

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:
02/11/2015

Document Number:
673401785

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>436006</u>	<u>436007</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
Neidel, Kris		kris.neidel@state.co.us	
McClure, Rich		rmclure@ee3llc.com	
Kellerby, Shaun		shaun.kellerby@state.co.us	
Ashby, Andy		aashby@ee3llc.com	

Compliance Summary:

QtrQtr:	<u>NENW</u>	Sec:	<u>32</u>	Twp:	<u>8N</u>	Range:	<u>80W</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)
09/12/2014	673401107	DG	WK	ACTION REQUIRED			No
07/30/2014	673400947	XX	DG	ACTION REQUIRED			No
07/24/2014	673400878	XX	DG	ACTION REQUIRED			No

Inspector Comment:

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
436006	WELL	WO	07/16/2014	OW	057-06523	Grizzly 3-32H	WO <input checked="" type="checkbox"/>

Equipment:

Location Inventory

Special Purpose Pits:	<u>1</u>	Drilling Pits:	<u> </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>2</u>
Gas or Diesel Mortors:	<u> </u>	Cavity Pumps:	<u> </u>	LACT Unit:	<u> </u>	Pump Jacks:	<u>2</u>
Electric Generators:	<u> </u>	Gas Pipeline:	<u> </u>	Oil Pipeline:	<u> </u>	Water Pipeline:	<u> </u>
Gas Compressors:	<u> </u>	VOC Combustor:	<u> </u>	Oil Tanks:	<u>8</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			
BATTERY	SATISFACTORY			
TANK LABELS/PLACARDS	SATISFACTORY			

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

Comment: 720-387-7000

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
LOCATION	SATISFACTORY			

Equipment:					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Horizontal Heated Separator	1	SATISFACTORY	40.62775, -106.39771		
Deadman # & Marked	4	SATISFACTORY			
Flare	2	SATISFACTORY	40.62763, -106.39771		
Bird Protectors		SATISFACTORY			
Emission Control Device	2	SATISFACTORY	40.62763, -106.39771		

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	2	400 BBLs	STEEL AST	40.628040,-106.397810

S/A/V: SATISFACTORY Comment: _____

Corrective Action: _____ Corrective Date: _____

Paint

Condition	Adequate
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Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate			Adequate

Corrective Action _____ Corrective Date _____

Comment _____

Facilities:

New Tank		Tank ID:		
Contents	#	Capacity	Type	SE GPS
CRUDE OIL	4	400 BBLS	STEEL AST	,
S/AV:	SATISFACTORY		Comment:	
Corrective Action:				Corrective Date:
Paint				
Condition	Adequate			
Other (Content)	_____			
Other (Capacity)	_____			
Other (Type)	_____			
Berms				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate			Adequate
Corrective Action				Corrective Date
Comment				
Venting:				
Yes/No		Comment		
NO				
Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill			
Location ID: 436006			
Site Preparation:			
Lease Road Adeq.:	Pads:	Soil Stockpile:	
_____	_____	_____	
S/AV: _____			
Corrective Action:		Date:	CDP Num.:
_____		_____	_____
Form 2A COAs:			
Group	User	Comment	Date
Permit	freemans	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.	01/02/2014

<p>OGLA</p>	<p>kubeczkd</p>	<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>	<p>01/16/2014</p>
<p>OGLA</p>	<p>kubeczkd</p>	<p>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).</p> <p>As required for Groundwater Baseline Sampling; Operator shall comply with Rule 609. STATEWIDE GROUNDWATER BASELINE SAMPLING AND MONITORING.</p>	<p>01/16/2014</p>
<p>OGLA</p>	<p>kubeczkd</p>	<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>	<p>01/16/2014</p>

S/A/V: ACTION **Comment:** Cuttings berms are not compacted or continuous.

CA: Maintain cuttings and berms to comply with permit COAs and COGCC rules and policies. **Date:** 03/27/2015

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.

Wildlife	<p>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.</p> <p>2. Install and utilize bear-proof dumpsters and trash receptacles for all food-related trash on location, following COGCC Rule 1204 a-1.</p>
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S/A/V: ACTION **Comment:** Cuttings berms are not compacted or continuous and are not being inspected for integrity.

CA: Maintain cuttings and berms to comply with permit COAs and COGCC rules and policies to prevent migration of sediment off of location. **Date:** 03/27/2015

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: WO Insp. Status: WO

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: _____

Inspector Name: Waldron, Emily

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: No interim reclamation apparent.

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: HAY MEADOW, OTHER

Reminder: _____

Comment: _____

Inspector Name: Waldron, Emily

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
Gravel	Pass					
Berms						
Waddles	Fail					
Compaction	Pass					

S/A/V: **ACTION REQUIRED** Corrective Date: **03/27/2015**

Comment: **Perimeter berm has been run over and is low in several places. Waddles at entrance have been overwhelmed. Cuttings berm is not compacted or continuous.**

CA: **Inspect and maintain stormwater BMPs to preven sediment migration onto or off of location.**

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Inspection is Action Required because of stormwater and cuttings management. Both of these issues were noted in previous inspections from 7/24/2014 and 7/30/2014 (document numbers 673400878 and 673400947). Inspection is being referred for further enforcement.	waldrone	02/11/2015

Attached Documents

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

Document Num	Description	URL
673401850	Inspection Pictures with prior inspection pictures included	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3559467

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.)