

**FORM
INSP**

Rev
X/15

**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:

02/20/2019

Submitted Date:

02/26/2019

Document Number:

682504523

FIELD INSPECTION FORM

Loc ID 458288 Inspector Name: Trujillo, Aaron On-Site Inspection 2A Doc Num: _____

Status Summary:

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED

Operator Information:

OGCC Operator Number: 10032
Name of Operator: H & M PETROLEUM CORPORATION
Address: PO BOX 467
City: SIDNEY State: NE Zip: 69162

Findings:

- 14 Number of Comments
- 12 Number of Corrective Actions
- Corrective Action Response Requested

ANY CORRECTIVE ACTION(S) FROM PREVIOUS INSPECTIONS THAT HAVE NOT BEEN ADDRESSED ARE STILL APPLICABLE

Contact Information:

Contact Name	Phone	Email	Comment
Freese, Steve		steve.freese@state.co.us	All SLB Inspections
		dick.shanor@gmail.com	
Arthur, Denise		denise.arthur@state.co.us	
		tom@tomsfoodpride.net	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
458364	WELL	DG	11/23/2018		075-09430	State BDB 1	RI

General Comment:

This is a follow-up inspection to doc. #682504101 and doc. #682504209.

This inspection is to document compliance concerns regarding the following ongoing issues, and corrective actions:

1002.b: Topsoil/soil salvage and segregation.

1002.c: Protection of soils

1002.e: Surface disturbance minimization.

1002.f: Install required stormwater and erosion control BMPs

1002.f(B) / 603.f: Proper materials management.

This inspection is also to provide notice and a path forward for H&M Petroleum regarding topsoil violations. Please see the document titled "H&M Topsoil Violation Letter" attached at the end of this report for information and instructions.

Portions of this inspection is being entered for notification and documentation only and is not intended to provide the Operator the potential opportunity to resolve the alleged violation(s) without the imposition of penalty, pursuant to Rule 522.c., therefore some of the corrective actions have no corrective action dates. Operator is advised to immediately address all corrective actions.

Please refer to the "Location", "Reclamation", "Stormwater" and "Comment" sections of this inspection report, as well as the documents attached. Any corrective action(s) from previous inspections that have not been addressed are still applicable.

Location

Overall Good:

Signs/Marker:			
Type	BATTERY		
Comment:			
Corrective Action:	Incomplete signage at the tank battery on the north end of the location; operator has contents, quantity and NEPA labeling on tanks at battery, however, tanks are missing name of operator, operator's emergency contact telephone number in accordance with 210.d. Additionally, battery is missing permanent signage in accordance with COGCC Rule 210.b(2).	Date:	
Type	TANK LABELS/PLACARDS		
Comment:			
Corrective Action:	Incomplete signage on the red tank (appears to be 300 bbl AST) on the northeast end of the location; operator has failed to apply signage/labels/placards on tank in accordance with 210.d. and 210.b(2).	Date:	
Type	WELLHEAD		
Comment:			
Corrective Action:	COGCC Rule 210.b(1) requires that "within sixty (60) days after the completion of a well, a permanent sign shall be located at the wellhead which shall identify the well and provide its legal location, including the quarter quarter section". Form 5 #401892120 states rig release date as 12/02/2018. Signage was required to be installed by 1/31/2019.	Date:	

Emergency Contact Number:

Comment:

Corrective Action: Date: _____

Good Housekeeping:			
Type	STORAGE OF SUPL		
Comment:	Inspection #682504209 (dated 11/27/2018) documented various materials (such as barrels and buckets) were insufficiently stored in accordance with good housekeeping and 1002.f(2).B. Inspection required operator to properly store materials in accordance with good housekeeping and proper materials management. During this inspection, one 5 gallon oil bucket observed being improperly stored on the soil surface of the location and not within secondary containment. See photos 27-28. Operator has failed to conduct proper materials management and good housekeeping. Original corrective action remains applicable.		
Corrective Action:	Properly store materials in accordance with good housekeeping and proper materials management.	Date:	<u>11/27/2018</u>

Overall Good:

Spills:			
Type	Area	Volume	

In Containment: No

Comment:

Multiple Spills and Releases?

Tanks and Berms:

Contents	#	Capacity	Type	Tank ID	SE GPS
Comment: <input type="text"/>					

Corrective Action:					Date:
Paint					
Condition					
Other (Content)					
Other (Capacity)					
Other (Type)					
Berms					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
	Inadequate	Walls Insufficient	Base Insufficient	Inadequate	
Comment:					
Corrective Action:	<p style="color: red;">Red tank on the northeast end of location missing secondary containment in accordance with COGCC rule 906.d(1). Comply with 906.d(1).</p>				Date: 01/05/1111
Contents	#	Capacity	Type	Tank ID	SE GPS
CRUDE OIL	2	300 BBLs	STEEL AST		,
Comment:					
Corrective Action:					Date:
Paint					
Condition					
Other (Content)					
Other (Capacity)					
Other (Type)					
Berms					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Earth					
Comment:	<p style="color: blue;">COGCC Rule 906.d(1) requires secondary around tanks shall be sufficient to contain the contents of the largest single tank and sufficient freeboard to contain precipitation. Berm around battery does not appear to be sufficient to contain the contents of the largest tank and and precipitation.</p>				
Corrective Action:	<p style="color: red;">Submit calculations and figures, including the diameter of the tanks, showing secondary containment complies with rule 906.d(1) for the two 300 bbl tanks. Information must be submitted by March 4th, 2019 via form 4. This corrective action date within this paragraph is not intended to cure the violation.</p>				Date:
Venting:					
Yes/No					
Comment:					
Corrective Action:					Date:
Flaring:					
Type					
Comment:					
Corrective Action:					Date:

Location Construction

Location ID: 458288 CDP: _____

Comment: Inspection #682504101 and #682504209 required operator to submit a reclamation plan for the pad and disturbed areas parallel to the O&G access road, and a 502.b variance request to waive requirements to COGCC Rule 1002.b. This corrective action was provided under the pretense that H&M received a waiver from the state, and had a pre-existing agreement with the surface owner to not conduct topsoil salvage per COGCC rules even though a variance is required to be submitted prior to failure to comply with the rules. It was discovered shortly after H&M had no agreements in place. See the attachment "H&M Topsoil Violation Letter" for additional details.

Corrective Action: _____ **Date:** _____

Form 2A COAs:

Comment: _____

Corrective Action: _____ **Date:** _____

Wildlife BMPs:

Comment: _____

Corrective Action: _____ **Date:** _____

Comment: _____

Corrective Action: _____ **Date:** _____

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:

Inspected Facilities

Facility ID: 458364 Type: WELL API Number: 075-09430 Status: DG Insp. Status: RI

Producing Well

Comment: [PR Well. This is a good housekeeping, reclamation and stormwater inspection.](#)

[Well is missing required signage.](#)

Corrective Action:

Date:

Reclamation - Storm Water - Pit

Interim Reclamation:

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

Land Use: RANGELAND

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND SEGREGATION Fail

Comment _____

Corrective Action **Inspection #682504209 documented that soil was excavated from the drill pit, however, topsoil and the subsoil horizons were not separated and stored or marked/documentated in accordance with Rule 1002.b.**

Date _____

1002c. PROTECTION OF SOILS Fail

Comment _____

Corrective Action **COGCC Rule 1002.c requires that "all stockpiled soils shall be protected from degradation due to contamination, compaction and, to the extent practicable, from wind and water erosion during drilling and production operations". Soil stockpile appears to be loose, unstabilized material at risk to wind and water erosion. Operator has failed to install BMPs to sufficiently stabilize the soil stockpile in accordance with 1002.c**

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION Fail

Comment _____

Corrective Action **Inspection #682504209 documented that Operator stored equipment/vehicles on the surface/topsoil, beyond areas of the constructed pad to the north. Inspection also documented that Operator appeared to have driven equipment/vehicles off of the location to the north and east. This is not compliant with 1002.e surface disturbance minimization and these disturbed areas will need to be included in future reclamation.**

In addition, operator has failed to stabilize the soils imported onto the location, and failed to import a sufficient amount of material to sufficiently protect the topsoil below. Refer to photo 4 in the attached photo document.

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____

Comment _____

Corrective Action _____

Date _____

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

Comment _____

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment

Corrective Action

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? **Fail** 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 _____

1003e. INTERIM VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

1003 f. Weeds Noxious weeds? _____

Comment

Corrective Action

Date _____

Overall Interim Reclamation

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: RANGELAND _____

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 _____

1004.d. FINAL VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

Comment: Per the "H&M Topsoil Violation Letter" attached to this inspection, and as indicated above in this report, the CA requiring a 502.b variance, and a reclamation plan is no longer applicable. The COGCC has determined that there is a risk and that the final reclamation will be compromised due to the lack of topsoil, or damaged topsoil at the location. In lieu of COGCC proceeding to enforcement regarding the topsoil issue, H&M Petroleum will be required to provide an additional financial assurance reclamation bond which would cover the final reclamation of the entire disturbance area. See the attached "H&M Topsoil Violation Letter" for additional details.

Corrective Action: SEE "COGCC COMMENTS AND H&M TOPSOIL VIOLATION LETTER" FOR CORRECTIVE ACTION REGARDING RECLAMATION.

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
				Material Handling And Spill Prevention	Fail	Proper materials mgmt-see "good housekeeping"
Waddles	Fail					Straw wattles

Comment: SEE "COGCC COMMENTS" FOR COMMENTS REGARDING STORMWATER

Corrective Action: Install required stormwater and erosion control BMPs in accordance to Rule 1002.f and in accordance with good engineering practices.

Date: 11/08/2018

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
In addition, operator does not appear to have salvaged topsoil, or to have constructed the access road north of the location as surface vegetation remains evident. Opeator appears to have traveled over the soil surface of the area until the road developed.	trujilloam	02/26/2019

<p>RECLAMATION CORRECTIVE ACTION</p> <p>For reclamation corrective action, read the letter attached to the end of this inspection for details and instructions. A 3rd party cost estimate and figure(s) must be submitted via form 4 by 3/12/2019. Bonding will be required no later than 45 days after the estimate has been accepted.</p> <p>Note: Operator must submit a cost estimate provided by a professional 3rd party contractor that specializes in land reclamation. Reclamation costs shall be for the entire disturbance (access road, location, and any additional disturbance), including the additional ~1.3 acre area where soil was removed to be placed on the location. The reclamation costs must include at a minimum the following items:</p> <ol style="list-style-type: none"> 1) Mobilization/demobilization costs 2) Road base/gravel removal 3) Dirt work 3.a) Soil removal (aeolian soils) 3.b) Import minimum of 6" of topsoil of comparable or better quality and composition to the location 3.c) Include soil testing to document equivalency. 4) Compaction alleviation (cross ripping) to a minimum depth of 18 inches 5) Re-contouring / re-grading 6) Soil samples 7) Soil amendments 8) Seeding (Seed + No-till drill application) 9) Erosion control blanket 10) Perimeter fence (Installation and removal) 11) Stormwater/erosion controls (installation, maintenance, and removal) 12) Monitoring (reclamation and stormwater) 13) Weed control (mob/demob, mowing/spraying three times) 	<p>trujilloam</p>	<p>02/25/2019</p>
<p>STORMWATER COMMENT</p> <p>Inspection #682504101 dated 11/08/2018 notified operator to ensure perimeter stormwater and erosion control BMPs are installed prior to construction activities of the pad in accordance with 1002.f. Inspection #682504209 dated 11/27/2018 documented that sufficient stormwater and erosion control BMPs were not been implemented on location and required Operator to install the required stormwater and erosion control BMPs in accordance with 1002.f</p> <p>Per this inspection, Operator has not installed stormwater controls in accordance with good engineering practices; Operator implemented erosion logs/straw wattles on location, however they area improperly installed.</p> <p>Operator only placed/staked the erosion logs upon the surface of the soil; BMPs have not been trenched and back-filled in accordance with good engineering practices and are not in proper functioning condition in accordance with 1002.f(2). This corrective action and date remains applicable.</p> <p>In addition, no BMPs have been installed on the west end of the location.</p>	<p>trujilloam</p>	<p>02/25/2019</p>

Attached Documents

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

Document Num	Description	URL
682504525	H&M Topsoil Violation Letter	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745413
682504526	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745414