

**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:
11/03/2015Document Number:
674602280Overall Inspection:
SATISFACTORY**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 441571 | 441566 | Maclaren, Joe | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 10459Name of Operator: EXTRACTION OIL & GAS LLCAddress: 370 17TH STREET SUITE 5300City: DENVER State: CO Zip: 80202

- ☐ 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 |
|--------------------|-------|---------------------------------------|-----------------|
| Inspections, COGCC | | COGCCInspections@extracti onog.com | All Inspections |
| Schlagenhauf, Mark | | mark.schlagenhauf@state.co. us | |

Compliance Summary:QtrQtr: SESE Sec: 32 Twp: 2N Range: 67W**Inspector Comment:**

On November 3rd, 2015 COGCC Integrity Inspector Joe MacLaren (970-382-1680 Cell) conducted a flowline integrity (Only) field inspection at this location. Details of this field inspection are outlined in the comment section located at the end of this report.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 441567 | WELL | DG | 07/25/2015 | | 123-41432 | Troudt 2 | DG | <input checked="" type="checkbox"/> |
| 441568 | WELL | DG | 07/26/2015 | | 123-41433 | Troudt 1 | DG | <input checked="" type="checkbox"/> |
| 441569 | WELL | DG | 07/22/2015 | | 123-41434 | Troudt 5 | DG | <input checked="" type="checkbox"/> |
| 441570 | WELL | DG | 07/23/2015 | | 123-41435 | Troudt 4 | DG | <input checked="" type="checkbox"/> |
| 441571 | WELL | DG | 07/21/2015 | | 123-41436 | Troudt 6 | DG | <input checked="" type="checkbox"/> |
| 441572 | WELL | DG | 07/24/2015 | | 123-41437 | Troudt 3 | DG | <input checked="" type="checkbox"/> |
| 441573 | WELL | DG | 07/20/2015 | | 123-41438 | Troudt 7 | DG | <input checked="" type="checkbox"/> |
| 441574 | WELL | DG | 07/19/2015 | | 123-41439 | Troudt 8 | DG | <input checked="" type="checkbox"/> |

Equipment:**Location Inventory**

| | | | |
|-----------------------------|------------------------|----------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: <u>8</u> | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: <u>2</u> | Separators: <u>8</u> | 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: <u>16</u> | Dehydrator Units: _____ |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: _____ | Fuel Tanks: _____ |

Location

Inspector Name: Maclaren, Joe

Emergency Contact Number (S/A/V): _____

Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

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

☐ Multiple Spills and Releases?

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-----------|---|------------------------------|--|-------------------|---------|
| Flow Line | 8 | SATISFACTORY | Flowlines under construction; No integrity issues identified during this field inspection. | | |

Venting:

| Yes/No | Comment |
|--------|---------|
| | |

Flaring:

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

Predrill

Location ID: 441571

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

| Group | User | Comment | Date |
|-------|---------|---|------------|
| OGLA | treitzr | Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42 per Rule 316C | 04/15/2015 |

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

CA: _____ **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|-------------------|--|
| Odor mitigation | Operator will regulate odors in accordance with COGCC Rule 805. The production facilities will have VOC Combustors with emission control devices to comply with the Department of Public Health and Environment, Air Quality Control Commission. |
| Final Reclamation | Within 90 days subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site. The Operator shall restore the surface of the Land affected by such terminated operations as near as possible to the previous state that existed prior to operations. |

| | |
|--------------------------------|---|
| Drilling/Completion Operations | <p>A closed –loop system will be used for drilling operations.</p> <p>Blowout Prevention Equipment (“BOPE”): A double ram and annular preventer will be used during drilling. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.</p> <p>Lighting: Light sources during all phases of operations will be directed downwards and away from occupied structures where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site.</p> <p>Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.</p> |
| Dust control | <p>Fugitive dust will be controlled by speed restrictions on all neighboring roads, regular road maintenance and repair, and avoiding construction activity during high wind days. If technologically and economically feasible, additional management practices may also be required to minimize fugitive dust as well as to control silica dust while handling sand during frac'ing operations.</p> |
| General Housekeeping | <p>Visual Impacts: All long term facility structures will be painted a color that enables the facilities to blend in with the natural background color of the landscape, as seen from a viewing distance and location typically used by the public. Maintain appearance with garbage clean-up; a trash bin will be located on site to accumulate waste by the personnel drilling the wells. Site will have unused equipment, trash and junk removed immediately.</p> <p>Operator shall keep the Surface Use Area as well as any roads or other areas used by Operator safe and in good order, including control of noxious weeds litter and debris.</p> |
| Interim Reclamation | <p>Operator shall be responsible for segregating the topsoil, backfilling, repacking, reseeding, and recontouring the surface of any disturbed area so as not to interfere with Owner's operations and shall reclaim such area to be returned to pre-existing conditions as best as possible with control of all noxious weeds.</p> |
| Traffic control | <p>Access Roads: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. Traffic will be routed to minimize local interruption. Operator has worked with local government and traffic control to minimize disturbance of traffic and impact to building unit owner.</p> |
| Interim Reclamation | <p>The final Landscape Plan was discussed in terms of how the eastern edge of location would be bermed and landscaped in order to mask the wellheads and facility from the building unit owner in the future. This will be a part of the reclamation process.</p> |
| Noise mitigation | <p>Extraction will be doing a baseline sound modeling test for the pad site starting next week. This will include sound monitoring equipment at the wellpad and facility location as well as at Mr. Sais home to the east of location. Extraction will tailor the sound wall height based on the results of that test. There were also discussions around placing hay bales in Mr. Sais yard and/or along the portion of the access road that is in the direct line-of-sight to the home to act as another sound barrier to Extraction's site.</p> |
| Construction | <p>Since tanks are within the buffer zone, Operator will utilize Low-profile tanks.</p> |
| Noise mitigation | <p>Sound walls and/or hay bales will be used on the West and East side of location to shield sensitive areas.</p> |
| Emissions mitigation | <p>Green Completions - Emission Control System: Test separators and associated flow lines and sand traps shall be installed on-site to accommodate green completions techniques pursuant to COGCC Rules. In the anticipated absence of a viable gas sales line, the flowback gas shall be thermally oxidized in an emissions control device (ECD), which will be installed and kept in operable condition for least the first 90-days of production pursuant to CDPHE rules. This ECD shall have an adequate capacity for 1.5 times the largest flowback within a 10 mile radius, will be flanged to route gas to other or permanent oxidizing equipment and shall be provided with the equipment needed to maintain combustions where non-combustible gases are present.</p> |

| | |
|--|---|
| Planning | <p>Multi-well Pads are located in a manner which allows for resource extraction while maintaining the highest distances possible from the offsetting residential areas and complies with the wishes of the surface owner.</p> <p>A meeting with the surface owner will determine the fencing plan.</p> <p>Tanks will be designed, constructed and maintained in accordance with NFPA Code 30. The tanks are visually inspected once a day for issues, and recorded inspections are conducted once a month.</p> |
| Material Handling and Spill Prevention | <p>Leak Detention Plan: Pumper will visit the location daily and visually inspect all tanks and fittings for leaks. Additionally, monthly documented SPCCP inspections are conducted pursuant to 40 CFR 112.</p> <p>Control of fire hazards: All material that is considered a fire hazard shall be a minimum of 25' from the wellhead tanks or separators. Electrical equipment shall comply with API IRP 500 and will comply with the current national electrical code.</p> <p>Operator shall comply with state and federal laws, rules and regulations governing the presence of any petroleum products, toxic or hazardous chemicals or wastes on the Subject lands.</p> |
| Construction | <p>Berm Construction- Tanks berms shall be constructed of steel rings with a synthetic or engineered liner and designed to contain 150% of the capacity of the largest tank. All berms will be visually checked periodically to ensure proper working condition.</p> <p>Containment berms shall be constructed and designed to prevent leakage and resist degradation from erosion or routine operation. Tertiary containment, such as an earthen berm, will be installed as required for Production Facilities within 500 feet of downgradient water surface water feature. All berms will be visually checked periodically to ensure proper working condition.</p> |
| Pre-Construction | <p>Anti-Collision: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed wells. The anti-collision scan may include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed well path with its respective error of uncertainty. If current surveys do not exist for the offset wells, operators may have gyro surveys conducted to verify bottom hole location. The proposed well may only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anti-collision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means including shutting in wells, plugging wells, increased drilling fluid in the event of lost returns or as is appropriate for the specific situation. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to the COGCC with the Form 5.</p> <p>Identification of plugged and abandoned wells will be identified pursuant to 319.a.(5)</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:

Inspector Name: Maclaren, Joe

| | | |
|--|---------------------|-------------------------|
| Name: _____ | Phone Number: _____ | Agreed to Attend: _____ |
| <u>Summary of Landowner Issues:</u> | | |
| | | |
| <u>Summary of Operator Response to Landowner Issues:</u> | | |
| | | |
| <u>Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:</u> | | |
| | | |

Facility

| | | | | |
|---------------------|------------|-----------------------|------------|------------------|
| Facility ID: 441567 | Type: WELL | API Number: 123-41432 | Status: DG | Insp. Status: DG |
| Facility ID: 441568 | Type: WELL | API Number: 123-41433 | Status: DG | Insp. Status: DG |
| Facility ID: 441569 | Type: WELL | API Number: 123-41434 | Status: DG | Insp. Status: DG |
| Facility ID: 441570 | Type: WELL | API Number: 123-41435 | Status: DG | Insp. Status: DG |
| Facility ID: 441571 | Type: WELL | API Number: 123-41436 | Status: DG | Insp. Status: DG |
| Facility ID: 441572 | Type: WELL | API Number: 123-41437 | Status: DG | Insp. Status: DG |
| Facility ID: 441573 | Type: WELL | API Number: 123-41438 | Status: DG | Insp. Status: DG |
| Facility ID: 441574 | Type: WELL | API Number: 123-41439 | Status: DG | Insp. Status: DG |

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:

Inspector Name: Maclaren, Joe

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: DRY LAND

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: DRY LAND

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 _____

Inspector Name: Maclaren, Joe

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 |
|--|----------|------------|
| On November 3rd, 2015 COGCC Integrity Inspector Joe MacLaren conducted a flowline integrity (Only) field inspection at this location. The Extraction Oil and Gas company man was not on location at the time of the field inspection. An Elite Oilfield Services supervisor informed the COGCC inspector of the following information: All of the flowlines (8 Wells) from wellhead to separator were completed; Xrays were completed on 100% of welds; Pressure testing of these flowlines is to take place after the tubing is set/ wellhead tie in's are completed; The VRU rack lines were being completed at the time of inspection/ 100% of welds scheduled for Xray; The flowlines from the separators to production tanks are scheduled for 10% Xray. There were no flowline integrity issues identified at the time of this field inspection. | maclarej | 11/05/2015 |
| Note: Please contact COGCC Flowline Integrity Inspector Joe MacLaren @ (970)-382-1680 (or joe.maclaren@state.co.us) prior to conducting flowline pressure testing/ in order to schedule witnessing of pressure testing of new flowlines at this location. | maclarej | 11/05/2015 |