

**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:

04/01/2016

Document Number:

671000305

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 422420 | 422420 | LUJAN, CARLOS | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|--|
| OGCC Operator Number: | <u>10433</u> |
| Name of Operator: | <u>LARAMIE ENERGY LLC</u> |
| Address: | <u>1401 SEVENTEENTH STREET #1400</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 |
|-----------------|----------------|------------------------------|------------------------------|
| Spencer, Stan | | stan.spencer@state.co.us | EPS, NW Region |
| Fischer, Alex | | alex.fischer@state.co.us | Environmental Supervisor, NW |
| Prescott, Lorne | (970) 812-5311 | lprescott@laramie-energy.com | Enviro Piceance/Laramie |
| Lujan, Carlos | | carlos.lujan@state.co.us | EPS, NW Region |

Compliance Summary:

| | | | | | | | |
|---------|-------------|------|-----------|------|-----------|--------|------------|
| QtrQtr: | <u>NWNW</u> | Sec: | <u>17</u> | Twp: | <u>9S</u> | Range: | <u>94W</u> |
|---------|-------------|------|-----------|------|-----------|--------|------------|

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 12/22/2015 | 675202336 | | | SC | | | No |
| 07/18/2014 | 675200256 | | | SATISFACTORY | | | No |

Inspector Comment:

Inspection conducted in response to a spill, mostly contained in the tanks secondary containment. Focus was on environmental issues. Present onsite Lorne Prescott from Laramie Energy and Carlos Lujan, COGCC. Sunny and cool (45 oF approx). 6.5 bbls of produced water left secondary containment onto pad location. 1.5 bbls migrated downhill to stormwater catch basin.No junk or weed was observed on site. Tanks labeled. Tanks with metallic secondary containment and lined.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------------------|--------|-------------|------------|-----------|---------------------|-------------|
| 423243 | WELL | XX | 05/19/2011 | LO | 077-10158 | Hawxhurst 08-13C | XX |
| 423247 | WELL | PR | 05/06/2014 | GW | 077-10159 | Hawxhurst 17-05B | PR |
| 423252 | WELL | PR | 05/02/2014 | GW | 077-10160 | Hawxhurst 17-03C | PR |
| 445293 | SPILL OR RELEASE | AC | 03/30/2016 | | - | SPILL/RELEASE POINT | AC |

Equipment:

Location Inventory

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

Predrill

Location ID: 422420

Site Preparation:

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

S/AR: _____

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

Form 2A COAs:

| Group | User | Comment | Date |
|--------|-----------|--|------------|
| OGLA | kubeczkod | <p>GENERAL SITE COAs:</p> <p>Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried pipelines.</p> <p>A closed loop system (as indicated by operator on the Form 2A) must be implemented, otherwise, Any pit constructed to hold fluids (reserve pit, production pit, frac pit; except for flare pit, if built) must be lined.</p> <p>Operator must ensure 110 percent 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 maintained in good condition.</p> <p>Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. The flowback and stimulation fluid tanks must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)).</p> <p>Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.</p> <p>The location is in an area of high run off/run-on potential (steep grade to the west) and underlain by fine grained loams; therefore the pad shall be constructed to prevent any stormwater run-on and/or stormwater runoff. 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>The access road will be constructed 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>The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.</p> | 03/28/2011 |
| Permit | sharpd | <p>Operator timing on application to change well spacing has been requested. Present 160 acre spacing units preclude 21 well drilling package.</p> | 03/11/2011 |

| | | | |
|------|----------|--|------------|
| OGLA | kubeczko | Initiated/Completed OGLA Form 2A review on 03-28-11 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, lined pits/closed loop, flowback to tanks, tank berming, sediment control access and pad, and cuttings low moisture content COAs from operator on 03-28-11; received acknowledgement of COAs from operator on 03-?-10; passed by CDOW on 03-08-11 with operator submitted BMPs (with permit application) and WMP acceptable; passed OGLA Form 2A review on 03-29-11 by Dave Kubeczko; fluid containment, spill/release BMPs, lined pits/closed loop, flowback to tanks, tank berming, sediment control access and pad, and cuttings low moisture content COAs. | 03/28/2011 |
|------|----------|--|------------|

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

CA: _____ **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|-----------------------------|---|
| Storm Water/Erosion Control | CDPHE Stormwater Permit No. COR03G719 effective 8/17/2010 |
| Wildlife | WMP signed with DOW 01-11-2011. |

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

CA: _____ **Date:** _____

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: 0 Type: _____ API Number: - Status: _____ Insp. Status: _____

Environmental

Spills/Releases:

Type of Spill: FLUID Description: Produced water Estimated Spill Volume: 6.5

Comment: Fluid leaked due to compromised secondary containment. Laramie was in the process of assessing compromised liner and making repairs. Analytical results from catchment basin and pad showed that only SAR was above Table 910-1 values. Laramie must reassess SAR values when time comes to close the pad and to complete reclamation.

Corrective Action: Notify the COGCC of actions taken to repair the liner in secondary containment. Date: 04/29/2016

Reportable: YES GPS: Lat _____ Long _____

Proximity to Surface Water: 2600 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: HAY MEADOW, 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? _____

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: HAY MEADOW, 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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

S/A/V: _____ Corrective Date: _____

Comment:

CA:

Pits: NO SURFACE INDICATION OF PIT

Attached Documents

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

| Document Num | Description | URL |
|--------------|--|---|
| 671000306 | Hawxhurst well and Sign | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3831885 |
| 671000307 | Secondary containment after removing fluid | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3831886 |
| 671000308 | bermed pad and catch basin below | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3831887 |