

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:
08/21/2015

Document Number:
680100086

Overall Inspection:
SATISFACTORY

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>416358</u> | <u>416358</u> | <u>Colby, Lou</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|--------------------------------------------------|
| OGCC Operator Number: | <u>10433</u> |
| Name of Operator: | <u>PICEANCE ENERGY LLC</u> |
| Address: | <u>1512 LARIMER STREET #1000</u> |
| City: | <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</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 |
|----------------|----------------|-----------------------------|-----------------------------------------------|
| Arthur, Denise | | denise.arthur@state.co.us | |
| Bankert, Wayne | (970) 683-5419 | wbankert@laramie-energy.com | Senior Regulatory & Environmental Coordinator |
| Freeman, Sarah | | sarah.freeman@state.co.us | Loc status, XX permits expired |

Compliance Summary:

QtrQtr: TRCT66 Sec: 32 Twp: 7S Range: 93W

Inspector Comment:

Final Reclamation inspection. Wells are XX, permits expired 6/10/12

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|----------------|-------------|-------------------------------------|
| 417725 | WELL | XX | 06/11/2010 | LO | 045-19592 | Johnson 32-03B | AL | <input checked="" type="checkbox"/> |
| 417732 | WELL | XX | 06/11/2010 | LO | 045-19598 | Johnson 29-14D | AL | <input checked="" type="checkbox"/> |
| 417744 | WELL | XX | 06/11/2010 | LO | 045-19605 | Johnson 32-06A | AL | <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

| | | | |
|--------------------------------------|--------------------------------|-----------------------------|---------------------------------|
| Special Purpose Pits: <u> </u> | Drilling Pits: <u> 1 </u> | Wells: <u> 17 </u> | Production Pits: <u> </u> |
| Condensate Tanks: <u> 8 </u> | Water Tanks: <u> </u> | Separators: <u> 5 </u> | Electric Motors: <u> </u> |
| Gas or Diesel Mortors: <u> </u> | Cavity Pumps: <u> </u> | LACT Unit: <u> </u> | Pump Jacks: <u> </u> |
| Electric Generators: <u> </u> | Gas Pipeline: <u> 1 </u> | Oil Pipeline: <u> </u> | Water Pipeline: <u> 1 </u> |
| Gas Compressors: <u> </u> | VOC Combustor: <u> 1 </u> | Oil Tanks: <u> </u> | Dehydrator Units: <u> </u> |
| Multi-Well Pits: <u> </u> | Pigging Station: <u> </u> | Flare: <u> </u> | Fuel Tanks: <u> </u> |

Location

| | |
|-------------------------------------------------|--------------------------------|
| Emergency Contact Number (S/A/V): <u> </u> | Corrective Date: <u> </u> |
| Comment: <u> </u> | |
| Corrective Action: <u> </u> | |

| | | | | |
|--------------------------------------------------------|------|--------|-------------------|---------|
| 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: 416358

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

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

Form 2A COAs:

| Group | User | Comment | Date |
|--------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Agency | 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. | 03/18/2010 |
| Agency | kubeczkod | Location is in a sensitive area because of close proximity to surface water, therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations. | 03/18/2010 |
| Agency | 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. | 03/18/2010 |
| Agency | kubeczkod | Operator must implement best management practices to contain any unintentional release of fluids. | 03/18/2010 |

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

CA: _____ **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PROPOSED BMPs | -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.)

- LEII implements a closed system in its operations. No fluid pits are constructed or used during drilling or completion operations.

- LEII implements an aggressive weed management program. LEII incorporates and uses the BLM Glenwood Springs Energy Office's "Noxious and Invasive Weed Management Plan for Oil

and Gas Operators- March 2007" for all operations. Each spring, Laramie 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.

LARAMIE ENERGY II, LLC

BMPS FOR

Sensitive Wildlife Habitat and Restricted Surface Occupancy

Areas Specific to Laramie Energy II, LLC

Operations Within the Piceance Basin

Garfield 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 CDOW.

Deer and Elk

- Consult with CDOW GIS and Federal GIS database at the initial stage of development to identify the locations of mule deer and elk important wintering habitats and production areas. Attempt to avoid any critical habitat patches with roads and development.
- Attempt to avoid oil and gas activities within mule deer critical winter range, elk winter concentration areas, elk production areas, and migration corridors.
- Attempt to conduct post - development well site visitations between the hours of 10:00 a.m. and 3:00 p.m. and reduce well site visitations between December 1 and April 15 in mule deer critical winter range and elk winter concentration areas.
- Phase and concentrate all development activities, so that large areas of undisturbed habitat for wildlife remain and thorough reclamation occurs immediately after development and before moving to new sites. Development should progress at a pace commensurate with reclamation success.
- Gate single - purpose roads and restrict general public access to reduce traffic disruptions to wildlife.
- Avoid aggressive non - native grasses and shrubs in mule deer and elk habitat restoration.
- Reclaim mule deer and elk habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed.
- Restore appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.

PROPOSED BMPs

PROPOSED BMP's

LARAMIE ENERGY 11, LLC

West Mamm Project

Sec. 29 & 32, Twn 7S, Rng 93W 6`h PM

Sec. 5, Two. HS, Rug. 93W 6th PM

Garfield County, CO

Locations

Johnson 32 -03 Pad Johnson 05 -03 Pad

Johnson 05 -05 Pad Johnson 05 -06 Pad

Johnson 05 -07 Pad

Stormwater Management

Stormwater Management will be managed under (Laramie Energy II) LE II's Stormwater Management Plan known as the "West Mamm Creek Project" under CDPHE General Permit No. COR- 03E157. The permit and will be amended to include any additional disturbance.

Prior to construction a stormwater "perimeter" will be built around the site for initial work purposes. Once the pad construction is completed, LE II's Stormwater Administrator will inspect the site and install any necessary Erosion Control Devices to manage sediment discharge from the pad. These devices may include but are not limited to:

- Rock Check dams
- Settling ponds
- Straw waddles
- Silt Fencing (used sparingly)

Once the final stormwater Erosion Control Devices are installed they will be mapped in GIS and a diagram of the site will be drafted and included as part of the Stormwater Documentation as required by the CDPHE General Permit.

Each site will be inspected every 14 days and 72 hrs after any major storm event. These inspections will be recorded and documented in the Stormwater Manual onsite and any necessary repairs or modifications will be made and documented.

Spill Prevention Control and Counter Measures(SPCC)

Once the wells are drilled and completed onsite Laramie Energy II's "West Mamm Creek" SPCC plan will be amended to include the sites as part of the plan.

LARAMIE ENERGY II, LLC ?A ?ti cicc

Best Management Practices (BMP's)

To Reduce Impacts to Wildlife

For Operations in the

Piceance Basin

In an effort to minimize the impacts to wildlife, the following BMP's are part of Laramie Energy II's (LEII) standard operating procedures for drilling and operations within the Piceance Basin. This list is a partial of LEII's policy. LEII will attempt to incorporate as much as possible the CDOW's "Actions to Minimize Adverse Impacts to Wildlife Resources" as dated October 27, 2008, unless those actions will impede upon LEII's lease rights and the wishes of surface owners who LEII has signed Surface Use and

Access Agreements (SUA's).

Initial Stages for Infrastructure and Roads

1. Road design and General

- 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. LEII currently plans and attempts to locate pads for 16 -20 wells 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.

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:

Facility

Facility ID: 417725 Type: WELL API Number: 045-19592 Status: XX Insp. Status: AL

Facility ID: 417732 Type: WELL API Number: 045-19598 Status: XX Insp. Status: AL

Facility ID: 417744 Type: WELL API Number: 045-19605 Status: XX Insp. Status: AL

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: _____

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, TIMBER
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 _____

Inspector Name: Colby, Lou

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, TIMBER

Reminder: _____

Comment: _____

Well plugged _____

Pit mouse/rat holes, cellars backfilled _____

Debris removed _____

No disturbance /Location never built Pass

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: _____

Vegetation within planned well pad area is continuous with undisturbed area.

Corrective Action: _____

Date _____

Overall Final Reclamation Pass

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 |
|------------------------------------------------------------------------------------------------|--------|------------|
| No evidence that location was constructed. COGCC documents indicate permits expired on 6/10/12 | colbyl | 08/21/2015 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 680100087 | Final 416358 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667253 |