

**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: \_\_\_\_\_**Operator Information:**OGCC Operator Number: 10032Name of Operator: H & M PETROLEUM CORPORATIONAddress: PO BOX 467City: SIDNEY State: NE Zip: 69162**Status Summary:**

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

**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	<a href="#">All SLB Inspections</a>
		dick.shanor@gmail.com	
		tom@tomsfoodpride.net	
Arthur, Denise		denise.arthur@state.co.us	

**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&amp;M Petroleum regarding topsoil violations. Please see the document titled "H&amp;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: ☐

<b>Signs/Marker:</b>			
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	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:	
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:	

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:	11/27/2018

Overall Good: ☐**Spills:**

Type	Area	Volume		
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In Containment: No

Comment:

☐ Multiple Spills and Releases?**Tanks and Berms:**

Contents	#	Capacity	Type	Tank ID	SE GPS
Comment:					

Corrective Action:				Date:	
<u>Paint</u>					
Condition					
Other (Content)					
Other (Capacity)					
Other (Type)					
<u>Berms</u>					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
	Inadequate	Walls Insufficient	Base Insufficient	Inadequate	
Comment:					
Corrective Action:	Red tank on the northeast end of location missing secondary containment in accordance with COGCC rule 906.d(1). Comply with 906.d(1).				Date:
Contents	#	Capacity	Type	Tank ID	SE GPS
CRUDE OIL	2	300 BBLs	STEEL AST		,
Comment:					
Corrective Action:					Date:
<u>Paint</u>					
Condition					
Other (Content)					
Other (Capacity)					
Other (Type)					
<u>Berms</u>					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Earth					
Comment:	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.				
Corrective Action:	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.				Date:
<u>Venting:</u>					
Yes/No					
Comment:					
Corrective Action:					Date:
<u>Flaring:</u>					
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.

Date \_\_\_\_\_

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.

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

Operator appears to be storing oil and gas associated equipment and the drill rig within the crop field ~200 yards north of the location, creating additional oil and gas disturbances.

Corrective Action

COGCC is requiring operator to submit a pre-existing surface owner agreement, if it exists, to allow oil and gas equipment to be stored off a permitted oil and gas location. 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.

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

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
<p><b>STORMWATER COMMENT</b></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>	trujilloam	02/25/2019



<b>RECLAMATION CORRECTIVE ACTION</b>  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.  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:  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)	trujilloam	02/25/2019
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. Operator appears to have traveled over the soil surface of the area until the road developed.	trujilloam	02/26/2019

**Attached Documents**

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

Document Num	Description	URL
401951823	INSPECTION SUBMITTED	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745423">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745423</a>
682504525	H&M Topsoil Violation Letter	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745413">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745413</a>
682504526	Inspection Photos	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745414">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4745414</a>