

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:
09/16/2014

Document Number:
673401115

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-----------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>412905</u> | <u>413908</u> | <u>Waldron, Emily</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|---|
| OGCC Operator Number: | <u>10450</u> |
| Name of Operator: | <u>EE3 LLC</u> |
| Address: | <u>4410 ARAPAHOE AVENUE #100</u> |
| City: | <u>BOULDER</u> State: <u>CO</u> Zip: <u>80303</u> |

- 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 |
|-----------------|-------|----------------------------|---------|
| Ashby, Andy | | aashby@ee3llc.com | |
| Kellerby, Shaun | | shaun.kellerby@state.co.us | |
| Neidel, Kris | | kris.neidel@state.co.us | |
| McClure, Rich | | rmcclure@ee3llc.com | |

Compliance Summary:

QtrQtr: NENE Sec: 12 Twp: 7N Range: 81W

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|--|
| 412827 | WELL | XX | 07/24/2009 | LO | 057-06494 | MARR 4-12H | XX <input type="checkbox"/> |
| 412905 | WELL | DG | 04/15/2014 | OW | 057-06498 | Hebron 3-12H | PR <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

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

Location

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------|------------------------------|---------|-------------------|---------|
| WELLHEAD | SATISFACTORY | | | |

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

Corrective Date:

Inspector Name: Waldron, Emily

Comment: 720-787-7000

Corrective Action:

Good Housekeeping:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-----------------|------------------------------|--|--|------------|
| STORAGE OF SUPL | ACTION REQUIRED | Including but not limited to: tubing, parts, port-a-john, earth mover. | Remove all equipment not necessary for production. | 10/17/2014 |

Spills:

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

Multiple Spills and Releases?

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|--------------------|---|------------------------------|---|--|------------|
| Pump Jack | 1 | ACTION REQUIRED | Pumpjack being run off of portable generator. Generator appears to be re-fueled by container next to it. No containment for either. | Provide secondary containment and proper labeling for container. | 10/17/2014 |
| Deadman # & Marked | 4 | SATISFACTORY | | | |

Venting:

| Yes/No | Comment |
|--------|---------|
|--------|---------|

Flaring:

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

Predrill

Location ID: 412905

Site Preparation:

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

S/AV: _____

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

Form 2A COAs:

| Group | User | Comment | Date |
|-------|-----------|--|------------|
| OGLA | kubeczkod | Operator must ensure 110 percent secondary containment for any volume of fluids 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 sufficiently protective of nearby surface water. | 01/01/2011 |

| | | | |
|------|-----------|---|------------|
| OGLA | kubeczkod | 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. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1. | 01/01/2011 |
| OGLA | kubeczkod | Location is in a sensitive area because shallow groundwater; therefore either a lined drilling pit or closed loop system (which EOG has indicated on the Form 2A) must be implemented. | 01/01/2011 |
| OGLA | kubeczkod | Reserve pit must be lined or a closed loop system (which EOG has indicated on the Form 2A) must be implemented during drilling. | 01/01/2011 |
| OGLA | kubeczkod | Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines. | 01/01/2011 |

S/A/V: ACTION **Comment:** No containment for fuel container or generator.

CA: Ensure 110 percent secondary containment for any volume of fluids contained at well site to comply with COAs. **Date:** 10/17/2014

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:

Facility

Facility ID: 412905 Type: WELL API Number: 057-06498 Status: DG Insp. Status: PR

Producing Well

Comment: Pumping.

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:

Sample Location: _____

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? _____ 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? _____

Inspector Name: Waldron, Emily

RESTORATION AND REVEGETATION

Cropland

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

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: 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: SATISFACTOR Corrective Date: _____
Y _____

Comment: Silt fence at entrance is in disrepair. No apparent soil migration; erosion or soil movement.

CA: _____

Pits: NO SURFACE INDICATION OF PIT

| | | | | |
|----------------------------------|--|--------------------------|------------|--|
| Pit Type: _____ | Lined: <u>NO</u> | Pit ID: _____ | Lat: _____ | Long: _____ |
| Lining: | | | | |
| Liner Type: _____ | Liner Condition: _____ | | | |
| Comment: _____ | | | | |
| Fencing: | | | | |
| Fencing Type: <u>None</u> | Fencing Condition: _____ | | | |
| Comment: _____ | | | | |
| Netting: | | | | |
| Netting Type: _____ | Netting Condition: _____ | | | |
| Comment: _____ | | | | |
| Anchor Trench Present: <u>NO</u> | Oil Accumulation: _____ | 2+ feet Freeboard: _____ | | |
| Pit (S/AV): <u>ACTION</u> | Comment: _____ | | | |
| Corrective Action: | Operator should provide, via eForm Sundry, Form 4 information on the pit at the Hebron #3-12H;Sundry should include at a minimum; date of construction of pit, intended use of pit, actual use of pit, is pit currently in use (other than storage of contents), what is contained in pit, future plans for pit, if pit is intended to be closed, provide COGCC environmental staff with Form 27 plan prior to closure. In the interim period, Pit should be operated according to rule 902. Any questions regarding Pit rules and guidance for compliance on pit should be directed to Kris Neidel 970-871-1963 | | | Date: 10/17/2014 |

COGCC Comments

| Comment | User | Date |
|--|----------|------------|
| Operator should provide, via eForm Sundry, Form 4 information on the pit at the Hebron #3-12H;Sundry should include at a minimum; date of construction of pit, intended use of pit, actual use of pit, is pit currently in use (other than storage of contents), what is contained in pit, future plans for pit, if pit is intended to be closed, provide COGCC environmental staff with Form 27 plan prior to closure. In the interim period, Pit should be operated according to rule 902. Any questions regarding Pit rules and guidance for compliance on pit should be directed to Kris Neidel 970-871-1963 | waldrone | 09/16/2014 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|------------------------------|---|
| 673401140 | Equipment stored on location | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3438520 |
| 673401141 | Fueling container | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3438521 |
| 673401142 | Pit | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3438522 |

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)