

FORM INSP <small>Rev 05/11</small>	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: <u>08/03/2015</u>
						Document Number: <u>677900105</u>
						Overall Inspection: <b style="border: 1px solid red; padding: 2px;">ACTION REQUIRED
Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection		
<u>335886</u>	<u>335886</u>	<u>335886</u>	<u>FISCHER, ALEX</u>	<input type="checkbox"/>	2A Doc Num: _____	

Operator Information:

OGCC Operator Number: 10516

Name of Operator: LINN OPERATING INC

Address: 600 TRAVIS STREET #5100

City: 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
Spencer, Stan		stan.spencer@state.co.us	
Lujan, Carlos		carlos.lujan@state.co.us	
		annie.eckman@state.co.us	
Johnson, Derick		djohnson@linnenergy.com	Field Supervisor
Burns, Bryan		bburns@linnenergy.com	

Compliance Summary:

QtrQtr: NESE Sec: 11 Twp: 6S Range: 97W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
08/13/2013	663900858			<b style="color: red;">ACTION REQUIRED	F		No

Inspector Comment:

On August 3, 2015 COGCC Environmental Staff (Alex Fischer, Carlos Lujan, and Stan Spencer) conducted an environmental field inspection of LINN Operating, Inc. Location ID: 335886 (Berry I11-697). This Facility is a permitted well pad where the wells have not been drilled and the Location is currently being used to treat and store drill cuttings allegedly from Location ID: 335616 (Chevron J13-697) pad. Also present where Moody Construction personnel (Shane Brown, Don Etzler, and Curtis McDaniel). The weather was overcast skies, app 70 degrees with light rain sprinkles. The following is a summary: • There is a bermed stock pile of cuttings material being staged at this location. • Moody Construction personnel stated that the cuttings were from the J-3 Pad. • The Form 2A (Document Number 400103243) does not allow for the staging or landfarming of cuttings. This is a violation to the Oil and Gas Location Assessment Permit (OGLA) Form 2A. The Operator shall contact the OGLA Specialist and determine if an amended Form 2A is required. • An approved Sundry (Document Number 400624354) was approved on June 24, 2014 allowing cuttings to be taken from the Chevron J13-697 Location ID: 335616 and landfarmed at the Berry I11-697 Location. The Operator has not complied with the conditions of approval of the Sundry Form 4 and shall comply by September 16, 2015 or remove and dispose of cuttings at a commercial facility within 30 days. Disposal documentation must be received by COGCC within 15 days following disposal.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
292231	WELL	XX	09/18/2013	LO	045-14644	BERRY 11-15D	XX <input type="checkbox"/>
292232	WELL	XX	09/18/2013	LO	045-14643	BERRY 11-16D	XX <input type="checkbox"/>
292233	WELL	XX	09/18/2013	LO	045-14642	BERRY 11-5D	XX <input type="checkbox"/>
292234	WELL	XX	09/18/2013	LO	045-14641	BERRY 11-6D	XX <input type="checkbox"/>

292235	WELL	XX	09/18/2013	LO	045-14640	BERRY 11-4D	XX
292236	WELL	XX	09/18/2013	LO	045-14639	BERRY 11-3D	XX
292237	WELL	XX	09/18/2013	LO	045-14638	BERRY 11-1D	XX
292238	WELL	XX	09/18/2013	LO	045-14637	BERRY 11-2D	XX
335886	LOCATION	AC			-	Berry I11 697	EI

Equipment: Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>8</u>	Production Pits: _____
Condensate Tanks: <u>3</u>	Water Tanks: <u>1</u>	Separators: <u>2</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: <u>1</u>	Oil Pipeline: _____	Water Pipeline: <u>1</u>
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: _____

Corrective Action: _____

Spills:

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

Venting:

Yes/No	Comment

Flaring:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 335886

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

S/A/V: _____
 Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkod	Notice to Operators (NTO) Drilling Wells on the Roan Plateau in Garfield County: Comply with all provisions of the June 12, 2008 Notice to Operators (NTO) Drilling Wells Within ¼ Mile of the Rim of the Roan Plateau in Garfield County – Pit Design, Construction, and Monitoring Requirements. At a minimum, the following condition of approval (COA) will apply: COA 6 - All pits must be lined.	12/31/2010

OGLA	kubeczkod	No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut.	12/31/2010
OGLA	kubeczkod	The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.	12/31/2010
OGLA	kubeczkod	Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. The flowback and stimulation fluid tanks must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)). Under unforeseen upset conditions during flowback operations, operator may discharge flowback fluids directly into the pit, as needed (notice of intent to directly discharge into the pit must be sent to Dave Kubeczko; email dave.kubeczko@state.co.us).	12/31/2010
OGLA	kubeczkod	Any pit constructed to hold fluids (reserve pit, production pit, frac pit; except for flare pit, if built) must be lined.	12/31/2010
OGLA	kubeczkod	The nearby hillside must be monitored for any day-lighting of drilling fluids throughout the drilling of the surface casing interval.	12/31/2010
OGLA	kubeczkod	Since the operator will be running up to 10 percent (by volume) diesel oil in the water based drilling mud as a shale stabilization and friction reduction additive while drilling the production hole interval, any pit constructed to hold fluids must be permitted, and approved, prior to construction and use (a Form 15 [Earthen Pit Report/Permit] will need to be submitted). Additional COAs may be attached to the Form 15.	12/31/2010
OGLA	kubeczkod	Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.	12/31/2010
OGLA	kubeczkod	Operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion 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 maintained in good condition.	12/31/2010
OGLA	kubeczkod	Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines.	12/31/2010

S/A/V: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

BMP Type	Comment
Drilling/Completion Operations	<p>The following list of Best Management Practices (BMP's) that will be implemented by Berry Petroleum Company during the pad construction, well drilling, well completion, natural gas production and reclamation phases of activity on the Berry I11 697 well Pad.</p> <p>A total of 8 wells will be directionally drilled from the I11 well pad. Directional drilling has enabled Berry Petroleum Company to reduce the number of well pads required for gas recovery and will minimize surface damage.</p> <p>The I11 well pad will be constructed adjacent to an existing road. This eliminates the need to construct an additional road for access and avoids additional surface disturbance.</p> <p>In general, Berry Petroleum Company will comply with all applicable federal, state and local statutes, rules, regulations and ordinances, including those of OSHA, the COGCC and the CDPHE. Relating to safety and the environment.</p> <p>During construction of the well pad, topsoil will be isolated from other soils and placed and stacked per COGCC requirements. All cuts, fill slopes, pits and topsoil piles will be stabilized and revegetated immediately following construction.</p> <p>The pad will be constructed in compliance with CDPHE Stormwater Discharge regulations. Bear proof dumpsters/trash cans will be used on the location for solid/food waste disposal. Noxious weeds will be controlled.</p> <p>Temporary housing for the drill rig crews will meet all Garfield County regulations. The housing quarters will receive 24/7 supervision by Berry Petroleum Company.</p> <p>Production tanks shall be placed on a non-permeable liner and surrounded by a metal containment wall at least 3 feet in height.</p>

S/AV: _____ **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:

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: _____

Waste Management:

Type	Management	Condition	Comment	GPS (Lat)	(Long)
Drill Cuttings	Land Treatment	Inadequate	Operator has not complied with the conditions of approval of the Sundry Form 4, Doc Number 400624354.		

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? _____ 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

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

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

COGCC Comments

Comment	User	Date
<p>On August 3, 2015 COGCC Environmental Staff (Alex Fischer, Carlos Lujan, and Stan Spencer) conducted an environmental field inspection of LINN Operating, Inc. Location ID: 335886 (Berry I11-697). This Facility is a permitted well pad where the wells have not been drilled and the Location is currently being used to treat and store drill cuttings allegedly from Location ID: 335616 (Chevron J13-697) pad. Also present were Moody Construction personnel (Shane Brown, Don Etzler, and Curtis McDaniel). The weather was overcast skies, app 70 degrees with light rain sprinkles.</p> <p>The following is a summary:</p> <ul style="list-style-type: none"> • There is a bermed stock pile of cuttings material being staged at this location. • Moody Construction personnel stated that the cuttings were from the J-3 Pad. • The Form 2A (Document Number 400103243) does not allow for the staging or landfarming of cuttings. This is a violation to the Oil and Gas Location Assessment Permit (OGLA) Form 2A. <p>The Operator shall contact the OGLA Specialist and determine if an amended Form 2A is required.</p> <ul style="list-style-type: none"> • An approved Sundry (Document Number 400624354) was approved on June 24, 2014 allowing cuttings to be taken from the Chevron J13-697 Location ID: 335616 and landfarmed at the Berry I11-697 Location. <p>The Operator has not complied with the conditions of approval of the Sundry Form 4 and shall comply by September 16, 2015 or remove and dispose of cuttings at a commercial facility within 30 days. Disposal documentation must be received by COGCC within 15 days following disposal.</p>	fischera	08/19/2015

Attached Documents

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

Document Num	Description	URL
677900106	20150803 LINN Inspection Facility ID335886 Summary	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3664918
677900107	INSP Summary 20150803 LINN Operating Location 335886 Photo log	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3664919

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.)