

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:
08/14/2015

Document Number:
680100091

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>335048</u>	<u>335048</u>	<u>Colby, Lou</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>10433</u>
Name of Operator:	<u>PICEANCE ENERGY LLC</u>
Address:	<u>1512 LARIMER STREET #1000</u>
City:	<u>DENVER</u> State: <u>CO</u> Zip: <u>80202</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
Bankert, Wayne	970-812-5310	wbankert@laramie-energy.com	Senior Regulatory & Environmental Coordinator

Compliance Summary:

QtrQtr:	<u>NWSE</u>	Sec:	<u>29</u>	Twp:	<u>7S</u>	Range:	<u>93W</u>
Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
04/23/2013	663800916			ACTION REQUIRED	I		No

Inspector Comment:

Reclamation and stormwater focused Inspection.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
296100	WELL	PR	10/27/2013	GW	045-15910	MCCLUNG 29-02D	PR <input checked="" type="checkbox"/>
296101	WELL	PR	10/28/2013	GW	045-15911	MCCLUNG 29-06B	PR <input checked="" type="checkbox"/>
296102	WELL	PR	03/12/2009	GW	045-15912	MCCLUNG 29-11A	PR <input checked="" type="checkbox"/>

Equipment:

Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: _____	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

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

Comment: _____

Corrective Action: _____

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

Venting:	
Yes/No	Comment

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

Predrill

Location ID: 335048

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

Group	User	Comment	Date
Environmental	fischera	COA- The transfer at the facilities/locations referenced in the Production Water Reuse and Minimization Plan shall be valid until July 31, 2014.	07/31/2013
Environmental	fischera	Provide a map/diagram illustrating all transfer and receiving facilities/locations by August 30, 2013.	07/31/2013

<p>Environmental</p>	<p>fischera</p>	<p>Operator has stated that they will not be using large volume storage tanks (LVSTs) to hold produced or flowback water. 500 bbl frac tanks will be used.</p> <p>Request to withdraw Doc No.s 1 message Wayne Bankert Tue, Jul 30, 2013 at 8:53 AM To: "Fischer - DNR, Alex" Cc: Randy Natvig Alex,</p> <p>After visiting with you, Piceance Energy is requesting withdrawal of the following three Sundries referencing LVST's with</p> <p>Document ID No:</p> <p>400432966 400432968 400432971</p> <p>Thank you</p> <p>Wayne P. Bankert Senior Regulatory & Environmental Coordinator Piceance Energy, LLC Laramie Energy II, LLC 601 28 1/4 Rd. Suite D Grand Junction, CO 81506 O: 970-812-5310 C: 970-985-5383 F: 970-683-5594 wbankert@laramie-energy.com</p>	<p>07/31/2013</p>
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<p>Environmental</p>	<p>fischera</p>	<p>COA- Produced water or flowback or other exploration and production waste shall not be temporarily stored in LVSTs. Produced water or flowback water shall be temporarily stored in frac tanks.</p>	<p>07/31/2013</p>
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S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Stormwater:

Comment: _____

Staking:

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____

Inspector Name: Colby, Lou

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: 296100	Type: WELL	API Number: 045-15910	Status: PR	Insp. Status: PR
Facility ID: 296101	Type: WELL	API Number: 045-15911	Status: PR	Insp. Status: PR
Facility ID: 296102	Type: WELL	API Number: 045-15912	Status: PR	Insp. Status: PR

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: _____

Comment:

1003a. Debris removed? Pass CM _____
 CA _____ CA Date _____
 Waste Material Onsite? Pass CM _____
 CA _____ CA Date _____
 Unused or unneeded equipment onsite? Pass CM _____
 CA _____ CA Date _____
 Pit, cellars, rat holes and other bores closed? Pass CM _____
 CA _____ CA Date _____
 Guy line anchors removed? Fail CM _____
 CA **Remove or Mark** CA Date **09/22/2015**
 Guy line anchors marked? Fail CM _____
 CA **Mark or remove** CA Date **09/22/2015**

1003b. Area no longer in use? Fail Production areas stabilized ? Pass
 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? Fail
 Production areas have been stabilized? Pass Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured Fail 80% Revegetation Fail

1003 f. Weeds Noxious weeds? _____ I _____

Comment: **Fail of Interim Reclamation is attributed to Large areas no longer needed for production that have not been reclaimed. CA is to reclaim areas no longer needed for use by end of Fall 2015. Refer to Overall status and photos attached.**

Overall Interim Reclamation Fail

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: _____

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 _____

Inspector Name: Colby, Lou

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
Compaction	Fail					
Berms	Fail					
Retention Ponds	Pass					
Drains	Fail					

S/A/V: **ACTION REQUIRED** Corrective Date: **12/01/2015**

Comment: **Extended Corrective Action date given so that Stormwater BMP installation and plan can be incorporated with Interim Reclamation activities (refer to Interim Reclamation Corrective Actions).**

CA: **Reinstall BMPs, stabilize berms and cut slope areas.**

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Location does not meet reclamation regulations. Corrective Action is to Reclaim areas on the well pad no longer needed for production operations. Reclamation activities should begin by end of Fall 2015.	colbyl	08/22/2015

Attached Documents

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

Document Num	Description	URL
680100093	Piceance McClung pics	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667627

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.)