

**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:
03/16/2015Document Number:
674900378

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 412964 | 412925 | Hughes, Jim | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 10254Name of Operator: RED MESA HOLDINGS/O&G LLCAddress: 5619 DTC PARKWAY - STE 800City: GREENWOOD State: CO Zip: 80111

- ☐ 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 |
|-------------------|----------------|------------------------------|---------|
| Ferrin, Jeremy | | jeremy.ferrin@state.co.us | |
| Fischer, Alex | | alex.fischer@state.co.us | |
| Labowskie, Steve | | steve.labowskie@state.co.us | |
| Ellsworth, Stuart | | stuart.ellsworth@state.co.us | |
| Lionette, Dave | (303) 957-2038 | dlionette@madisoncap.com | |

Compliance Summary:QtrQtr: NWSE Sec: 14 Twp: 33N Range: 12W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 08/26/2009 | 200217385 | ES | DG | SATISFACTORY | | | No |
| 08/17/2009 | 200216905 | DG | DG | SATISFACTORY | | | No |

Inspector Comment:

On March 16, 2015 COGCC SW EPS Jim Hughes conducted an environmental field inspection of the Red Mesa Holdings Macy #2. For the most recent field inspection report of this facility, please refer to document #200217385.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------|-------------------------------------|
| 412964 | WELL | TA | 10/24/2012 | DA | 067-09783 | MACY 2 | EI | <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>1</u> | Separators: <u>1</u> | Electric Motors: <u> </u> |
| Gas or Diesel Motors: <u>2</u> | Cavity Pumps: <u> </u> | LACT Unit: <u> </u> | Pump Jacks: <u>1</u> |
| Electric Generators: <u> </u> | Gas Pipeline: <u>1</u> | Oil Pipeline: <u>1</u> | Water Pipeline: <u>1</u> |
| Gas Compressors: <u>1</u> | VOC Combustor: <u> </u> | Oil Tanks: <u>1</u> | Dehydrator Units: <u>1</u> |
| Multi-Well Pits: <u> </u> | Pigging Station: <u> </u> | Flare: <u> </u> | Fuel Tanks: <u> </u> |

Location

Inspector Name: Hughes, Jim

| Lease Road: | | | | |
|--------------------|------------------------------|-----------------------------|-------------------|------|
| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
| Access | SATISFACTORY | Locked gate on access road. | | |

| Signs/Marker: | | | | |
|----------------------|------------------------------|--|-------------------|---------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| WELLHEAD | SATISFACTORY | Free standing sign near location entrance. | | |

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

Comment: _____

Corrective Action: _____

| Good Housekeeping: | | | | |
|---------------------------|------------------------------|---|--|------------|
| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| STORAGE OF SUPL | ACTION REQUIRED | Poly pipe, steel pipe, concrete pad, and propane tank in NW corner of location. | Remove equipment and supplies from location. | 04/17/2015 |
| DEBRIS | ACTION REQUIRED | Threaded pipe end caps near well head. | Remove debris from location. | 04/17/2015 |

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

| Equipment: | | | | | |
|--------------------|---|------------------------------|---------|-------------------|---------|
| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| Deadman # & Marked | 4 | SATISFACTORY | | | |

| <u>Venting:</u> | | |
|------------------------|---------|--|
| Yes/No | Comment | |
| | | |

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

Predrill

Location ID: 412964

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

| Group | User | Comment | Date |
|--------|----------|---------|------------|
| Agency | fischera | pertend | 07/15/2009 |

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

CA: _____ **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|---------------|---|
| PROPOSED BMPs | <p>Red Mesa Holdings O & G LLC, Macy #2 Well, Proposed BMPs</p> <ol style="list-style-type: none"> 1. A Master Stormwater Management Plan for the Red Mesa field dated 3/09 has been electronically submitted to the COGCC. 2. A Spill Prevention, Control and Countermeasure Plan, Red Mesa Gas Field Production Facility, dated 12/08, has been electronically submitted to the COGCC. 3. Per COGCC Rule 1002.f.(2)A "covering materials and activities and stormwater diversion ", Red Mesa has devised Waste Management and Materials Pollution Control measures (see pages 85 -90 of Appendix P of Volume II of Master Stormwater Management Plan for the Red Mesa Field dated 3/09). Key points of the plan include storage areas, hazardous materials, MSDS, liquid materials and petroleum products, soil stockpiles, and spill cleanup. 4. Per COGCC Rule 1002.f.(2)B "materials handling and spill prevention procedures and practices ", Red Mesa devised Waste Management and Materials Pollution Control measures (see pages 90 -104 of Appendix P of Volume II, Master Stormwater Management Plan for the Red Mesa Field and Sections D "Tank Truck Loading ", G "Discharge Notification Procedures ", H "Equipment Shut -off Procedures ", J "Oil Spill Contingency Plan", and K "Facility Maps and Equipment Diagrams" of the Spill Prevention, Control, and Countermeasure Plan, Red Mesa Gas Field Production Facility). Per these above listed sections of the plans, Red Mesa has addressed how it will handle materials, prevent spills, and respond to incidents. Field personnel have been trained pursuant to the plans. 5. Per COGCC Rule 1002.f.(2)D "self- inspection, maintenance, and good housekeeping procedures and schedules ", Red Mesa devised "Good Housekeeping BMPs" in Section 3, "Good Housekeeping BMPs ", and Section 5, "Inspections" of Volume I of the Master Stormwater Management Plan. |

6. Per COGCC Rule 1002.f.(2)E "spill response procedures ", Red Mesa electronically submitted a Spill Prevention, Control and Countermeasure Plan, Red Mesa Gas Field, dated 12/08, to the COGCC. This plan provides specifics on facility information, spill response and reporting, and spill prevention, control, and countermeasures.

7. Per COGCC Rule 1002.f.(3), Red Mesa devised "Selecting Post - Construction BMPs in Section 4 of Volume I of the Master Stormwater Management Plan. In addition, Red Mesa abides by the stormwater regulations of the CDPHE /CWQCD. This includes post- construction BMPs, stabilization thresholds, and required inspection times. A copy of the CDPHE /CWQCD standards is included in Volume II of Red Mesa's Master Stormwater Management Plan as Appendix "0 ".

8. This well is located on flat lands with a slope of less than 10 %. Stormwater will be routed around the pad using a combination of BMPs (berms, ditches, waddles, silt fences, etc).

9. BMPs for pad construction will be installed in appropriate intervals of distance (approx. every 5- 10') to ensure that stormwater is intercepted before it gets to the well pad Sediment control BMPs will be installed where stormwater discharge occurs via a series of waddles or checkdams approximately every 5'(s 2.2 of Volume I of Master Stormwater Plan).

10. Inspections will be conducted weekly and after /during any rain or runoff event (see Section 2.3 of Volume I of Master Stormwater Plan).

11. Materials handling will be per Sections D "Tank Truck Loading ", G "Discharge Notification Procedures ", II "Equipment Shut -off Procedures ", J "Oil Spill Contingency Plan", and K "Facility Maps and Equipment Diagrams" of Red Mesa's Spill Prevention, Control and Countermeasure Plan, Red Mesa Gas Field Production Facility, dated 12/08.

12. Spill Control and reporting will be pursuant to Section 2.0 "Spill Response and Reporting" of Red Mesa's Spill Prevention, Control and Countermeasure Plan, Red Mesa Gas Field Production Facility, dated 12/08.

13. See attached "General Site Layout" showing approximate location of BMPs during construction for the proposed well. Please note that this map is subject to change upon commencement of construction.

Inspector Name: Hughes, Jim

| | | | |
|--|--|--------------------------------------|--|
| S/AV: _____ | | Comment: _____ | |
| CA: _____ | | Date: _____ | |
| Stormwater: | | | |
| Comment: _____ | | | |
| Staking: | | | |
| On Site Inspection (305): | | | |
| <u>Surface Owner Contact Information:</u> | | | |
| Name: _____ | | Address: _____ | |
| Phone Number: _____ | | Cell Phone: _____ | |
| <u>Operator Rep. Contact Information:</u> | | | |
| Landman Name: _____ | | Phone Number: _____ | |
| Date Onsite Request Received: _____ | | Date of Rule 306 Consultation: _____ | |
| Request LGD Attendance: _____ | | | |
| <u>LGD Contact Information:</u> | | | |
| Name: _____ | | Phone Number: _____ | |
| | | Agreed to Attend: _____ | |
| <u>Summary of Landowner Issues:</u> | | | |
| _____ | | | |
| <u>Summary of Operator Response to Landowner Issues:</u> | | | |
| _____ | | | |
| <u>Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:</u> | | | |
| _____ | | | |

Facility

| | | | | |
|---------------------|------------|-----------------------|------------|------------------|
| Facility ID: 412964 | Type: WELL | API Number: 067-09783 | Status: TA | Insp. Status: EI |
|---------------------|------------|-----------------------|------------|------------------|

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 Regraded _____ Contoured _____ Culverts removed _____

Gravel removed _____

Inspector Name: Hughes, Jim

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 | | | |
| Wattles | Fail | | | | | |

S/A/V: **ACTION REQUIRED** Corrective Date: **04/17/2015**

Comment: **Wattles on SE and E sides of location have filled up with sediment. Stormwater run off erosional channel present near location entrance.**

CA: **Maintain storm water BMPs to prevent erosion.**

Pits: ☒ NO SURFACE INDICATION OF PIT

Attached Documents

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

| Document Num | Description | URL |
|--------------|---|---|
| 674900379 | Supplies stored on NW corner of location. | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3570514 |
| 674900380 | Macy #2 well head and debris. | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3570515 |
| 674900381 | Storm water run off near location entrance. | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3570516 |

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.)