

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		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">DE</td> <td style="width:25%;">ET</td> <td style="width:25%;">OE</td> <td style="width:25%;">ES</td> </tr> </table>	DE	ET	OE	ES
DE	ET	OE	ES				

Inspection Date: <p style="text-align: center;"><u>07/17/2014</u></p> Document Number: <p style="text-align: center;"><u>669300010</u></p> Overall Inspection: <p style="text-align: center;"><u>SATISFACTORY</u></p>
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FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection <input type="checkbox"/>
<u>428926</u>	<u>428926</u>	<u>428925</u>	<u>NEIDEL, KRIS</u>	2A Doc Num: _____

Operator Information:

OGCC Operator Number: <u>10335</u> Name of Operator: <u>AXIA ENERGY LLC</u> Address: <u>1430 LARIMER STREET #400</u> City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>
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- 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
Jess, Peonio	720-746-5200	jpeonio@axiaenergy.com	

Compliance Summary:

QtrQtr: <u>SWSE</u>	Sec: <u>26</u>	Twp: <u>8N</u>	Range: <u>94W</u>
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Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
07/03/2012	662300643	DG	DG	SATISFACTORY Y			No

Inspector Comment:

environmental staff on location to witness cuttings sampling for final closure. no hydrocarbon aurally detectable or per consultant's PID. Heavy equipment on location mixing cuttings with assumed clean material. Some earth moving has occurred off the original footprint of pad; it was discovered that this was in preparation of interim reclamation, moving dirt that had been pushed off location back onto the pad. no enlarging of pad should occur without amendment to existing permit. Operator should commence interim reclamation immediately. Some trash was witnessed off pad (pop bottles, etc). silt fence around pad assumed to be from original pad construction is not being maintained and should be removed prior to it blowing away. All non-maintained BMP's should be removed as part of interim reclamation. Crew on location was removing pit liner scraps from cuttings, continue to remove ALL pieces of pit liner.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
428926	WELL	PR	10/17/2012	GW	081-07726	Bulldog 26-34H-894	PR

Equipment:

Location Inventory

Special Purpose Pits: _____	Drilling Pits: <u>2</u>	Wells: <u>1</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: <u>3</u>	Separators: <u>1</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: <u>1</u>	Oil Pipeline: _____	Water Pipeline: <u>1</u>
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: <u>5</u>	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location

Emergency Contact Number (S/A/V): _____	Corrective Date: _____
Comment: _____	

Inspector Name: NEIDEL, KRIS

Corrective Action: _____

Spills:				
Type	Area	Volume	Corrective action	CA Date
<input type="checkbox"/> Multiple Spills and Releases?				

Venting:	
Yes/No	Comment

Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 428926

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczko	<p>SITE SPECIFIC COAs:</p> <p>A closed loop system must be implemented during drilling (which operator has indicated on the Form 2A); or, if a drilling pit is constructed, it must be lined. All cuttings generated during drilling with oil based muds or high chloride/TDS mud must be kept in the lined drilling pit, or placed either in containers or on a lined/bermed portion of the well pad; prior to offsite disposal. The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts.</p> <p>Operator must ensure 110 percent secondary containment for any volume of fluids (excluding freshwater) contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.</p> <p>Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via buried or temporary surface pipelines.</p> <p>The access road will be constructed as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water.</p> <p>The location is in an area of moderate to high run off/run-on potential; therefore the pad shall be constructed to prevent any stormwater run-on and/or stormwater runoff. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.</p> <p>The moisture content of any freshwater generated drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, if the freshwater generated drill cuttings are to be onsite, they must also meet the applicable standards of table 910-1.</p> <p>A form 15 Earthen Pit Permit must be submitted and approved prior to construction/use of the completions pit.</p> <p>Any pit constructed to hold oil based muds or salt based fluids and/or cuttings must be lined.</p> <p>Notify COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to start of construction of the well pad, start of construction of the pit (if different), pit liner installation, and start of fracing operations (via Form 42).</p>	04/22/2012
Environmental	neidelk	<p>Operator will submit Form 27, Remediation Investigation Work Plan for approval, per rule 905.b.</p> <p>Operator shall provide written evidence of surface owner approval for disposal of cuttings on location.</p> <p>An adequate number of discrete samples shall be collected and analyzed for the entire 910-1 constituents to characterize the cuttings.</p> <p>All foreign materials other than cuttings and soil including: trash, liner pieces, etc shall be removed from cuttings disposal area.</p> <p>Operator should commence Interim Reclamation per rule 1003.</p> <p>Operator shall notify COGCC EPS staff 72 hours prior to sample collection in order for CGOCC to have the opportunity to collect split samples.</p>	07/08/2014
OGLA	kubeczko	FORM 15 PIT PERMIT COAs:	04/22/2012

Notify COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to start of construction of the well pad, start of construction of the pit (if different), pit liner installation, and start of fracing operations (via Form 42).

The completions pit must be double-lined. The pit will also require a leak detection system (Rule 904.e).

Delivery and vacuum truck hoses will not be allowed to be placed directly onto the pit liner. Operator will construct a loading/unloading station located next to the pit, to deliver fluids to or remove fluids from the pit by truck. The loading/unloading station shall be designed and utilized to prevent hoses from being dropped into the pits and dragged over the liner, which could lead to liner damage. The loading/unloading station will be the only permitted access for manual fluids transfers to or from the pit. Vehicles will not be allowed to approach the pit any closer than the loading/unloading station. Each station will have a catch basin in case a leak occurs while operations personnel are connecting or disconnecting hoses. Signs clearly marking the truck loading/unloading station shall be provided and maintained by the operator.

Operator must submit as-built drawings (plan view and cross-sections) of the completion pit within 14 calendar days of construction.

Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface pipelines or configuration of the permanent pipeline network.

After installation of the uppermost liner and prior to operating the pit, the synthetic liner(s) shall be tested by filling the pit with at least 70 percent of operating capacity of water, measured from the base of the pit (not to exceed the 2-foot freeboard requirement). The operator shall monitor the pit for leaks for a period of 72 hours prior to draining the pit and commencing operations. The leak detection system must also be monitored during the entire test. Operator shall notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) 48 hours prior to start of the hydrotest. Hydrotest monitoring results must be maintained by the operator for the life of the pit and provided to COGCC prior to using the pit.

In lieu of conducting an initial hydrostatic test of the pit, the operator can monitor fluid levels in the pit continuously using a minimum of two pressure transducers located at the upgradient and downgradient ends of the pit (based on the original topographic profile). These pressure transducers should be linked to the operator's SCADA system such that they can be remotely monitored. In addition, the pit liner will be marked at the two foot freeboard depth line so that operations personnel (as well as COGCC inspectors) can easily verify that the required fluid free board is being maintained. The electronically collected water level measurement data shall be used to confirm changes in pit inflow and outflow during operations based on estimates from truck and/or pipeline delivery or removal activities. Any abnormalities that are noticed during operations will be reported to the operator's field supervisor immediately so that any necessary follow-up can be scheduled.

Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline or pit located on the well pad or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the

pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut.

For pits containing fluids other than freshwater only; the pit must be fenced. If the pit is not drained, or closure has not begun within 30 days after last use for well completion, the pit must be netted. The operator must maintain the fencing and netting until the pit is closed.

Submit additional disposal facilities (wells, pits, etc.), if necessary (i.e., if original disposal option changes), for pit liquid contents to COGCC via a Form 4 Sundry prior to disposal.

Pits used exclusively for drilling shall be closed in accordance with the 1000-Series Rules. Any pit(s) used for purposes other than drilling shall be closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels; with an approved Site Investigation and Remediation Workplan, Form 27.

At the time of pit closure, operator must submit disposal information for solids, if necessary, via a Form 4 Sundry Notice to the COGCC Location Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us). The disposal method will need to be approved prior to operator starting pit closure.

At the time of pit closure, operator must submit disposal information via a Form 4 Sundry Notice to Dave Kubeczko (Dave Kubeczko; email dave.kubeczko@state.co.us). The disposal method will need to be approved prior to operator starting pit closure.

S/A/V: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

S/A/V: _____ **Comment:** _____

CA: _____ **Date:** _____

Stormwater:

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:

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:

Temperature	pH	Corrective action	Depth to Water	DO	Time

Sample Location:

Waste Management:

Type	Management	Condition	Comment	GPS (Lat)	(Long)
Drill Cuttings	Pits	Adequate		40.609378	- 107.912418

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: RANGELAND
 Comment:
 1003a. Debris removed? Pass CM _____
 CA _____ CA Date _____
 Waste Material Onsite? 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 removed? _____ CM _____
 CA _____ CA Date _____
 Guy line anchors marked? Pass CM _____
 CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? Fail
 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? In Segregated soils have been replaced? Fail

RESTORATION AND REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced Fail Recontoured Fail 80% Revegetation Fail

1003 f. Weeds Noxious weeds? _____ P _____

Comment: _____

Overall Interim Reclamation Fail

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 _____

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

S/A/V: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT