

**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:

09/19/2014

Document Number:

675200549

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 312743 | 312743 | CONKLIN, CURTIS | <input type="checkbox"/> | |

Operator Information:

OGCC Operator Number: 10150

Name of Operator: BLACK HILLS PLATEAU PRODUCTION LLC

Address: 1515 WYNKOOP ST STE 500

City: DENVER State: CO Zip: 80202

- ☐ 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 |
|------------------|----------------|------------------------------------|---------------|
| Lindholm, Stan | (970) 257-0727 | stan.lindholm@blackhillscorp.com | |
| Kellerby, Shaun | | shaun.kellerby@state.co.us | NW Supervisor |
| Danahue, Jessica | (720) 210-1333 | jessica.donahue@blackhillscorp.com | |

Compliance Summary:

QtrQtr: NESE Sec: 10 Twp: 9s Range: 99w

Inspector Comment:**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|-----------------------|-------------------------------------|
| 292805 | PIT | AC | 10/04/2007 | | - | WINTER FLATS 10-43-99 | AC |
| 293191 | WELL | PR | 03/01/2013 | OG | 077-09440 | Winter Flats 10-43-99 | PR |
| 430117 | PIT | | 09/06/2012 | | - | Winter Flats 10-43-99 | <input checked="" type="checkbox"/> |

Equipment:**Location Inventory**

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

Location**Lease Road:**

| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
|--------|------------------------------|---------|-------------------|------|
| Access | SATISFACTORY | | | |

Inspector Name: CONKLIN, CURTIS

| | | | | |
|----------------------|------------------------------|---|---------------------------------------|------------|
| Main | SATISFACTORY | | | |
| Signs/Marker: | | | | |
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| TANK LABELS/PLACARDS | ACTION REQUIRED | No signs on tank on west side on location | Install sign to comply with rule 210. | 09/26/2014 |
| WELLHEAD | SATISFACTORY | | | |

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

Corrective Date: _____

Comment: _____

Corrective Action: _____

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

| | | | | |
|------------------|------------------------------|------------------|-------------------|---------|
| Fencing/: | | | | |
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| WELLHEAD | SATISFACTORY | Metal pipe fence | | |
| LOCATION | SATISFACTORY | Wire fence | | |
| SEPARATOR | SATISFACTORY | Wire Panels | | |

| | | | | | |
|-----------------------------|---|------------------------------|---------|-------------------|---------|
| Equipment: | | | | | |
| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| Deadman # & Marked | 3 | SATISFACTORY | | | |
| Horizontal Heated Separator | 1 | SATISFACTORY | | | |
| Plunger Lift | 1 | SATISFACTORY | | | |
| Gas Meter Run | 1 | SATISFACTORY | | | |
| Bird Protectors | 1 | SATISFACTORY | | | |

| | | | | |
|--------------------------|------------------------------|--|-----------------------|-----------------------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | |
| Contents | # | Capacity | Type | SE GPS |
| OTHER | 1 | | STEEL AST | 39.284180,-108.419530 |
| S/AV: | ACTION REQUIRED | | Comment: _____ | |
| Corrective Action: | | | Tank is not labeled | Corrective Date: 09/26/2014 |
| Paint | | | | |
| Condition | Adequate | | | |
| Other (Content) _____ | | | | |
| Other (Capacity) _____ | | | | |
| Other (Type) _____ | | | | |
| Berms | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Earth | Adequate | Walls Insufficient | Base Insufficient | Inadequate |
| Corrective Action | | | Repair | Corrective Date 09/26/2014 |
| Comment | | | Liner is damaged | |
| Venting: | | | | |
| Yes/No | | Comment | | |
| NO | | | | |
| Flaring: | | | | |
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| | | | | |
| Predrill | | | | |
| Location ID: 312743 | | | | |
| Site Preparation: | | | | |
| Lease Road Adeq.: _____ | | Pads: _____ | Soil Stockpile: _____ | |
| S/AV: _____ | | | | |
| Corrective Action: _____ | | Date: _____ | CDP Num.: _____ | |
| Form 2A COAs: | | | | |
| Group | User | Comment | Date | |
| OGLA | kubeczko | SITE SPECIFIC COAs: Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via buried or temporary surface pipelines. 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 pit, pit liner installation, and start of fracing operations (via Form 42). | 06/13/2012 | |
| OGLA | kubeczko | FORM 15 PIT PERMIT COAs: Form 15 Pit permit must be reviewed and approved by director prior to receiving flowback fluids in pit. 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 | 06/13/2012 | |

shaun.kellerby@state.co.us) 48 hours prior to start of construction of the pit, 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).

Based on the cross-sections, a portion of the pit berm wall will be in fill; therefore, operator must submit as-built drawings (plan view and cross-sections) of the completion pit within 14 calendar days of construction.

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.

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.

S/A/V: _____ **Comment:** Pit is fenced and has net over it.

CA: _____

Date: _____

Wildlife BMPs:

S/AN: _____ 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: 430117 Type: PIT API Number: - Status: _____ Insp. Status: _____

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:

DWR Receipt Num: _____ Owner Name: _____ GPS : _____ Lat _____ Long _____

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? _____

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 Reggraded _____ Contoured _____ Culverts removed _____

Inspector Name: CONKLIN, CURTIS

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Gravel | Pass | | | | | |
| Compaction | Pass | Compaction | Pass | | | |
| Seeding | Pass | | | | | |

S/A/V: SATISFACTOR
Y

Corrective Date: _____

Comment: _____

CA: _____

Pits: ☐ NO SURFACE INDICATION OF PIT

Pit Type: Produced Water Lined: _____ Pit ID: 430117 Lat: 39.284326 Long: -108.419341

Lining:

Liner Type: HDPE Liner Condition: Adequate

Comment: _____

Fencing:

Fencing Type: Wildlife Fencing Condition: Adequate

Comment: _____

Netting:

Netting Type: Mesh Netting Condition: Good

Comment: _____

Anchor Trench Present: _____ Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/A/V): SATISFACTOR Comment: _____

Corrective Action: _____ Date: _____

| Permit: | Facility ID | Permit Num | Expiration Date |
|---------|-------------|------------|-----------------|
| | 430117 | 400291561 | |
| | 430117 | 400291561 | |
| | 292805 | 1433724 | |

COGCC Comments

| Comment | User | Date |
|---|----------|------------|
| Add signs to unmarked tank and repair containment or remove tank if not in use. | conklinc | 09/19/2014 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|---------------|---|
| 675200560 | Tank | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3439069 |
| 675200561 | Damaged liner | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3439070 |

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.)