall be posted on each LVST to indicate contents are freshwater and that no E&P waste fluids are allowed. Location and additional signage shall conform to Rule 210. | 10/22/2013 |
| OGLA | andrewsd | LVST installation oversight shall be provided by a Colorado Licensed Professional Engineer or their designated representative. | 10/22/2013 |
| OGLA | andrewsd | Large Volume Storage Tanks (LVSTs) shall not be located on non-engineered fill material. | 10/22/2013 |
| OGLA | andrewsd | Operators or their designated representatives shall conduct regular visual inspections of the exterior wall and general area for any integrity deficiencies. These inspections will be recorded and maintained for a period of at least 5 years per Rule 205. Inspection records shall be provided to the COGCC upon request. | 10/22/2013 |
| OGLA | andrewsd | All liner seams shall be welded at the liner manufacturers facility; field welded liners shall not be used. Liner material shall not be reused | 10/22/2013 |
| OGLA | andrewsd | Operator shall develop a Contingency Plan for any LVST leak or catastrophic failure of the tank integrity and resulting loss of fluid. The plan Should include a notification process to the COGCC and local Emergency authority (municipality, county, or both) for any failure and resulting loss of fluid. Best Management Practices shall be employed to prevent injuries, property damage or environmental impacts, such as erosion of onsite sediment into nearby surface water. The Contingency Plan shall be submitted to the COGCC as an attachment to the Form 2A or Form 4 Sundry Notice prior to construction and operation of the LVSTs. | 10/22/2013 |
| OGLA | andrewsd | LVSTs may only be utilized for the storage of freshwater. E&P wastes, including treated E&P wastes, are not allowed. | 10/22/2013 |
| OGLA | andrewsd | The operator shall notify the COGCC 48 hours prior to start of LVST construction, liner installation, start of hydrostatic testing, and start of hydraulic stimulation operations using COGCC Form 42. | 10/22/2013 |
| OGLA | andrewsd | Upon decommissioning, de minimus amounts of freshwater remaining in the LVSTs may be discharged onto the location. | 10/22/2013 |
| OGLA | andrewsd | Setback rules applicable to tanks at the time of permit application shall apply to the siting of the LVSTs. | 10/22/2013 |
| OGLA | andrewsd | LVSTs will be operated with a minimum of 1 foot freeboard. | 10/22/2013 |
| OGLA | andrewsd | Site preparation oversight will be provided by a Colorado Licensed Professional Engineer or their designated representative | 10/22/2013 |

S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|--------------------------------|--|
| Drilling/Completion Operations | <p>BBC will be utilizing 1 40,000 bbl tanks provided by Well Water Solutions. The tanks are approximately 156 feet in diameter and 12 feet tall. Well Water Solution's tanks are manufactured in accordance with designs and specifications that have been reviewed and certified by a Professional Engineer. The tanks will be erected by Well Water Solutions or a contractor authorized by Well Water Solutions to set up their tanks. The tanks will be filled with fresh water obtained from local fresh water sources. The tanks will be placed within the perimeter berm that will be constructed around the entire pad.</p> <p>The tank will be set on cut only. We also bring in dirt and create a solid, flat, and level area for the tank to sit on before the vender starts work on the tank. Then the vender digs a small trench and lays down a geo pad before starting to assemble the tank.</p> <p>During initial pad construction, compactors are utilized along with wetting of soil while compacting. Also all fittings and flow lines are schedule 80 (2400 psi WP) along with all connections being welded. Tanks will be placed on a bed of sand with a 36 mil synthetic liner that is attached to 3' corrugated containment.</p> <p>Please see diagrams attached.</p> |
| Storm Water/Erosion Control | <p>GENERAL</p> <ul style="list-style-type: none"> • Utilize diking and other forms of containment and diversions around tanks, drums, chemicals, liquids, pits, impoundments, or well pads • Use drip pans, sumps, or liners where appropriate • Limit the amount of land disturbed during construction of pad, access road, and facilities • Employ spill response plan (SPCC) for all facilities • Dispose properly offsite any wastes fluids and other materials <p>MATERIAL HANDLING, ACTIVITIES, PRACTICES AND STORM WATER DIVERSION</p> <ul style="list-style-type: none"> • Secondary containment of tanks, drums, and storage areas is mandatory to prohibit discharges to surface waters. A minimum of 110% capacity required of largest storage tank within a containment area • Material handling and spill prevention procedures and practices will be followed to help prohibit discharges to surface waters • Proper loading, and transportation procedures to be followed for all materials to and from locations <p>EROSION CONTROL</p> <ul style="list-style-type: none"> • Pad and access road to be designed to minimize erosion • Pad and access road to implement appropriate erosion control devices where necessary to minimize erosion • Routine inspections of sites and controls to be implemented with additions, repairs, and optimization to occur as necessary to minimize erosion <p>SELF INSPECTION, MAINTENANCE, AND HOUSEKEEPING</p> <ul style="list-style-type: none"> • All employees are trained in spill response, good housekeeping, material management practices, and procedures for equipment and container washing annually • Conduct internal storm water inspections per applicable stormwater regulations • Conduct routine informal inspections of all tanks and storage facilities at least weekly • All containment areas are to be inspected weekly or following a heavy rain event. • Any excessive precipitation accumulation within containment should be removed as appropriate and disposed of properly • All structural berms, dikes, and containment will be inspected periodically to ensure they are operating correctly <p>SPILL RESPONSE</p> <ul style="list-style-type: none"> • Spill response procedures as per the BBC field SPCC Plan <p>VEHICLE & LOCATION PROCEDURES</p> <ul style="list-style-type: none"> • Vehicles entering location are to be free of chemical, oil, mud, weeds, trash, and debris • Location to be treated to kill weeds and bladed when necessary |

| | |
|--------------------------------|---|
| Drilling/Completion Operations | <p>NOTIFICATIONS</p> <ul style="list-style-type: none"> • Proper notifications required by COGCC regulations or policy memos will be adhered to <p>TRENCHES/PITS/TEMPORARY FRAC TANKS</p> <ul style="list-style-type: none"> • Unlined pits will not be constructed on fill material. • Any free liquids accumulated in the containment would be removed and hauled to an approved waste disposal facility. Drill cuttings would either be hauled to an approved spread field or waste disposal facility or would be treated and disposed of onsite. Disposal methods would comply with COGCC regulations. • Flowback and stimulation fluids from the wells being completed will be sent to tanks and/or filters to allow the sand to settle out before the fluids are hauled to a state approved disposal facility. • Temporary frac tanks installed on location will have proper secondary containment according to SPCC regulations such as either putting a perimeter berm around location or around the frac tanks. |
|--------------------------------|---|

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: 435244 Type: WELL API Number: 123-38533 Status: IJ Insp. Status: AC

Underground Injection Control

UIC Violation: _____

Maximum Injection Pressure: _____

UIC Routine

Inj./Tube: Pressure or inches of Hg 800
(e.g. 30 psig or -30" Hg)

Previous Test Pressure _____ MPP _____
Inj Zone: VRGL

TC: Pressure or inches of Hg 10

Previous Test Pressure _____ Last MIT: 10/29/2014

Brhd: Pressure or inches of Hg _____

Previous Test Pressure _____ AnnMTReq: _____

Comment: Routine UIC Inspection

Method of Injection: _____

Test Type: _____ Tbg psi: _____ Csg psi: _____ BH psi: _____

Insp. Status: _____

Comment: _____

BradenHead

Comment: Bradenhead not exposed to 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: _____

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

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? Pass Production areas stabilized ? Pass

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass Subsidence over on drill pit? Pass

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: RANGELAND _____

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

Inspector Name: Rains, Bill

| Storm Water: | | | | | | |
|---------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|--------------|
| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs | Chemical BMP Maintenance | Comment |
| Gravel | Pass | Other | Pass | | | Tracking pad |
| Paving | Pass | | | | | |
| Drains | Pass | | | | | |
| Culverts | Pass | | | | | |
| Ditches | Pass | Gravel | Pass | MHSP | Pass | |

S/A/V: SATISFACTOR Corrective Date: _____
Y _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT