

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:
10/22/2015

Document Number:
680100246

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>336491</u> | <u>336491</u> | <u>Colby, Lou</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|--|
| OGCC Operator Number: | <u>10200</u> |
| Name of Operator: | <u>PETROHUNTER OPERATING COMPANY</u> |
| Address: | <u>910 SIXTEENTH STREET SUITE 208</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 |
|------------------|--------------|-----------------------------|---------|
| Ash, Margaret | | margaret.ash@state.co.us | |
| Maniscalco, Paul | 720 381 3974 | pmaniscalco@petrohunter.com | |
| Granahan, Kyle | | kyle.granahan@state.co.us | |
| Kellerby, Shaun | | shaun.kellerby@state.co.us | |
| Kulmann, Dave | | dave.kulmann@state.co.us | |
| Arthur, Denise | | denise.arthur@state.co.us | |

Compliance Summary:

| | | | | | | | |
|---------|-------------|------|-----------|------|-----------|--------|------------|
| QtrQtr: | <u>SESE</u> | Sec: | <u>21</u> | Twp: | <u>1N</u> | Range: | <u>95W</u> |
|---------|-------------|------|-----------|------|-----------|--------|------------|

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 10/02/2015 | 675101906 | | | ACTION REQUIRED | | | No |
| 10/03/2014 | 674700374 | | | ALLEGED VIOLATION | | | Yes |
| 08/12/2014 | 669300135 | | | ACTION REQUIRED | F | | No |

Inspector Comment:

Inspection performed jointly by Lou Colby & Kyle Granahan Inspection doc # - 675100268 indicates required corrective actions have not been implemented.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 288675 | WELL | WO | 07/03/2007 | GW | 103-10973 | LAKE 16-21 | TA | <input checked="" type="checkbox"/> |
| 298630 | WELL | XX | 09/29/2008 | LO | 103-11387 | LAKE D9-21S | ND | <input checked="" type="checkbox"/> |
| 298631 | WELL | XX | 09/29/2008 | LO | 103-11388 | LAKE D10-21S | ND | <input checked="" type="checkbox"/> |
| 298632 | WELL | XX | 09/29/2008 | LO | 103-11389 | LAKE D7-28A | ND | <input checked="" type="checkbox"/> |
| 298633 | WELL | XX | 09/29/2008 | LO | 103-11390 | LAKE D12-22S | ND | <input checked="" type="checkbox"/> |

| | | | | |
|--------|-----|------------|---|------------|
| 417548 | PIT | 10/03/2008 | - | LAKE 16-21 |
|--------|-----|------------|---|------------|

Equipment: Location Inventory

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

Location

| Signs/Marker: | | | | |
|----------------------|------------------------------|---|---------------------------------------|------------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| WELLHEAD | ACTION REQUIRED | No sign at wellhead | Install sign to comply with rule 210. | 11/03/2014 |
| BATTERY | ACTION REQUIRED | Located at entrance of location - emergency contact number has peeled off, missing nearest public access road | Install sign to comply with rule 210. | 10/31/2014 |

Emergency Contact Number (S/A/V): ACTION Corrective Date: 10/31/2014

Comment: Not legible

Corrective Action: Provide emergency contact # to comply with COGCC rules

Good Housekeeping:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-----------------|------------------------------|---|---|------------|
| TRASH | ACTION REQUIRED | Pit liner and wood pallets on location. Pit liner and felt scattered throughout recent pit reclaim. | Remove trash and debris to comply with COGCC rules | 10/31/2014 |
| STORAGE OF SUPL | ACTION REQUIRED | Wooden crate with hammer unions, fittings, gooseneck trailer, and 1 joint of casing | Remove equipment not needed for the production of the lease to comply with COGCC rules. | 10/31/2014 |

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
|------|------|--------|-------------------|---------|

Multiple Spills and Releases?

Fencing/:

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

| Equipment: | | | | | |
|--------------------|---|------------------------------|----------------|-------------------|------------|
| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| Deadman # & Marked | 4 | ACTION REQUIRED | 2 marked 2 not | Mark all anchors | 11/29/2015 |

| Venting: | |
|-----------------|---------|
| Yes/No | Comment |
| NO | |

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

Predrill

Location ID: 336491

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

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: 288675 Type: WELL API Number: 103-10973 Status: WO Insp. Status: TA

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: SITE CONDITION

S/A/V: ACTION CA Date: 07/01/2013

CA: Well must be either:
 1) Per COGCC Rule 326.b.(1) a successful mechanical integrity test shall be performed on each temporarily abandoned well within thirty (30) days of the date the well becomes incapable of production or
 2) Be properly plugged and abandoned.
 3) A sundry requesting continued temporarily abandoned status should be submitted to Bob Koehler at the COGCC within thirty (30) days of receipt of this report - the sundry should detail the plan for the future operation of the well and the way the well is closed to the atmosphere. Shut-in and temporarily abandoned wells must be properly reported on COGCC Form 7, Operator's Monthly Production Report.

Comment: TA status previously noted on 1/13/2012 doc # 663800072 and again on 4/25/2013 doc # 669300510. Well TA at time of inspection - no leaks/venting present at time of inspection. Fluid in cellar, gauge on well shows 2450psi. No production equipment present.

Facility ID: 298630 Type: WELL API Number: 103-11387 Status: XX Insp. Status: ND

Facility ID: 298631 Type: WELL API Number: 103-11388 Status: XX Insp. Status: ND

Facility ID: 298632 Type: WELL API Number: 103-11389 Status: XX Insp. Status: ND

Facility ID: 298633 Type: WELL API Number: 103-11390 Status: XX Insp. Status: ND

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: _____

Comment: Range Land

1003a. Debris removed? Fail CM _____
 CA Remove Debris CA Date 10/31/2014
 Waste Material Onsite? Pass CM _____
 CA _____ CA Date _____
 Unused or unneeded equipment onsite? Fail CM _____
 CA Remove equipment CA Date 10/31/2014
 Pit, cellars, rat holes and other bores closed? _____ CM _____
 CA _____ CA Date _____
 Guy line anchors removed? Fail CM _____
 CA Mark or remove CA Date 11/29/2015
 Guy line anchors marked? Fail CM _____
 CA Mark or remove CA Date 11/29/2015

1003b. Area no longer in use? Fail Production areas stabilized ? _____
 1003c. Compacted areas have been cross ripped? _____
 1003d. Drilling pit closed? Pass 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? Fail
 Production areas have been stabilized? Fail Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured Fail 80% Revegetation Fail

1003 f. Weeds Noxious weeds? _____ F _____

Comment: There are large areas on Location with no facilities or well that need to be reclaimed. CA is to reclaim areas no longer no longer needed for use or production. Recontouring and Revegetation activities should begin no later than spring 2016.

Overall Interim Reclamation Fail

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: _____

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 _____

Inspector Name: Colby, Lou

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|--------------|
| | | Gravel | Pass | | | |
| Other | Pass | | | | | Cattle guard |
| Retention Ponds | Fail | | | | | |
| | | Ditches | Pass | | | |
| | | Compaction | Pass | | | |
| Compaction | Pass | | | | | |
| Berms | Fail | | | | | |
| Gravel | Pass | | | | | |

S/A/V: **ACTION REQUIRED** Corrective Date: **10/31/2014**

Comment: **Stormwater BMP's are not being maintained, cut slopes have erosion cuts and berms washed out on location**

CA: **Maintain stormwater BMP's to comply with COGCC rules**

Pits: NO SURFACE INDICATION OF PIT

| Permit: | Facility ID | Permit Num | Expiration Date |
|---------|-------------|------------|-----------------|
| | 417548 | 2606868 | |

COGCC Comments

| Comment | User | Date |
|---|--------|------------|
| B list Noxious Weeds on Location. Weed control program to be planned by 11/27/ 15 and implemented in Spring of 2016. | colbyl | 10/29/2015 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|-------------|---|
| 680100262 | Photo log | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3711145 |

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.)