

**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:

03/08/2019

Submitted Date:

03/11/2019

Document Number:

682504574

FIELD INSPECTION FORMLoc ID 330865 Inspector Name: Trujillo, Aaron On-Site Inspection ☐ 2A Doc Num: _____**Operator Information:**

OGCC Operator Number: 10112

Name of Operator: FOUNDATION ENERGY MANAGEMENT LLC

Address: 5057 KELLER SPRINGS RD STE 650

City: ADDISON State: TX Zip: 75001

Status Summary:

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

Findings:

8 Number of Comments

3 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 |
|----------------|-------|----------------------------------|-----------------|
| Pesicka, Conor | | conor.pesicka@state.co.us | |
| Allison, Rick | | rick.allison@state.co.us | |
| Arthur, Denise | | denise.arthur@state.co.us | |
| | | abeard@foundationenergy.com | |
| , | | dnr_cogccenforcement@state.co.us | |
| | | jsauer@foundationenergy.com | |
| , | | regulatory@foundationenergy.com | All Inspections |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|
| 199860 | WELL | TA | 11/01/2018 | OW | 123-19794 | State 36-3-9 | RI |

General Comment:

This is a follow-up interim reclamation and stormwater inspection to inspection #682501617, 682501708, #682501790, #675103803 and #682503197.

This inspection is to document compliance for the following corrective actions:

1003: Comply with Rule 1003 and conduct interim reclamation by 6/15/2017

1002.f: Install BMPs per rule 1002.f by 2/18/2017

Any corrective actions from previous inspections (including C. Pesicka inspection doc #684905258, R Allison's inspection doc#679700564) that have not been addressed are still applicable. are still applicable.

LocationOverall Good: ☐

Emergency Contact Number:

Comment: Corrective Action: Date: Overall Good: ☐**Spills:**

| | | | | |
|------|------|--------|--|--|
| Type | Area | Volume | | |
|------|------|--------|--|--|

In Containment: No

Comment: ☐ Multiple Spills and Releases?**Fencing/:**

| | | | |
|--------------------|---|-------|--|
| Type | WELLHEAD | | |
| Comment: | Fence around well head in disrepair. See photo 18 in the attached photo document. | | |
| Corrective Action: | | Date: | |

Venting:

| | | | |
|--------------------|--|-------|--|
| Yes/No | | | |
| Comment: | | | |
| Corrective Action: | | Date: | |

Flaring:

| | | |
|--------------------|--|-------|
| Type | | |
| Comment: | | |
| Corrective Action: | | Date: |

| Inspected Facilities | | | | | | | | | |
|----------------------|---|-------|------|-------------|-----------|---------|----|---------------|----|
| Facility ID: | 199860 | Type: | WELL | API Number: | 123-19794 | Status: | TA | Insp. Status: | RI |
| Producing Well | | | | | | | | | |
| Comment: | Well status TA, this is an interim reclamation and stormwater inspection. | | | | | | | | |
| Corrective Action: | | | | | | | | Date: | |

Reclamation - Storm Water - Pit**Interim Reclamation:**

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

Land Use: _____

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND
SEGREGATION _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____

Comment _____

Corrective Action _____

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

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? Fail 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? Fail

Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATIONCropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured Fail 80% Revegetation Fail

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

Inspection Doc. #682501617 dated 1/17/2017 , 682501708 dated 2/28/2017, #682501790 dated 3/24/2017, #675103803 dated 8/07/2017 and 682503197 dated 3/12/2018 required operator to perform interim reclamation including, but not limited to, re-contouring and revegetating (reclaiming) all areas not reasonably needed for production per 1003 reclamation rules; Location does not meet reclamation regulations; The northern, western and southwest portions of the location do not appear to be necessary for production activities and remain unreclaimed per reclamation requirements. Vegetation remains predominantly undesirable weedy plant species such as russian thistle, kochia and Puncturevine.

Corrective Action

ORIGINAL CORRECTIVE ACTION AND DATE REMAINS APPLICABLE. Perform reclamation. Re-contour, re-grade and reclaim areas not needed for production per 1003 reclamation rules; Establish vegetation with total perennial, non-invasive uniform plant cover of at least eighty (80) percent of predisturbance or reference area levels. Use a seed mixture that matches the adjacent pastureland or a seed mixture requested by the landowner. Ensure erosion controls are implemented to stabilize the seeded soil, and continue to monitor and manage this site. Revegetation activities shall be completed no later than 6/15/2017

Date 06/15/2017

Overall Interim Reclamation Fail

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 _____

1004.d. FINAL VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____
 TRANSECT RESULTS OF REFERENCE AREA% _____
 TOTAL % OF DESIRABLE VEGETATION COVER _____
 VEGETATIVE COVER _____

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | Fail | | | | | |

Comment: Inspection Doc. #682501617, 682501708, #682501790, #675103803 and # 682503197 documented insufficient stormwater and sediment control BMPs in place; areas along the perimeter of the location experiencing degradation. These concerns will be mitigated during interim reclamation, however temporary BMPs need to be implemented to prevent further degradation. Inspections required operator to install or repair required BMPs per rule 1002.f. by 2/18/2017. Erosion degradation remains evident, BMPs have not been installed. Original corrective action and corrective action date remains in place.

Corrective Action: **Install or repair required BMPs per rule 1002.f. in accordance to good engineering practices**

Date: 02/18/2017

Pits: ☐ NO SURFACE INDICATION OF PIT

| Type: | Lined: | Pit ID: | Lat: | Long: |
|------------------------|--------------|---------------|--------------|-------|
| Reference Point: _____ | Other: _____ | Length: _____ | Width: _____ | |

Lining:

Liner Type: _____ Liner Condition: _____

Comment: _____

Corrective Action

Date: _____

Fencing:

Fencing Type: _____ Fencing Condition: _____

Comment: _____

Corrective Action

Date: _____

Netting:

Netting Type: _____ Netting Condition: _____

Comment: _____

Corrective Action

Date: _____

Anchor Trench Present:

Oil Accumulation:

2+ feet Freeboard:

Comment: Previous inspections conducted by EPS / Field Inspector included CAs to submit an eForm 15 Pit Report. Pit remains unpermitted.

Corrective actions remains applicable.

Submit an eForm 15 Pit Report to update COGCC records with current information.

Repair containment. (CA date: 05/07/17)

Date: 08/29/2016

COGCC Comments

| Comment | User | Date |
|---|------------|------------|
| Location previously operated under Diversified Operating. 2011 Historic aerial imagery shows location disturbance area to be approximately 1.76 acres. Foundation took over location in 2012. 2013 Aerial imagery shows Foundation appears to have expanded the location's disturbance area to approximately 3.76 acres. Aerial imagery shows location disturbance area, and areas not needed for production were not reclaimed in accordance with 1003.b. See photos 1 and 2 in the attached photo document. | trujilloam | 03/11/2019 |
| Due to the significant nature, extent, or duration of this alleged rule violation, this location is being referred for enforcement. | | |

Attached Documents

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

| Document Num | Description | URL |
|--------------|----------------------|---|
| 401967695 | INSPECTION SUBMITTED | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4758653 |
| 682504575 | Inspection Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4758645 |