

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
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Inspection Date:
10/01/2015

Document Number:
680400245

Overall Inspection:
SATISFACTORY

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	<input type="checkbox"/>
	441412	440803	BROWNING, CHUCK	2A Doc Num:	

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
Beasley, Dennis		dbeasley@sginterest.com	
Dicket, Catherine	(970) 385-0696	c.dicket@sginterests.com	
Browning, Chuck	970-433-4139	chuck.browning@state.co.us	Field Inspector

Compliance Summary:

QtrQtr:	<u>NESW</u>	Sec:	<u>12</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)
09/01/2015	680400227	DG	DG	SATISFACTORY			No

Inspector Comment:

Drilling ahead.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
438645	WELL	DG	08/11/2015	LO	051-06045	Falcon Seaboard 11-90-12 3	WO	<input checked="" type="checkbox"/>
441411	WELL	XX	04/02/2015		051-06138	Falcon Seaboard 11-90-12 6	XX	<input type="checkbox"/>
441412	WELL	DG	08/23/2015		051-06139	Falcon Seaboard 11-90-12 5	DG	<input checked="" type="checkbox"/>
441922	WELL	XX	06/03/2015		051-06148	Falcon Seaboard 11-90-12 7	XX	<input type="checkbox"/>

Equipment:

Location Inventory

Special Purpose Pits:	<u> </u>	Drilling Pits:	<u> </u>	Wells:	<u>4</u>	Production Pits:	<u> </u>
Condensate Tanks:	<u>1</u>	Water Tanks:	<u>6</u>	Separators:	<u>4</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> </u>	Oil Pipeline:	<u> </u>	Water Pipeline:	<u> </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

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

Signs/Marker:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
DRILLING/RECOMP	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			

Venting:		
Yes/No	Comment	
NO		

Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 441412

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

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

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkd	<p>Operator must ensure adequate 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 after significant precipitation events), and maintained in good condition.</p> <p>The pad shall be constructed as quickly as possible and appropriate BMPs need to be in place prior to, during, and after well pad construction activities, as well as during all drilling, well completion, and production 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.</p> <p>A closed loop drilling system must be implemented.</p> <p>Berms or other containment devices shall be constructed to be corrugated steel with poly liner to contain any spilled or released material around permanent crude oil, condensate, and produced water storage tanks.</p> <p>The access road and well pad will be constructed, graded, and maintained as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water.</p> <p>Strategically apply fugitive dust control measures, including encouraging established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.</p> <p>Because of proximity of the well pad to the nearby surface water (Roberts Creek) to the southsoutheast, operator will grade the well pad surface to slope towards the cut side, which is to the south/southeast where any fluids on the pad can be collected in the well pad's interior perimeter ditch.. After the wells have been completed and placed into production, the pad will be pulled back from the southern boundary as well as the north/northwest side of the well pad and interim reclamation begun. In addition, a lined tertiary containment will be required at the production well pad location consisting of one to two lateral collection trenches/ditches along the south and west sides of the pad. The trenches will be graded to flow into one or two oversized rock-filled catchment basins located near the southwest corner and/or the west side of the well pad. The basin(s) will be surrounded by straw waddle and/or silt fencing until the soils disturbed by construction of the ditch and ponds have been reclaimed. At this point, permanent erosion control measures, such as rock-armored outfalls, will be implemented.</p> <p>Operator will take aggressive action to establish vegetation on cut and fill slopes to prevent stormwater erosion and the generation of fugitive dust.</p> <p>Interim reclamation will commence immediately upon conclusion of drilling and completion operations of all four planned and permitted wells, weather permitting.</p>	03/18/2015

<p>OGLA</p>	<p>kubeczkd</p>	<p>Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface or permanent buried pipelines and following any reconfiguration of the pipeline network.</p> <p>Operator must implement best management practices (secondary containment and spill response equipment) to contain any unintentional release of fluids along all portions of the surface pipeline route where temporary pumps and other necessary equipment are located.</p> <p>Operator must routinely inspect the entire length of the surface pipeline to ensure integrity. Operator shall conduct daily inspections of surface poly pipeline routes for leaks during active transfer of fluids. Inspections shall be conducted by viewing the length of the pipeline; operator will endeavor to minimize surface disturbance during pipeline monitoring.</p> <p>Prior to operation, pipelines will be air and/or hydro tested for integrity. When in operation, pump stations associated with any aboveground temporary pipelines will be manned continuously to ensure immediate response to pressure changes or pump issues. Qualified personnel, interconnected via 2-way radio, manning each booster pump will carefully synchronize pump turn-on and shut-down according to written and practiced procedure. The entire aboveground temporary pipeline will be monitored, where feasible, during pumping and flowback operations. For stream or intermittent stream crossings, operator will ensure appropriate containment by installing over-sized pipe "sleeves" over aboveground temporary pipelines that extend the length of the crossing and beyond to a distance deemed adequate to capture and/or divert any possible release of fluids and prevent infusion into the stream water. Operator will design their infrastructure and utilize temporary aboveground pipeline materials to exceed required pressures and flow rates by a minimum of 30%. The DR 9 poly pipeline, that possibly may be used during this project, is rated to support pressure surges up to 500 psi, continual surges of 375 psi, and a maximum operating pressure of 250 psi. Pumps possibly used in this project will operate at pressures 20-30 psi below the maximum operating pressure of the temporary aboveground poly pipeline at all times.</p> <p>Operator will utilize, to the extent practicable, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines.</p>	<p>03/18/2015</p>
<p>OGLA</p>	<p>kubeczkd</p>	<p>Notify the COGCC 48 hours prior to start of pad reconstruction/regrading, rig mobilization, spud, start of hydraulic stimulation operations, start of flowback operations (if different than start of hydraulic stimulation operations), and pipeline testing using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).</p> <p>Due to the presence of the drilling pit that was built during construction of the original well pad, the operator shall thoroughly dry all soils at the base of the pit prior to using those soils during the construction of the new well pad.</p>	<p>03/18/2015</p>

<p>OGLA</p>	<p>kubeczkd</p>	<p>A spill response trailer will be at the location 24 hours a day, 7 days a week during construction, drilling, and completion operations to facilitate a timely response to any spills that may occur.</p> <p>Appropriate heavy equipment (e.g., a backhoe) will be staged at the location during all drilling and completion operations so that any emergency diversions or pits to contain spills can be built immediately upon discovery.</p> <p>The moisture content of any drill cuttings in a cuttings trench, area, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts.</p> <p>Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or storage vessel located on the well pad; or into tanker trucks for offsite disposal. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material. Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated (according to applicable COGCC rules).</p> <p>All operator (SG Interests I LTD) personnel (excluding contractors) working at the location during all drilling and completion operations will receive training on spill response and reporting. Documentation of this training will be maintained in the operator's office/onsite trailer.</p> <p>Emissions from condensate, crude oil, and produced water tanks and from glycol dehydrators shall be controlled as described in Rule 805.b.(2), notwithstanding the exceptions for production facilities emitting less than five tons per year (TPY) of volatile organic compounds (VOC).</p> <p>All drilling, completion, and production operations must also comply with the applicable COGCC's 600-Series Rules, Safety Regulations and 800-Series Rules, Aesthetic and Noise Control Regulations.</p>	<p>03/18/2015</p>
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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: 438645 Type: WELL API Number: 051-06045 Status: DG Insp. Status: WO

Well Drilling

Rig: Rig Name: _____ Pusher/Rig Manager: _____
 Permit Posted: _____ Access Sign: _____

Well Control Equipment:
 Pipe Ram: _____ Blind Ram: _____ Hydril Type: _____
 Pressure Test BOP: _____ Test Pressure PSI: _____ Safety Plan: _____

Drill Fluids Management:
 Lined Pit: _____ Unlined Pit: _____ Closed Loop: _____ Semi-Closed Loop: _____
 Multi-Well: _____ Disposal Location: _____

Comment:
Waiting on completion.

Facility ID: 441412 Type: WELL API Number: 051-06139 Status: DG Insp. Status: DG

Well Drilling

Rig: Rig Name: Aztec 777 Pusher/Rig Manager: Greg Vick
 Permit Posted: SATISFACTORY Access Sign: SATISFACTORY

Well Control Equipment:
 Pipe Ram: YES Blind Ram: YES Hydril Type: YES
 Pressure Test BOP: Pass Test Pressure PSI: 3000 Safety Plan: YES

Drill Fluids Management:
 Lined Pit: _____ Unlined Pit: _____ Closed Loop: YES Semi-Closed Loop: _____
 Multi-Well: YES Disposal Location: Delta Co. landfill

Comment:
Down for rig repairs. Drilling ahead when completed.

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, OTHER

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: _____

Inspector Name: BROWNING, CHUCK

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