

**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:  
09/01/2015

Document Number:  
680400228

Overall Inspection:  
SATISFACTORY

**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>412691</u>	<u>413893</u>	<u>BROWNING, CHUCK</u>	<input type="checkbox"/>	

**Operator Information:**

OGCC Operator Number:	<u>77330</u>
Name of Operator:	<u>SG INTERESTS I LTD</u>
Address:	<u>922 EAST 2ND AVENUE</u>
City:	<u>DURANGO</u> State: <u>CO</u> Zip: <u>81301</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
Browning, Chuck	970-433-4139	chuck.browning@state.co.us	Field Inspector
Beasley, Dennis		dbeasley@sginterest.com	

**Compliance Summary:**

QtrQtr:	<u>NENE</u>	Sec:	<u>27</u>	Twp:	<u>11S</u>	Range:	<u>90W</u>
---------	-------------	------	-----------	------	------------	--------	------------

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
11/04/2014	668402612	WO	PR	SATISFACTORY	I		No
08/26/2013	670400042	WO	WO	SATISFACTORY			No
08/09/2013	668401566	WO	WO	SATISFACTORY			No

**Inspector Comment:**

2 Producing wells on pad

**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
412691	WELL	PR	11/05/2014	GW	051-06087	PASCO SPADAFORA 2	PR <input checked="" type="checkbox"/>
422992	WELL	PR	06/25/2013	GW	051-06102	PASCO SPADAFORA 3	PR <input checked="" type="checkbox"/>

**Equipment:**

Location Inventory

Special Purpose Pits:	<u>        </u>	Drilling Pits:	<u>2</u>	Wells:	<u>2</u>	Production Pits:	<u>        </u>
Condensate Tanks:	<u>1</u>	Water Tanks:	<u>6</u>	Separators:	<u>2</u>	Electric Motors:	<u>        </u>
Gas or Diesel Mortors:	<u>        </u>	Cavity Pumps:	<u>        </u>	LACT Unit:	<u>        </u>	Pump Jacks:	<u>1</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>        </u>	Oil Tanks:	<u>        </u>	Dehydrator Units:	<u>        </u>
Multi-Well Pits:	<u>        </u>	Pigging Station:	<u>        </u>	Flare:	<u>1</u>	Fuel Tanks:	<u>        </u>

**Location**

<b>Lease Road:</b>				
Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY			
Main	SATISFACTORY			

<b>Signs/Marker:</b>				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY			
TANK LABELS/PLACARDS	SATISFACTORY			

Emergency Contact Number (S/AV): SATISFACTORY Corrective Date: \_\_\_\_\_

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

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

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

<b>Fencing/:</b>				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
LOCATION	SATISFACTORY			

<b>Venting:</b>	
Yes/No	Comment
NO	

<b>Flaring:</b>				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

**Predrill**

Location ID: 412691

**Site Preparation:**  
 Lease Road Adeq.: \_\_\_\_\_ Pads: \_\_\_\_\_ Soil Stockpile: \_\_\_\_\_

**S/AV:** \_\_\_\_\_  
 Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

<b>Form 2A COAs:</b>			
Group	User	Comment	Date
OGLA	kubeczko	SENSITIVE AREA (SHALLOW GROUNDWATER) COAs: Location is in a sensitive area because of shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented. Location is in a sensitive area because of shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.	03/16/2011

<p>OGLA</p>	<p>kubeczko</p>	<p><b>GENERAL SITE COAs:</b>                  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.                  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.                  The drilling (reserve) pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels.                  Due to the potential presence of seeps/springs in the area, the nearby hillside must be monitored for any day-lighting of drilling fluids throughout the drilling of the surface casing interval.                  The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place during all drilling and well completion operations. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.                  Notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to start of fracing operations.                  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)).                  Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.</p>	<p>03/16/2011</p>
<p>OGLA</p>	<p>kubeczko</p>	<p><b>SENSITIVE AREA (CLOSE SURFACE WATER) COAs:</b>                  Location is in a sensitive area because of 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; 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.                  Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed temporary surface pipelines or buried pipelines.</p>	<p>03/16/2011</p>
<p>Public Room</p>	<p>kusterk</p>	<p>CDPHE consulted with Gunnison County during two conference calls for the Cow Skull 11-89-18, HL 11-89-19 #1 Pad and the Pasco Spadafora #2 Pad applications all owned by SG Interests. The second conference call involved SG Interests, CDPHE Stormwater, Gunnison County and COGCC. The issues included the sensitive area determination, proposed COAs and BMPs, the Stormwater Management Plan and automated leak detection for the pit liners. The COAs and BMPs were settled, SG Interests agreed to provide the proposed stormwater management plan for the Gunnison County planning commission meeting and automated leak detection for the liners were discussed but the determined to be too expensive and unreliable.</p>	<p>04/19/2011</p>

**S/A/V:** \_\_\_\_\_ **Comment:** \_\_\_\_\_

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

**Wildlife BMPs:**

BMP Type	Comment
<p>PROPOSED BMPs</p>	<ul style="list-style-type: none"> <li>• Seed at times of the year when germination and success is highest.</li> <li>• Conduct stormwater inspections and document regrowth of vegetation on disturbed areas. Correct problems areas as they are noted.</li> <li>• Reclaim disturbed areas that are not needed for long -term operations as quickly as possible in order to restore wildlife habitat value to areas surrounding projects.</li> <li>• Remove all unnecessary equipment from project sites during the production phase.</li> <li>• Reclaim pits as quickly as practical after use and ensure that pit contents do not contaminate soil. Verify soil condition with testing.</li> <li>• Sample and test surface water and drinking water from select sites (considering state and local requirements) for comparison to baseline water quality conditions.</li> <li>• Remediate spills on disturbed areas prior to reclamation.</li> <li>• Whenever possible, complete final reclamation activities so that seeding occurs during the first optimal season following plugging and abandonment of wells and closure of facilities.</li> <li>• Remove and properly dispose of degraded or unneeded silt fencing and erosion control materials in a timely fashion.</li> <li>• Remove unneeded fencing (and cattle guards) on project sites. Replace degraded or hazardous fencing as needed.</li> <li>• Remove and properly dispose of pit contents at an approved disposal facility. Dispose of or recycle pit liners at designated facilities.</li> <li>• Apply weed free mulch and crimp or otherwise treat the mulch so that it remains in place thus preserving seeds and retaining moisture to enhance seed germination and seedling survival.</li> <li>• Control weeds in areas surrounding reclamation areas when possible to prevent recolonization of recently reclaimed areas by weed species.</li> <li>• When necessary, fence livestock and wildlife out of newly reclaimed areas until reclamation standards have been met and plants are capable of sustaining grazing and trampling.</li> <li>• Monitor reclamation efforts as needed and make corrections when necessary.</li> <li>• Keep records of inspections for state inspectors to review when requested.</li> </ul> <p>Site - Specific BMPs for Pasco Spadafora #3 well</p> <ul style="list-style-type: none"> <li>• Drilling pits will be lined with an impervious liner</li> <li>• Fluids contained at a well site during drilling and completion operations will have secondary containment designed to hold 110% of the stored fluid volume</li> <li>• Maintain drainage features on the Pasco well pad to protect stormwater quality</li> <li>• Continue to monitor shallow groundwater at the Aspen Leaf Ranch springbox (with landowner consent).</li> </ul>
<p>PROPOSED BMPs</p>	<p>303.d.3.J Applicant - proposed Best Management Practices (BMPS)</p> <p>SG Interests I, Ltd, Montrose, Colorado</p>

Overall Practices

- Areas designated as Sensitive Wildlife Habitat will be constructed and operated in compliance with the requirements of the COGCC Rule 1203, General Operating Requirements in Sensitive Wildlife Habitat and Restricted Surface Occupancy Areas unless the Director has granted a waiver from one of these requirements.
- Projects will be constructed and operated in compliance with the terms and stipulations applied to permits including those issued by the Colorado Air Quality Control Division, Colorado Water Quality Control Division, and US Bureau of Land Management.
- Treat and control noxious weeds on new and existing facilities, roads, pipeline corridors, and well pads.
- Enforce policies that protect wildlife such as prohibiting firearms and dogs from all project - related areas and by educating employees on wildlife protection practices.
- Dispose of trash appropriately. Instruct employees not to feed wildlife or otherwise attract them to project sites.
- Instruct employees and contractors to drive at safe speeds and to be alert to wildlife and livestock on roadways whenever driving for a project - related reason.

Project Planning Phase BMPs

- Conduct wildlife and vegetation surveys to determine presence of any Threatened, Endangered, or sensitive species or their habitat in the project vicinity. Take appropriate protection measures as indicated by the results of these surveys.
- When siting access roads, pads, pipelines, and facilities consider impacts to wildlife habitat, agriculture, water resources, recreation, and visual resources. Consider visual impact of cut and fill slopes.
- Minimize the number, size and distribution of well pads as practicable.
- Locate pads and facilities near existing roads and pipelines where possible.
- Minimize pipeline right -of -way and access road width as much as possible while maintaining safe construction and use conditions.
- Adequately size pipelines, well pads, and facilities to accommodate both current and expected gas production.
- Engage local stakeholders and landowners in the planning process to reduce landuse conflicts.
- Choose reference areas that are representative of the pre- construction conditions and that are relatively free of noxious weeds. Document the area during the growing season so that an appropriate seed mix can be chosen for reclamation activities

Construction Phase BMPs

- Schedule construction in streams and rivers at low water periods to minimize disturbance to this habitat.
- Appropriately maintain roads by surfacing, crowning, and maintaining ditches to prevent runoff from damaging water quality.
- Apply water or other dust suppressant to roads and other work sites as needed to control fugitive dust.

- Limit speeds on access roads and work sites to prevent road damage and dust problems.
- Install energy dissipation structures at culvert outfalls to prevent soil erosion.
- Install and maintain check dams or other structures in road ditches to slow flowing water and prevent scouring and sedimentation.
- Use and maintain erosion and sedimentation control devices at all disturbed areas as described in the project- specific or field -wide stormwater management plan.
- Reduce right -of -way width as much as possible and use equipment mats when crossing wetlands and streams with pipelines.
- Complete waterbody and wetland crossings within 24 hours if possible. Use trench breakers when needed to prevent water from flowing from waterbodies into pipeline trenches.
- Construct water bars along pipeline ROWs to prevent erosion on hillsides. Install trench breakers around the pipe to prevent water from flowing along the buried pipe and causing trench subsidence.
- Crown pipeline trenches to allow for soil compaction over time and prevent subsidence.
- Construct fences and netting that are appropriately sized and reinforced to function in the environmental conditions and for the species of the region.
- Line pits to protect groundwater.
- Salvage and store topsoil from the surface of all construction areas for use during interim and final reclamation.
- Protect soil and spoil piles during storage with sediment barriers until stabilized. Use temporary seeding on piles that will be stored for long -term.
- Encourage car pooling to the project site and restrict parking to designated parking areas.
- Educate employees and contractors about weed issues. Clean trucks and equipment of weeds, seeds and weed propagules prior to bringing this equipment on site.

#### Drilling and Completion BMPs

- Maintain wildlife fencing and netting as needed.
- Limit days and hours of operations where practical to minimize disturbance resulting from activity and traffic.
- Promptly report spills to agencies as required.
- Store emergency spill response equipment at centralized locations so that it is readily available in the event of a spill.
- Instruct all employees on the aspects of the spill prevention and response plan relevant to their position at the start of their employment.
- Limit vehicle and equipment parking to designated parking areas.
- Screen water suction hoses to exclude fish and other aquatic life when necessary.
- Reduce noise by using effective sound dampening devices and /or techniques as needed.
- Use centralized frac'ing facilities where water is stored for reuse between operations. Connect water storage facilities to well sites with temporary pipelines to reduce truck traffic

- Use recycled flowback fluid where possible in additional frac'ing operations by storing it in a centralized tank or pit facility.
- Use produced water as much as possible in frac'ing operations to reduce use of fresh water.

Production and Reclamation BMPs

- Gate access roads where necessary to minimize and control access and reduce disturbance.
- Install automated emergency response systems where appropriate to facilitate rapid response and prevent accidents.
- Control fugitive dust that could result from production and reclamation activities.
- Avoid direct discharge of pipeline hydrostatic test water to any lake, wetland, or natural stream or river. Use appropriate erosion and sedimentation devices as specified in the hydrostatic discharge permit/plan.
- Locate, design, and paint aboveground facilities to minimize the impact to visual resources.
- Control noxious weeds by following project specific weed management plans.
- Use locally adapted seed in reclamation efforts whenever available and approved by the landowner.
- Prepare the seedbed appropriately prior to seeding an area. Replace rocks on surface at density of surrounding areas.

**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: 412691 Type: WELL API Number: 051-06087 Status: PR Insp. Status: PR

**Producing Well**

Comment: Producing

Facility ID: 422992 Type: WELL API Number: 051-06102 Status: PR Insp. Status: PR

**Producing Well**

Comment: Producing

**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: IMPROVED PASTURE, IRRIGATED

Comment:

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

1003b. Area no longer in use? Pass Production areas stabilized ? Pass  
 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? Pass 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? P

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

Overall Interim Reclamation \_\_\_\_\_

**Final Reclamation/ Abandoned Location:**

Date Final Reclamation Started: \_\_\_\_\_ Date Final Reclamation Completed: \_\_\_\_\_

Final Land Use: IMPROVED PASTURE, IRRIGATED

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
Berms	Pass	Gravel	Pass	MHSP	Pass	

S/A/V: SATISFACTOR Corrective Date: \_\_\_\_\_

Y

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

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

**Pits:**  NO SURFACE INDICATION OF PIT

