

**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

Inspection Date:

01/05/2016

Document Number:

684900390

Overall Inspection:

SATISFACTORY**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 331351 | 331351 | Pesicka, Conor | <input type="checkbox"/> | |

Operator Information:

OGCC Operator Number: 10261

Name of Operator: BAYSWATER EXPLORATION AND PRODUCTION LLC

Address: 730 17TH ST STE 610

City: 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 |
|--------------|--------------|---------------------|-------------|
| BLYTH, TOM | 303-893-2503 | Tblyth@bayswater.us | Inspections |

Compliance Summary:

| | | | | | | | |
|---------------------|-----------|----------------|----------------|----------------------------------|-------------|-------------------|--------------------|
| QtrQtr: <u>NENE</u> | | Sec: <u>15</u> | Twp: <u>5N</u> | Range: <u>65W</u> | | | |
| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
| 06/25/2015 | 668703232 | | | SATISFACTORY | | | No |

Inspector Comment:

Active construction on location. COGCC needs to differentiate locations between producing Carlson Ha 41-15 and other wells, as they will each have their own facilities and location.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|-------------------|-------------|-------------------------------------|
| 260809 | WELL | PR | 03/01/2014 | OW | 123-20546 | CARLSON HA 41-15 | TA | <input type="checkbox"/> |
| 442179 | WELL | DG | 10/07/2015 | | 123-41709 | Carlson J-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442180 | WELL | DG | 07/09/2015 | | 123-41710 | Carlson B-15-16HC | CI | <input checked="" type="checkbox"/> |
| 442181 | WELL | DG | 07/10/2015 | | 123-41711 | Carlson C-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442182 | WELL | DG | 10/07/2015 | | 123-41712 | Carlson K-15-16HC | CI | <input checked="" type="checkbox"/> |
| 442183 | WELL | DG | 07/15/2015 | | 123-41713 | Carlson E-15-16HC | CI | <input checked="" type="checkbox"/> |
| 442184 | WELL | DG | 07/11/2015 | | 123-41714 | Carlson D-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442185 | WELL | DG | 10/08/2015 | | 123-41715 | Carlson L-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442186 | WELL | DG | 07/15/2015 | | 123-41716 | Carlson F-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442189 | WELL | DG | 07/17/2015 | | 123-41717 | Carlson H-15-16HC | CI | <input checked="" type="checkbox"/> |
| 442190 | WELL | DG | 07/16/2015 | | 123-41718 | Carlson G-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442191 | WELL | DG | 10/06/2015 | | 123-41719 | Carlson I-15-16HN | CI | <input checked="" type="checkbox"/> |
| 442192 | WELL | DG | 07/09/2015 | | 123-41720 | Carlson A-15-16HN | CI | <input checked="" type="checkbox"/> |

Equipment:Location Inventory

Inspector Name: Pesicka, Conor

| | | | |
|------------------------------|------------------------|----------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: <u>13</u> | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: <u>5</u> | Separators: <u>7</u> | Electric Motors: _____ |
| Gas or Diesel Mortors: _____ | Cavity Pumps: _____ | LACT Unit: _____ | Pump Jacks: _____ |
| Electric Generators: _____ | Gas Pipeline: _____ | Oil Pipeline: _____ | Water Pipeline: _____ |
| Gas Compressors: <u>3</u> | VOC Combustor: _____ | Oil Tanks: <u>7</u> | Dehydrator Units: _____ |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: _____ | Fuel Tanks: _____ |

Location

Lease Road:

| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
|------|------------------------------|---------|-------------------|------|
| | | | | |

Signs/Marker:

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

Emergency Contact Number (S/AR): _____

Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

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

Spills:

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

☐ Multiple Spills and Releases?

Fencing/:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-------------------|------------------------------|--|-------------------|---------|
| Netting/Fence com | SATISFACTORY | Orange fencing is put up at night around dangerous areas. It is down during the day for construction work. | | |

Equipment:

| Type: | # | Satisfactory/Action Required: |
|-------------------|---|-------------------------------|
| Comment | | |
| Corrective Action | | Date: _____ |

Venting:

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

Flaring:

| Type | Satisfactory/Action Required |
|----------|------------------------------|
| Comment: | |

| | |
|--------------------|----------------------|
| Corrective Action: | Correct Action Date: |
|--------------------|----------------------|

Predrill

Location ID: 331351

Site Preparation:

Lease Road Adeq.: SATISFACTORY

Pads: SATISFACTORY

Soil Stockpile: SATISFACTORY

S/AR: SATISFACTORY

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

Form 2A COAs:

| Group | User | Comment | Date |
|-------|----------|--|------------|
| OGLA | andrewsd | Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42. Please note that this notice is now required under Rule 316C.c. | 06/16/2015 |

S/AR: _____ **Comment:** _____**CA:** _____ **Date:** _____**Wildlife BMPs:**

| BMP Type | Comment |
|-------------------------------------|---|
| Traffic control | Access Road: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. Bayswater is utilizing the existing Access Road off of Fern Ave. to reduce the impact on the neighboring houses and lesson any construction activity. Traffic will be routed to minimize local interruption. Traffic activity concerns and routing have been noted in the Surface Damage and Release Agreement between Bayswater and the landowner. Access from the south is preferred as it is the least populated area of the surrounding neighborhood and has a direct route to business route 34 and also State Highway 34. |
| General Housekeeping | Visual Impacts: Equipment, regardless of construction date, which are observable from any public highway shall be painted with uniform, non-contrasting, non-reflective color tones (similar to the Munsell Soil Color Coding System), and with colors matched to, but slightly darker than, the surrounding landscape. 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. 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. |
| Storm Water/Erosion Control | Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control storm water runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s). |
| Community Outreach and Notification | Operator plans to have a neighborhood meeting to make sure that all concerns are addressed and to let owners know they can call if they have any complaints. Operator will also provide a toll-free hotline to all Building Unit Owners in the area if they have any complaints. |
| 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. |
| Odor mitigation | Equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare. Oil and gas operations shall be in compliance with the Department of Public Health and Environment, Air Quality Control Commission, Regulation No. 2 Odor Emission, 5 C.C.R. 1001-4, Regulation No. 3 (5 C.C.R. 1001-5), and Regulation No. 7 Section XVII.B.1 (a-c) and Section XII. |

| | |
|--------------------------------|---|
| Construction | <p>Guy line anchors: All guy line anchors shall be brightly marked pursuant to Rule 604.c.(2)Q.</p> <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>Operator anticipates a possible liquids pipeline along Fern Avenue in mid-2016 and thus truck traffic could then be at a minimum for oil hauling.</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 a down gradient surface water feature. All berms will be visually checked periodically to ensure proper working condition.</p> <p>All equipment will be anchored to the extent necessary to resist flotation, collapse, lateral movement, or subsidence.</p> <p>Lighting: Lights on location will be installed to ensure safety around the site. Lights will have on/off capability. All lighting will be diverted downward and inward, and shielded so as to avoid glare on public roads and Building Units.</p> |
| Pre-Construction | <p>Anti-collision: Operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling.</p> <p>Identification of plugged and abandoned wells will be identified pursuant to 319.a.(5)</p> |
| Emissions mitigation | <p>Green Completions - Emission Control System: Test separators and associated flow lines and sand traps shall be installed 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 at 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> <p>Operator is working on ROW with land owners in the area to bring a new gas sales line along Fern Ave. from the north (Arellano site), as well as working with an operator of a sales line already in place. Bayswater will connect to one of these gas sales lines as soon as practical.</p> |
| 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: Site lighting shall be directed downward and inward and shielded so as to avoid glare on public roads and Building Units within one thousand (1000) feet 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> <p>Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.</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 weeds.</p> |

| | |
|--|---|
| Material Handling and Spill Prevention | <p>Leak Detention Plan: Pumper will visit the location daily and visually inspect all wellheads 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. 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> |
| Noise mitigation | <p>Baseline studies will be conducted prior to commencement of construction and dirt work, which includes both A and C scale measurements. A sound model will be developed with the drilling rig and completion operations noise signatures. Bayswater has recently acquired a new rig signature for the Frontier # 8 rig with hospital grade mufflers. This signature information is attached as OTHER. Various height sound walls will be engineered and installed where required and necessary. Temporary I-beams will be installed for walls 20' and higher. Sound walls themselves, a combination of STC-32 and STC-25 Acoustical Barrier Blankets, will be implemented. Both drilling and completion operations will be conducted within these sound walls. 10'-16' portable walls will be used to dampen gen-sets, if necessary, pursuant to sound model results. Additionally, sound blankets may be utilized in and around the rig floor to dampen noise from the draw works. Operator is investigating the possibility of powering the drill site by electricity.</p> <p>Operator utilizes appropriately sized sounds walls for instillation around production facility compressors to dampen noise. These walls are based on a forecasted model with the production facilities' noise signature.</p> |
| Dust control | <p>Operator shall employ practices for control of fugitive dust caused by their operations. Bayswater has agreed to apply dust control along the length of Fern avenue between 18th St. and 24th streets. Such practices shall include but are not limited to the use of speed restrictions, regular road maintenance, restriction of construction activity during high- wind days, and silica dust controls when handling sand used in hydraulic fracturing operations. Bayswater additionally has implemented the use of traffic signs when leaving the location to remind drivers of specific routes to utilize. Additional management practices such as road surfacing, wind breaks and barriers, or automation of wells to reduce truck traffic may also be required if technologically feasible and economically reasonable to minimize fugitive dust emissions.</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>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> <p>Operator will continue to be in close communication with Surface Owner with respect to livestock consideration and drilling rig move in date.</p> <p>A meeting with the surface owner will determine the fencing plan.</p> |

S/AR: SATISFACTORY

Comment:

CA:

Date:

Stormwater:

| | | | |
|--------------|---------|------------|---------|
| Erosion BMPs | Present | Other BMPs | Present |
| BERMS | Yes | | |

S/AR: SATISFACTORY

Corrective Action:

Date:

Comments: Erosion BMPs:

Other BMPs:

Inspector Name: Pesicka, Conor

| | | |
|-------------------------|-----|-------|
| DITCHES | Yes | |
| S/AR: SATISFACTORY | | |
| Corrective Action: | | Date: |
| Comments: Erosion BMPs: | | |
| Other BMPs: | | |

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: | 442179 | Type: | WELL | API Number: | 123-41709 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442180 | Type: | WELL | API Number: | 123-41710 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442181 | Type: | WELL | API Number: | 123-41711 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442182 | Type: | WELL | API Number: | 123-41712 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442183 | Type: | WELL | API Number: | 123-41713 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442184 | Type: | WELL | API Number: | 123-41714 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442185 | Type: | WELL | API Number: | 123-41715 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442186 | Type: | WELL | API Number: | 123-41716 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442189 | Type: | WELL | API Number: | 123-41717 | Status: | DG | Insp. Status: | CI |
| Facility ID: | 442190 | Type: | WELL | API Number: | 123-41718 | Status: | DG | Insp. Status: | CI |

Facility ID: 442191 Type: WELL API Number: 123-41719 Status: DG Insp. Status: CI

Facility ID: 442192 Type: WELL API Number: 123-41720 Status: DG Insp. Status: CI

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: IRRIGATED

Comment:

1003a. Waste and Debris removed? _____

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 marked? _____

CM _____

CA _____ CA Date _____

1003b. Area no longer in use? _____

Production areas stabilized ? _____

Inspector Name: Pesicka, Conor

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: 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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Ditches | Pass | | | | | |
| Berms | Pass | Gravel | Pass | | | |

S/A/V: SATISFACTOR _____ Corrective Date: _____

Y

Comment: _____

CA: _____

Pits: ☒ NO SURFACE INDICATION OF PIT