

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:
08/16/2016
Document Number:
684901950
Overall Inspection:
ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-----------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>331636</u> | <u>331636</u> | <u>Pesicka, Conor</u> | <input type="checkbox"/> | |

Operator Information:

OGCC Operator Number: 10112
 Name of Operator: FOUNDATION ENERGY MANAGEMENT LLC
 Address: 16000 DALLAS PARKWAY #875
 City: DALLAS State: TX Zip: 75248-

- 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 |
|--------------|-------|---------------------------------|-----------------|
| | | regulatory@foundationenergy.com | All Inspections |

Compliance Summary:

QtrQtr: NENW Sec: 23 Twp: 6N Range: 61W

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|--|
| 264190 | WELL | PR | 09/05/2002 | OW | 123-21025 | KETTL 23-3 | SI <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

| Signs/Marker: | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------------------|------------------------------|---|---------------------------------------|-------------------|
| TANK LABELS/PLACARDS | SATISFACTORY | | | |
| WELLHEAD | ACTION REQUIRED | Wellhead sign is damaged, especially across emergency # | Install sign to comply with rule 210. | 10/17/2016 |
| BATTERY | SATISFACTORY | | | |

ACTION

Inspector Name: Pesicka, Conor

Emergency Contact Number (S/AR): _____ Corrective Date: 09/16/2016

Comment: Emergency # is damaged on sign

Corrective Action: Install sign to comply with rule 210.

| 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 |
| PUMP JACK | SATISFACTORY | cattle panel | | |

| Equipment: | | | | |
|-------------------------------|--|---|---------|-----------------|
| Type | Count | Satisfactory/Action Required | Comment | CA Date |
| Type: Pump Jack | # 1 | Satisfactory/Action Required: ACTION REQUIRED | | |
| Comment | Stained soil at wellhead, audible leak at wellhead | | | |
| Corrective Action | Remove or remediate stained; Securely fasten all valves, pipes, and fittings to ensure good mechanical condition per Rule 605.d. (24 hours for leak, 30 days for stained soil) | | | Date: 9/16/2016 |
| Type: Prime Mover | # 1 | Satisfactory/Action Required: SATISFACTORY | | |
| Comment | | | | |
| Corrective Action | | | | Date: |
| Type: Vertical Heater Treater | # 1 | Satisfactory/Action Required: SATISFACTORY | | |
| Comment | | | | |
| Corrective Action | | | | Date: |
| Type: Emission Control Device | # 1 | Satisfactory/Action Required: SATISFACTORY | | |
| Comment | | | | |
| Corrective Action | | | | Date: |
| Type: Gas Meter Run | # 1 | Satisfactory/Action Required: SATISFACTORY | | |
| Comment | | | | |
| Corrective Action | | | | Date: |
| Type: Vertical Separator | # 1 | Satisfactory/Action Required: ACTION REQUIRED | | |
| Comment | Stained soil at separator | | | |
| Corrective Action | Remove or remediate stained soil; Securely fasten all valves, pipes, and fittings to ensure good mechanical condition per Rule 605.d. | | | Date: 9/16/2016 |
| Type: Bird Protectors | # 1 | Satisfactory/Action Required: SATISFACTORY | | |
| Comment | | | | |
| Corrective Action | | | | Date: |
| Type: Deadman # & Marked | # 2 | Satisfactory/Action Required: SATISFACTORY | | |
| Comment | | | | |
| Corrective Action | | | | Date: |
| Type: VRU | # 1 | Satisfactory/Action Required: ACTION REQUIRED | | |
| Comment | Stained soil around VRU | | | |

| | | |
|-------------------|---|-----------------|
| Corrective Action | Remove or remediate stained soil; Securely fasten all valves, pipes, and fittings to ensure good mechanical condition per Rule 605.d. | Date: 9/16/2016 |
|-------------------|---|-----------------|

Tanks and Berms: New Tank Tank ID: _____

| Contents | # | Capacity | Type | SE GPS |
|-----------|---|----------|-----------|-----------------------|
| CRUDE OIL | 2 | 400 BBLS | STEEL AST | 40.480460,-104.185040 |

| | | |
|------|--------------|----------|
| S/AR | SATISFACTORY | Comment: |
|------|--------------|----------|

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

Paint

| | |
|-----------|----------|
| Condition | Adequate |
|-----------|----------|

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|-------|----------|---------------------|---------------------|-------------|
| Earth | Adequate | Walls Sufficient | Base Sufficient | Adequate |

| | |
|-------------------|-----------------|
| Corrective Action | Corrective Date |
|-------------------|-----------------|

| |
|---------|
| Comment |
|---------|

Venting:

| | |
|--------|----|
| Yes/No | NO |
|--------|----|

| |
|---------|
| Comment |
|---------|

Flaring:

| | |
|------|------------------------------|
| Type | Satisfactory/Action Required |
|------|------------------------------|

Comment: _____

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

Predrill

Location ID: 331636

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: 264190 Type: WELL API Number: 123-21025 Status: PR Insp. Status: SI

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/A/V: _____ CA Date: _____

CA: _____

Comment: SI

BradenHead

Comment: Bradenhead plumbed to surface

CA: _____

CA 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): Y

Comment: _____

Pilot: ON Wildlife Protection Devices (fired vessels): YES

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: _____

Comment: _____

1003a. Waste and Debris removed? Pass

CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? Pass

CM _____

CA _____ CA Date _____

Pit, cellars, rat holes and other bores closed? Pass

CM _____

CA _____ CA Date _____

Guy line anchors marked? Pass

CM _____

CA _____ CA Date _____

1003b. Area no longer in use? In Production areas stabilized ? Pass

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass Subsidence over on drill pit? Pass

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

Inspector Name: Pesicka, Conor

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: _____

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Gravel | Pass | Gravel | Pass | | | |

S/A/V: SATISFACTORY Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

Inspector Name: Pesicka, Conor

Pit Type: Produced Water Lined: NO Pit ID: 110695 Lat: 40.479276 Long: -104.183004

Lining:

Liner Type: _____ Liner Condition: _____

Comment: _____

Fencing:

Fencing Type: Livestock Fencing Condition: Adequate

Comment: _____

Netting:

Netting Type: Mesh Netting Condition: Holes

Comment: Mesh not covering entire pit

Anchor Trench Present: _____ Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/AV): ACTION Comment: Produced water pit with adjacent skim; Residue on skim mesh

Corrective Action: Remove residue; Repair mesh Date: 09/16/2016

Attached Documents

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

| Document Num | Description | URL |
|--------------|---------------------------|---|
| 684901951 | Stained soil at separator | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930184 |
| 684901952 | Residue on skim | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930185 |
| 684901953 | Gap in netting | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930186 |
| 684901954 | Residue on skim | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930187 |
| 684901955 | Stained soil at VRU | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930188 |
| 684901956 | Stained soil at wellhead | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930189 |
| 684901957 | Emergency # is damaged | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3930190 |