

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:
06/29/2016
Document Number:
682400954

FIELD INSPECTION FORM

| | | | | |
|---------------------|---------------|---------------|------------------------|---|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection <input type="checkbox"/> |
| | <u>242846</u> | <u>319078</u> | <u>Binschus, Chris</u> | 2A Doc Num: _____ |

Overall Inspection:
SATISFACTORY w/ CMT or AR

Operator Information:

| |
|---|
| OGCC Operator Number: <u>10112</u> |
| Name of Operator: <u>FOUNDATION ENERGY MANAGEMENT LLC</u> |
| Address: <u>16000 DALLAS PARKWAY #875</u> |
| City: <u>DALLAS</u> State: <u>TX</u> Zip: <u>75248-</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 |
|-------------------|-------|---------------------------------|---------|
| PAYNE, RICHARD L. | | regulatory@foundationenergy.com | |
| Allison, Rick | | rick.allison@state.co.us | |

Compliance Summary:

| QtrQtr: <u>NWSE</u> | | Sec: <u>28</u> | | Twp: <u>8N</u> | | Range: <u>58W</u> | |
|---------------------|-----------|----------------|-------------|-------------------------------|----------|-------------------|-----------------|
| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
| 03/09/2016 | 679700147 | IJ | IJ | SATISFACTORY | | | No |
| 06/18/2015 | 667400691 | IJ | IJ | ACTION REQUIRED | | | No |
| 10/15/2014 | 667400477 | IJ | EI | ACTION REQUIRED | | | No |
| 09/17/2014 | 673900503 | IJ | AC | SATISFACTORY | | | No |
| 05/08/2014 | 667400383 | IJ | EI | ACTION REQUIRED | | | No |
| 07/31/2013 | 664001166 | IJ | AC | SATISFACTORY | | | No |
| 07/11/2012 | 663400595 | IJ | SI | SATISFACTORY | P | | No |
| 05/18/2011 | 200310581 | RT | AC | SATISFACTORY | | | No |
| 05/03/2010 | 200246625 | RT | AC | SATISFACTORY | | | No |
| 05/13/2008 | 200189990 | MI | AC | SATISFACTORY | | | No |
| 04/24/2008 | 200130644 | RT | AC | ACTION REQUIRED | | | Yes |
| 08/29/2007 | 200118194 | RT | AC | SATISFACTORY | | | No |
| 06/19/2006 | 200093892 | RT | AC | SATISFACTORY | | Pass | No |
| 06/28/2005 | 200073230 | MI | AC | SATISFACTORY | | Pass | No |
| 02/25/2004 | 200050548 | RT | AC | SATISFACTORY | | Pass | No |
| 04/15/2003 | 200037611 | RT | AC | SATISFACTORY | | Pass | No |
| 08/01/2002 | 200029319 | RT | AC | SATISFACTORY | | Pass | No |
| 07/15/2002 | 200028885 | PR | PR | ACTION REQUIRED | | Fail | Yes |
| 08/21/2001 | 200019168 | RT | AC | SATISFACTORY | | Pass | No |

Inspector Name: Binschus, Chris

| | | | | | | | |
|------------|-----------|----|----|--------------|--|------|----|
| 06/29/2000 | 200008065 | MI | AC | SATISFACTORY | | Pass | No |
| 06/27/2000 | 200008058 | MI | AC | SATISFACTORY | | Fail | No |
| 03/14/1995 | 500165875 | MI | AC | | | Pass | No |

Inspector Comment:

This was a joint Final Reclamation inspection with COGCC Environmental and Reclamation staff regarding two separate flowline release areas associated with remediation sites. Per Field Inspection Report Document #679700190, Remediation Project #8518 and #8550 will remain open until compliance with Rule 1004 regarding surface reclamation. See Final Reclamation section and COGCC comments for additional information regarding current reclamation status of this location. This inspection only applies to the above mentioned flowline release areas associated with Remediation Project #8518 and #8550.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|-------------------|-------------|-------------------------------------|
| 242846 | WELL | IJ | 09/16/2007 | ERIW | 123-10637 | SOONER UNIT 10-28 | RI | <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

| | | | |
|------------------------------|------------------------|---------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: _____ | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: _____ | Separators: _____ | 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: _____ | 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 |
|------|------------------------------|---------|-------------------|---------|
| | | | | |

| | | | |
|-------------------|---|-------------------------------|-------|
| 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: 242846

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

S/AR: _____

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

Form 2A COAs:

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

CA: _____ **Date:** _____

Wildlife BMPs:

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: 242846 Type: WELL API Number: 123-10637 Status: IJ Insp. Status: RI

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: _____

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: _____

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: See COGCC comments for current reclamation status.

Corrective Action: Date _____

Overall Final Reclamation In Process 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 |
|---|-----------|------------|
| <p>Remediation Site #8518: IN PROCESS- The release area is dominated by Cheatgrass (Bromus tectorum) which is an undesirable plant species and considered a List C Colorado Noxious weed. Stormwater BMPs have been installed along the down gradient slope. Vegetation, whether it is desirable or not (i.e., cheatgrass), appears to be stabilizing the slope. Location will be inspected on a future date to determine vegetative composition and ensure compliance with Rule 1004.</p> <p>Remediation Site #8550: IN PROCESS- Need to maintain fence to ensure cattle does not negatively affect the reclamation process.</p> <p>Refer to attached photos in Document #682400955.</p> | binschusc | 07/12/2016 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|---------------------|---|
| 682400954 | INSPECTION APPROVED | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3901861 |
| 682400955 | Location Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3901852 |