

**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:

01/06/2016

Document Number:

682400238

Overall Inspection:

SATISFACTORY**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 442953 | 442953 | Binschus, Chris | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 69175Name of Operator: PDC ENERGY INCAddress: 1775 SHERMAN STREET - STE 3000City: DENVER State: CO Zip: 80203

- ☐ 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 |
|--------------|-------|--------------------------|-----------------|
| , | | COGCCInspection@pdce.com | All Inspections |

Compliance Summary:QtrQtr: NENW Sec: 19 Twp: 4N Range: 63W**Inspector Comment:**This is a construction inspection.**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 442941 | WELL | XX | 08/21/2015 | | 123-42060 | Sater 19M-443 | XX | <input checked="" type="checkbox"/> |
| 442943 | WELL | XX | 08/21/2015 | | 123-42062 | Sater 19M-243 | XX | <input checked="" type="checkbox"/> |
| 442946 | WELL | XX | 08/21/2015 | | 123-42065 | Sater 19J-323 | XX | <input checked="" type="checkbox"/> |
| 442947 | WELL | XX | 08/21/2015 | | 123-42066 | Sater 19J-203 | XX | <input checked="" type="checkbox"/> |

Equipment:Location Inventory

| | | | |
|------------------------------|-------------------------|----------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: <u>4</u> | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: <u>4</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: <u>3</u> | Oil Tanks: <u>12</u> | Dehydrator Units: _____ |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: _____ | Fuel Tanks: _____ |

Location**Lease Road:**

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

Inspector Name: Binschus, Chris

| 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 |
| <input type="checkbox"/> Multiple Spills and Releases? | | | | |

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

| 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: 442953 | | | |
| Site Preparation: | | | |
| Lease Road Adeq.: _____ | | Pads: _____ | Soil Stockpile: _____ |
| S/AR: _____ | | | |
| Corrective Action: _____ | | Date: _____ | CDP Num.: _____ |

| Form 2A COAs: | | | |
|----------------------|---------|--|------------|
| Group | User | Comment | Date |
| OGLA | HouseyM | Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42. | 07/31/2015 |
| OGLA | HouseyM | The Location lies in proximity to a surface water drainage. Operator shall use tertiary containment along the cross- and down-gradient perimeters of the Location. | 07/31/2015 |

| | |
|--------------------|-----------------------|
| S/AR: _____ | Comment: _____ |
| CA: _____ | Date: _____ |

Wildlife BMPs:

| BMP Type | Comment |
|--|---|
| Storm Water/Erosion Control | Stormwater Management Plan contains required elements associated with PDC's construction activities for Areas 1, 2, 3, and 5, as defined in the CDPS General Permit for Stormwater Discharges Associated with Construction Activity, Authorization to Discharge Under the Colorado Discharge Permit System (Permit No. COR-030000, re-issued and effective July 1, 2007).BMPs for sediment and erosion control will be accomplished through a combination of construction techniques, vegetation and re-vegetation, administrative controls, and structural features. |
| Material Handling and Spill Prevention | To prevent adverse impacts to shallow groundwater, buried produced water vault shall be installed above an impermeable synthetic or geosynthetic liner system which shall be tied back into the surface liner. |
| Construction | MLVT Certification PDC Energy Inc. hereby certifies to the Director that the Modular Large Volume Tanks, utilized for the afore mentioned location, will be designed and implemented consistent with the Colorado Oil and Gas Conservation Commission policy dated June 13, 2014. |

Construction

PDC Energy, Inc. (PDC) has developed Best Management Practices (BMPs) to prevent injuries, property damage or environmental impacts and a Contingency Plan for any Modular Large Volume Tank (MLVT) leak or catastrophic failure of the tank integrity and resulting loss of fluid. These BMPs include, but not limited, by the following:

- 1) PDC determines MLVT locations based on size of location, nearby surface waters, site visibility, surrounding land use, property lines, onsite traffic, site security, tear-away tank fill connections, topography (high, low, slope, direction), nearby building units, roads, access points, and surface owner requests.
- 2) Signs shall be posted on each MLVT to indicate that the contents are fresh water and that no E&P waste fluids are allowed. Location and additional signage shall conform to Rule 210.
- 3) MLVTs will be operated with a minimum of 1 foot freeboard at all times.
- 4) Access to the tanks shall be limited to operational personnel.
- 5) Construction and installation of the tank structure, liner and sub-grade shall meet or exceed the manufacturer specifications. PDC follows manufacturer's Standard Operating Procedures (SOPs) and will provide these SOPs upon request to the COGCC.
- 6) PDC will conduct daily, visual inspections of the exterior wall and general area for any integrity deficiencies before, during, and after filling the MLVTs. PDC uses Construction Sign-Off, Site Preparation Sign-Off, Completion Sign-Off, Pre-Fill, and Site Visit checklists to maintain a written record of inspections. However, when the fluid level in the MLVTs is less than two (2) feet and there is no activity going on (i.e. during holidays or a small break between completions), only intermittent inspections will be conducted. Two feet is the safe volume of fluid level that is needed to hold the liner down and keep the MLVT stable.
- 7) Each location where MLVT's are used will have its own set of unique site-specific characteristics and associated risks (e.g., rural vs. urban setting, grade of the location, etc.) to be considered in a worst case scenario. These characteristics must be identified and addressed prior to the MLVT construction phase and should be documented in the MLVT construction checklist. Ensuring the safety of our employees, contractors, and the public are a top priority. This can be addressed with the implementation of MLVT pre-construction risk assessment measures to address safety concerns, and minimize environmental impacts and property damage in the unlikely event of a MLVT release.
- 8) In the event of a catastrophic MLVT failure, the Operator shall notify the COGCC as soon as practicable but not more than 24 hours after discovery, submit a Form 22-Accident Report within 10 days after discovery, conduct a "root cause analysis", and provide same to COGCC on a Form 4-Sundry Notice within 30 days of the failure.
- 9) The MLVT shall be constructed and operated in accordance with a design package certified and sealed by a Licensed Professional Engineer either in Colorado or the state where the MLVT was designed or manufactured.
- 10) COGCC Rules 605.a.(3,5,6,7, and 8), as applicable to tank setbacks at the time of installation shall apply to the siting of this MLVT.
- 11) All MLVT liner seams shall be welded and tested in accordance with applicable ASTM international standards. Any repairs to liners shall be made using acceptable practices and applicable standards.
- 12) PDC Energy Inc. hereby certifies to the Director that the Modular Large Volume Tanks, utilized for the afore mentioned location, will be designed and implemented consistent with the Colorado Oil and Gas Conservation Commission policy dated June 13, 2014.

S/AR: _____ **Comment:** _____

CA: _____ **Date:** _____

Stormwater:

| | | | |
|------------------|---------|------------|---------|
| Erosion BMPs | Present | Other BMPs | Present |
| SLOPE ROUGHENING | Yes | | |

S/AR: SATISFACTORY

Corrective Action: _____ Date: _____

Comments: Erosion BMPs: **Stormwater BMPs installed before construction.**

Other BMPs: _____

Comment: _____

Inspector Name: Binschus, Chris

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: 442941 Type: WELL API Number: 123-42060 Status: XX Insp. Status: XX

Facility ID: 442943 Type: WELL API Number: 123-42062 Status: XX Insp. Status: XX

Facility ID: 442946 Type: WELL API Number: 123-42065 Status: XX Insp. Status: XX

Facility ID: 442947 Type: WELL API Number: 123-42066 Status: XX Insp. Status: XX

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: DRY LAND

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 ? _____

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 REVEGETATIONCropland

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 _____

Inspector Name: Binschus, Chris

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

S/A/V: _____

Corrective Date: _____

Comment: _____

CA: _____

Pits: ☐ NO SURFACE INDICATION OF PIT

COGCC Comments

| Comment | User | Date |
|--|-----------|------------|
| Stormwater BMPs installed prior to construction. | binschusc | 01/08/2016 |
| Refer to attached photos in Doc.#682400239. | | |

Attached Documents

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

| Document Num | Description | URL |
|--------------|-----------------|---|
| 682400239 | Location Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3757388 |