

**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

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Inspection Date:
10/29/2014Document Number:
673501816

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	436941	333348	COSTA, RYAN	<input type="checkbox"/>	

Operator Information:OGCC Operator Number: 66561Name of Operator: OXY USA INCAddress: PO BOX 27757City: HOUSTON State: TX Zip: 77227

- ☐ 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
Sonnier, Brent	(713) 366-3640/ (303) 885-2786	Brent_Sonnier@oxy.com	All Inspections Southeast
Montgomery, Kelley		Kelley_Montgomery@oxy.com	
Proulx, Joan	(970) 263-3641	joan_proulx@oxy.com	All Inspections

Compliance Summary:QtrQtr: NENE Sec: 22 Twp: 27S Range: 70W**Inspector Comment:****RECLAMATION/STORMWATER INSPECTION****Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
211829	WELL	PR	08/13/1982	GW	055-06066	Sheep Mountain Unit 6-15-I	PR
211831	WELL	PR	05/15/1982	GW	055-06068	SHEEP MOUNTAIN UNIT 2-22-A	PR
211832	WELL	PR	09/30/1982	GW	055-06069	SHEEP MOUNTAIN UNIT 4-14-M	PR
211833	WELL	PR	09/29/1982	GW	055-06070	SHEEP MOUNTAIN UNIT 5-15-0	PR
211834	WELL	PR	03/20/2008	GW	055-06071	SHEEP MOUNTAIN UNIT 1-22-H	PR
211837	WELL	PR	09/30/1982	GW	055-06074	SHEEP MOUNTAIN UNIT 3-23-D	PR
436941	WELL	DG	09/09/2014		055-06314	Sheep Mountain Unit 4-23-L	DG

Equipment:**Location Inventory**

Inspector Name: COSTA, RYAN

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>7</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: _____	Separators: _____	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
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			

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

Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
DEBRIS	ACTION REQUIRED	Tree debris remains on West side of location. SEE ATTACHED PHOTOS	Remove tree/wood debris	12/15/2014

Spills:

Type	Area	Volume	Corrective action	CA Date
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☐ Multiple Spills and Releases?

Fencing/:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
OTHER	ACTION REQUIRED	Cattleguard to the location is damaged. SEE ATTACHED PHOTO #14	Repair and maintain the cattleguard	12/01/2014

Venting:

Yes/No	Comment

Flaring:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 436941

Site Preparation:

Lease Road Adeq.: SATISFACTORY

Pads: ACTION REQUIRED

Soil Stockpile: ACTION REQUIRED

S/A/V: ACTION

Corrective Action: _____

Date: 12/15/2014 CDP Num.: _____

Segregate and protect top soil stockpiles. Stabilize slopes of the pad. SEE COGCC COMMENTS

Form 2A COAs:

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

CA: _____ **Date:** _____

Wildlife BMPs:

BMP Type	Comment
Interim Reclamation	<p>4. Interim reclamation</p> <p>a. Use a variety of native grasses and forbs to establish effective, interim reclamation on all disturbed areas (e.g., road shoulders and borrow areas), including disturbed areas where additional future ground disturbance is expected to occur.</p> <p>b. Oxy will make a good-faith effort to perform interim reclamation to final reclamation species composition and establishment standards.</p> <p>c. Perform "interim" reclamation on all disturbed areas not needed for active support of production operations.</p> <p>5. Riparian areas (none associated with this pad or associated access roads and pipelines)</p> <p>a. Replace all riparian vegetation removed during development at a rate of at least 3:1.</p> <p>b. Restore both form and function of impacted wetlands and riparian areas and mitigate erosion.</p> <p>6. Disposal</p> <p>a. Remove well pad and road surface materials that are incompatible with post-production land use and re-vegetation requirements.</p> <p>b. Remove and properly dispose of degraded silt fencing and erosion control materials after their utility has expired.</p> <p>c. Remove and properly dispose of pit contents where contamination of surface water, groundwater, or soil by pit contents cannot be effectively prevented.</p> <p>7. Establishing reclaimed areas</p> <p>a. Apply certified weed free mulch and crimp or tacify to remain in place to reclaim areas for seed preservation and moisture retention.</p> <p>b. Utilize staked soil retention blankets for erosion control and reclamation of large surface areas with 3:1 or steeper slopes. Avoid use of plastic blanket materials, known to cause mortality of snakes.</p> <p>c. Control weeds in areas surrounding reclamation areas in order to reduce weed competition.</p> <p>d. Educate employees and contractors about weed issues.</p> <ul style="list-style-type: none"> • Use early and effective reclamation techniques, including an aggressive interim reclamation program, to return habitat to use by greater sage-grouse as quickly as possible. • Gate single-purpose roads and restrict general public access to reduce traffic disruptions to wildlife. • Close and immediately reclaim all roads that are redundant, not used regularly, or have been abandoned to the maximum extent possible to minimize disturbance and habitat fragmentation. • Avoid aggressive non-native grasses and shrubs in mule deer and elk habitat restoration. • Reclaim mule deer and elk habitats with native shrubs, grasses, and forbs appropriate to the ecological site disturbed. • Restore disturbed sagebrush sites with the appropriate sagebrush species or subspecies on disturbed sagebrush sites. Use locally collected seed for reseeding where possible.
Wildlife	<p>OXY USA WTP LP and OXY USA Inc.</p> <p>Sensitive Wildlife Habitat: Elk Production Area and Bighorn Sheep</p> <ul style="list-style-type: none"> • Consult with CPW to identify locations of elk production areas and bighorn sheep production areas. Map all seasonal habitats using CPW habitat selection models as they become available. • After drilling and completions activities reduce visits to well-sites through remote monitoring (i.e. SCADA) and the use of multi-function contractors. • Schedule, as best as possible, well site visitations to portions of the day between 8:00 a.m. and 3:00 p.m. between November 1 through April 15 in Bighorn Sheep areas. • Schedule, as best as possible, well site visitations to portions of the day between 8:00 a.m. and 3:00 p.m. between May 15 through June 30 in elk production areas. • Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads. • Implement the species appropriate Infrastructure Layout and Drilling and Production Operations Wildlife Protection Measures found in Section II D. of the CPW Wildlife BMP document as follows: • Section II D. DRILLING AND PRODUCTION OPERATIONS WILDLIFE PROTECTION

MEASURES: The purpose of these measures is to reduce disturbance on the actual drill site and the surrounding area, to reduce direct conflict with wildlife and hunters, and to prevent wildlife access to equipment.

1. Use centralized hydraulic fracturing operations.

2. Where possible, transport water through centralized pipeline systems rather than by trucking.

3. Where possible, locate pipeline systems under existing roadways, or roadways that are planned for development.

4. Maximize use of state-of-the-art drilling technology (e.g., high efficiency rigs, coiled-tubing unit rigs, closed-loop or pitless drilling, etc.) to minimize disturbance.

5. Conduct well completions with drilling operations to limit the number of rig moves and traffic.

6. Install exclusionary devices to prevent bird and other wildlife access to equipment stacks, vents and openings.

- Minimize surface disturbance and fragmentation of elk and bighorn sheep habitat through use of the smallest facility footprints possible, use of multiple well pads, clustering of roads and pipelines, and the widest possible spacing of surface facilities.

- Remove all unnecessary infrastructure.

- Treat waste water pits and any associated pit containing water that provides a suitable medium for breeding mosquitoes with Bti (*Bacillus thuringiensis* v. *israelensis*) or take other effective action to control mosquito larvae that may spread West Nile Virus to wildlife, especially grouse.

- In order to prevent wildlife from accessing the temporary drilling pits, pits will be contained by a 4-foot high fence. Further, while the pit is not in use, flagging will be placed over the pit to prevent birds from entering the pit.

- Implement the species appropriate reclamation guidelines found in Section II G. of the CPW Wildlife BMP document.

- Section II G. RESTORATION, RECLAMATION AND ABANDONMENT: The purpose of these measures is to restore disturbed sites to their pre-development conditions, using native vegetation that can be used by the indigenous wildlife. Develop a reclamation plan in consultation with CPW, NRCS, and the land owner or land management agency that incorporates wildlife species-specific goals and that defines reclamation performance standards, including the following components:

1. Seed

a. Use only certified weed-free native seed in seed mixes, unless use of non-native plant materials is recommended by CPW.

b. Use locally adapted seed whenever available, especially for species which have wide geographic ranges and much genetic variation (e.g., big sagebrush (*Artemisia tridentata*), antelope bitterbrush (*Purshia tridentata*), etc.).

c. Where more than one ecotype of a given species is available and potentially adapted to the site, include more than one ecotype per species in the seed mix.

d. Use appropriately diverse reclamation seed mixes that mirror an appropriate reference area for the site being reclaimed (see also species-specific recommendations).

e. Conduct seeding in a manner that ensures that seedbed preparation and planting techniques are targeted toward the varied needs of grasses, forbs and shrubs (e.g., seed forbs and shrubs separately from grasses, broadcast big sagebrush but drill grasses, etc.).

f. Emphasize bunchgrass over sod-forming grasses in seed mixes in order to provide more effective wildlife cover and to facilitate forb and shrub establishment.

g. Seed immediately after recontouring and spreading topsoil. Spread topsoil and conduct seeding during optimal periods for seed germination and establishment. Use of the same contractor for re-contouring land as used for seeding is often the most effective approach.

h. Do not include aggressive, non-native grasses (e.g., intermediate wheatgrass, pubescent wheatgrass, crested wheatgrass, smooth brome, etc.) in reclamation seed mixes. Site specific exceptions may be considered.

i. Distribute quick germinating site adapted native seed or sterile non-native seed for interim reclamation on cut and fill slopes and topsoil piles.

j. Plan for reclamation failure and be prepared to repeat seeding as necessary to meet vegetation cover, composition, and diversity standards.

2. Vegetative Cover Standard

a. Choose reference areas as goals for reclamation that have high wildlife value, with attributes such a diverse and productive understory of vegetation, productive and palatable shrubs, and a high prevalence of native species.

b. Establish vegetation with total perennial non-invasive plant cover of at least eighty (80) percent of pre-disturbance or reference area levels.

c. Establish vegetation with plant diversity of non-invasive species which is at least half that of pre-disturbance or reference area levels. Quantify diversity of vegetation using a metric that considers only species with at least 3 percent relative plant cover.

d. Observe and maintain a performance standard for reclamation success characterized by the

establishment of a self-sustaining, vigorous, diverse, locally appropriate plant community on the site, with a density sufficient to control erosion and non-native plant invasion and diversity sufficient to allow for normal plant community development.

3. Timing

- a. Use early and effective reclamation techniques, including interim reclamation to accelerate return of disturbed areas for use by wildlife.
- b. Remove all unnecessary infrastructure.
- c. Close and reclaim roads not necessary for development immediately, including removing all bridges and culverts and recontouring/reclaiming all stream crossings.
- d. Reclaim reserve pits as quickly as possible after drilling and ensure that pit contents do not contaminate soil.
- e. Remediate hydrocarbon spills on disturbed areas prior to reclamation.
- f. Reclaim sites during optimum seasons (e.g. late fall/early winter or early spring).
- g. Complete final reclamation activities so that seeding occurs during the first optimal season following plugging and abandonment of oil and gas wells.

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

CA: _____ **Date:** _____

Stormwater:

Erosion BMPs	Present	Other BMPs	Present
WADDLES	Yes		

S/A/V: ACTION
REQUIRED

Corrective Action: **Improve and maintain stormwater controls on the North side of the location and in areas susceptible to erosion.** Date: 12/15/2014

Comments: Erosion BMPs: **Waddles on the Northwest side of the location are inadequate and need to be improved to prevent erosion. SEE ATTACHED PHOTO #13**

Other BMPs: _____

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: 211834 Type: WELL API Number: 055-06071 Status: PR Insp. Status: PR

Inspector Name: COSTA, RYAN

Facility ID: 436941 Type: WELL API Number: 055-06314 Status: DG Insp. Status: DG

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: _____

Complaint:

Tracking Num	Category	Assigned To	Description	Incident Date
200416010	FENCING	Costa, Ryan	"Damaged cattle guards."	10/29/2014
200416010	OTHER	Costa, Ryan	"Crushed 15000 tons of rock from my property. Did not have a permit to crush the rock."	10/29/2014
200416010	PROPERTY DAMAGE	Gintautas, Peter	"On 4/28/2014 and 4/30/2014 OXY cut down approximately 400 of my trees from DS 6-15 and DS 7-15 before they had the required permits. They lied to COGCC and BLM and told them that they had paid me for the trees (27 Aug 2014). On 18 Sept 2014 I was paid for the trees. To date they have not cleaned up the area. Tree stumps are still stand. They are not sure if they will drill at these locations now."	10/29/2014
200416010	ROADS	Costa, Ryan	"After 100's of vehicles drove over my surface land for DS# 1 -12B Oxy left my road (SEE ATTACHED PHOTOS). I asked that the road be graded and new gravel put on surface road by 9 Oct 2014. This work was not done."	10/29/2014
200416010	WEEDS	Costa, Ryan	"Noxious weeds have increased 90% since OXY took over operation at Sheep Mountain Unit. I first contacted OXY June 2011. Since then the noxious weeds have spread 90% more."	10/29/2014

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 _____

Inspector Name: COSTA, RYAN

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 _____ 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
Waddles						

S/A/V: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: ☐ NO SURFACE INDICATION OF PIT**COGCC Comments**

Comment	User	Date
The cut face slopes on the East side of the location was not stabilized. BMP 7b. Utilize staked soil retention blankets for erosion control and reclamation of large surface areas with 3:1 or steeper slopes. SEE ATTACHED PHOTOS #3, #4.	CostaR	11/06/2014
Top soil stockpiles are not properly segregated and stored. Top soil stockpiles need to be protected from degradation due to contamination, compaction and, to the extent practicable, from wind and water erosion during drilling and production operations (1002 c.). SEE ATTACHED PHOTOS #7, #8, #11 The pad fill material appears to have been placed directly on top of topsoil which is not protective of the topsoil. SEE ATTACHED PHOTO #12	CostaR	11/06/2014

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

Document Num	Description	URL
673501817	Site Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3485551

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.)