

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:
03/16/2015

Document Number:
674900378

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

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

Operator Information:

OGCC Operator Number:	<u>10254</u>
Name of Operator:	<u>RED MESA HOLDINGS/O&G LLC</u>
Address:	<u>5619 DTC PARKWAY - STE 800</u>
City:	<u>GREENWOOD</u> State: <u>CO</u> Zip: <u>80111</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
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: _____	Drilling Pits: <u>1</u>	Wells: <u>1</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: <u>1</u>	Separators: <u>1</u>	Electric Motors: _____
Gas or Diesel Mortors: <u>2</u>	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: <u>1</u>
Electric Generators: _____	Gas Pipeline: <u>1</u>	Oil Pipeline: <u>1</u>	Water Pipeline: <u>1</u>
Gas Compressors: <u>1</u>	VOC Combustor: _____	Oil Tanks: <u>1</u>	Dehydrator Units: <u>1</u>
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location

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			

Venting:	
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 ", H "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.

S/AV: _____ **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:	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			
Waddles	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.)