

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



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Inspection Date:
11/12/2015

Document Number:
680400313

Overall Inspection:
SATISFACTORY

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>441412</u>	<u>440803</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
Dickert, Catherine	970-385-0696	cdickert@sginterests.com	Environmental and Permitting Manager
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>
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Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
10/01/2015	680400245	DG	DG	SATISFACTORY			No
09/01/2015	680400227	DG	DG	SATISFACTORY			No

Inspector Comment:

Witness cementing of 5.5" production casing.

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	WO	<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: _____	Drilling Pits: _____	Wells: <u>4</u>	Production Pits: _____
Condensate Tanks: <u>1</u>	Water Tanks: <u>6</u>	Separators: <u>4</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	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: <u>1</u>	Fuel Tanks: _____

Group	User	Comment	Date
OGLA	kubeczkd	<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>	03/18/2015

<p>OGLA</p>	<p>kubeczkd</p>	<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>	<p>03/18/2015</p>
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<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>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>

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

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/A/V: SATISFACTORY CA Date: _____

CA: _____

Comment: Waiting on completion.

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

Cement

Cement Contractor

Contractor Name: Halliburton Contractor Phone: _____

Surface Casing

Cement Volume (sx): _____ Circulate to Surface: _____

Cement Fall Back: _____ Top Job, 1" Volume: _____

Intermediate Casing

Cement Volume (sxs): _____ Good Return During Job: _____

Production Casing

Cement Volume (sx): 1043 Good Return During Job: YES

Plugging Operations

Depth Plugs(feet range): _____ Cement Volume (sx): _____

Good Return During Job: _____ Cement Type: _____

Comment: Cementing of 5.5" production casing. TD 13384' w/ 8.5" hole. Intermediate csg 9.625" set @ 5550'. 5.5" production casing set @ 13384'. Pumped lead 345 SKS VERSACEM mixed at 12.5 PPG, 1.88 YIELD, 9.43 GL/SK. Pumped tail 698 SKS EXPANDACEM mixed at 13.3 PPG, 1.89 YIELD, 8.64 GL/SK. Pumped at 6 BPM @ 420 psi until pressure increase, slowed rate to 3 BPM @ 1120 psi. Good returns throughout entire job. Plug landed, hold for 5 mins. @ 1808 psi. Floats held w/ 2.5 bbl back to tank. Estimated top of cement 4866', to be verified by CBL at later date.

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: 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: _____

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