

Inspector Name: Waldron, Emily

**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

DE ET OE ES

Inspection Date:

07/30/2014

Document Number:

673400947

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 436006 | 436007 | Waldron, Emily | <input type="checkbox"/> | |

Operator Information:

OGCC Operator Number: 10450

Name of Operator: EE3 LLC

Address: 4410 ARAPAHOE AVENUE #100

City: BOULDER State: CO Zip: 80303

- ☒ 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 |
|-----------------|-------|----------------------------|---------|
| FISCHER, ALEX | | alex.fischer@state.co.us | |
| Ashby, Andy | | aashby@ee3llc.com | |
| McClure, Rich | | rmcclure@ee3llc.com | |
| NEIDEL, KRIS | | kris.neidel@state.co.us | |
| KELLERBY, SHAUN | | shaun.kellerby@state.co.us | |

Compliance Summary:

QtrQtr: NENW Sec: 32 Twp: 8N Range: 80W

Inspector Comment:**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 436006 | WELL | XX | 02/02/2014 | LO | 057-06523 | Grizzly 3-32H | DG | <input checked="" type="checkbox"/> |

Equipment:Location Inventory

| | | | |
|-----------------------------|------------------------|---------------------|-------------------------|
| Special Purpose Pits: 1 | Drilling Pits: _____ | Wells: 1 | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: 2 | Separators: 2 | Electric Motors: 2 |
| Gas or Diesel Motors: _____ | Cavity Pumps: _____ | LACT Unit: _____ | Pump Jacks: 2 |
| Electric Generators: _____ | Gas Pipeline: _____ | Oil Pipeline: _____ | Water Pipeline: _____ |
| Gas Compressors: _____ | VOC Combustor: _____ | Oil Tanks: 8 | Dehydrator Units: _____ |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: 1 | Fuel Tanks: _____ |

Location

Emergency Contact Number (S/A/V): _____

Corrective Date: _____

Comment: _____

Corrective Action: _____

| Good Housekeeping: | | | | |
|---------------------------|------------------------------|---|--|------------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| STORAGE OF SUPL | ACTION REQUIRED | Equipment mentioned in previous inspection still stored on perimeter berm and spilling off of location. | Prevent equipment storage from leaving location or compromising stormwater BMPs. | 08/13/2014 |

| Spills: | | | | |
|----------------|------|--------|-------------------|---------|
| Type | Area | Volume | Corrective action | CA Date |

☐ Multiple Spills and Releases?

| Fencing/: | | | | |
|------------------|------------------------------|---------|-------------------|---------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| LOCATION | SATISFACTORY | | | |

| Venting: | | | |
|-----------------|---------|--|--|
| Yes/No | Comment | | |
| | | | |

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

Predrill

Location ID: 436006

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

| Group | User | Comment | Date |
|-------|----------|--|------------|
| OGLA | kubeczkd | Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, and start of hydraulic stimulation operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations). As required for Groundwater Baseline Sampling; Operator shall comply with Rule 609. STATEWIDE GROUNDWATER BASELINE SAMPLING AND MONITORING. | 01/16/2014 |

| | | | |
|--------|----------|--|------------|
| OGLA | kubeczkd | <p>Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines or buried permanent pipelines.</p> <p>Operator must ensure secondary containment for any volume of fluids contained at well site during drilling and completion operations (as described in and shown on the Proposed BMPs attachment); 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>The access road will be constructed and maintained 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>Strategically apply fugitive dust control measures, including enforcing established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.</p> <p>Berms or other containment devices shall be constructed to be sufficiently impervious (corrugated steel with poly liner or equivalent protection) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks; or other chemical storage tanks.</p> | 01/16/2014 |
| OGLA | kubeczkd | <p>A closed loop system (which operator has indicated on the Form 2A) must be implemented during drilling.</p> <p>The moisture content of any 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 drill cuttings are to be left onsite, they must also meet the applicable standards of table 910-1.</p> <p>Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline, storage vessel, or lined pit (only if an amended Form 2A has been submitted/approved and a Form 15 Earthen Pit Permitted has been submitted/approved) 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.</p> | 01/16/2014 |
| Permit | freemans | <p>Rule 317.o Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Form 5 for every well on the pad shall identify which well was logged.</p> | 01/02/2014 |

S/A/V: ACTION**Comment:**

Perimeter berm is not continuous or compacted. Cuttings were spilling over the side of the cuttings berm. BMPs are incomplete, not being regularly inspected and maintained. No maintenance or improvement noted between now and inspection from 7/24/2014.

CA: Maintain BMPs and cuttings to comply with COGCC rules and permit specific COAs.

Date: 08/13/2014

Wildlife BMPs:

| BMP Type | Comment |
|-----------------------------|--|
| Storm Water/Erosion Control | EE3 will implement a storm water and erosion plan to prevent sedimentation and erosion in the nearby wetlands. |

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| | |
|----------|--|
| Wildlife | 1. Use hospital grade mufflers for compressors, pump jacks, or other motors necessary to run operations at the site. Mufflers will be pointed upward to dissipate potential vibration. 2. Install and utilize bear-proof dumpsters and trash receptacles for all food-related trash on location, following COGCC Rule 1204 a-1. |
|----------|--|

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:

| |
|--|
| |
|--|

Facility

Facility ID: 436006 Type: WELL API Number: 057-06523 Status: XX Insp. Status: DG

Well Drilling

Rig: Rig Name: Ensign 152 Pusher/Rig Manager: Larry

Permit Posted: SATISFACTORY Access Sign: SATISFACTORY

Well Control Equipment:

Pipe Ram: YES Blind Ram: YES Hydril Type: YES

Pressure Test BOP: Pass Test Pressure PSI: 5000 Safety Plan: YES

Drill Fluids

Management:

Lined Pit: NO Unlined Pit: NO Closed Loop: YES Semi-Closed Loop: NO

Multi-Well: NO Disposal Location: Use for reclamation

Comment:

| |
|--|
| |
|--|

Environmental

Spills/Releases:

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____

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| | | | |
|---|--|------------------------------|------------|
| Comment: <input style="width:700px" type="text"/> | | | |
| Corrective Action: _____ | | Date: _____ | |
| Reportable: _____ | GPS: Lat _____ | Long _____ | |
| Proximity to Surface Water: _____ | | Depth to Ground Water: _____ | |
| <u>Water Well:</u> | | | |
| | | Lat _____ | Long _____ |
| DWR Receipt Num: _____ | Owner Name: _____ | GPS : _____ | |
| <u>Field Parameters:</u> | | | |
| <input style="width:300px" type="text"/> | | | |
| Sample Location: <input style="width:400px" type="text"/> | | | |
| 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: HAY MEADOW, OTHER | |
| Comment: <input style="width:700px" type="text"/> | |
| 1003a. Debris removed? _____ CM _____ | |
| CA _____ | CA Date _____ |
| Waste Material Onsite? _____ CM _____ | |
| CA _____ | CA Date _____ |
| Unused or unneeded equipment onsite? _____ CM _____ | |
| CA _____ | CA Date _____ |
| Pit, cellars, rat holes and other bores closed? _____ CM _____ | |
| CA _____ | CA Date _____ |
| Guy line anchors removed? _____ CM _____ | |
| CA _____ | CA Date _____ |
| Guy line anchors marked? _____ CM _____ | |
| CA _____ | CA 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? _____ | |
| Segregated soils have been replaced? _____ | |
| RESTORATION AND REVEGETATION | |
| <u>Cropland</u> | |
| Top soil replaced _____ | Recontoured _____ |
| Perennial forage re-established _____ | |

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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: HAY MEADOW, OTHER _____

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: **ACTION REQUIRED** Corrective Date: **08/13/2014**

Comment: **Perimeter berm not continuous, compacted, or maintained. No stormwater BMP improvements apparent since 7/24/2014 inspection.**

CA: **Maintain an effective stormwater management plan.**

Pits: ☐ NO SURFACE INDICATION OF PIT

COGCC Comments

| Comment | User | Date |
|--|---------|------------|
| Inspector was driving on HWY 14 and noticed from the road that cuttings were leaving the cuttings storage area. This prompted inspector to stop and conduct a follow up inspection to the one performed on 7/24/2014 (document number 673400878). During that inspection it was discussed at length with the company man on location and in a follow up phone call with Andy Ashby of EE3 that cuttings management and stormwater BMPs needed to be immediately addressed and improved. Inspector was assured all corrective actions would be promptly met. At the time of this inspection, none of the corrective actions had been performed. | waldron | 07/31/2014 |

Attached Documents

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

Inspector Name: Waldron, Emily

| Document Num | Description | URL |
|--------------|---------------------|---|
| 673400948 | Cuttings | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3398886 |
| 673400949 | Equipment on berm | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3398887 |
| 673400950 | Non compacted berms | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3398888 |