

**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:
09/18/2015Document Number:
680100147

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	436196	436196	Colby, Lou	<input type="checkbox"/>	

Operator Information:OGCC Operator Number: 10447Name of Operator: URSA OPERATING COMPANY LLCAddress: 602 SAWYER STREET #710City: HOUSTON State: TX Zip: 77007

- ☐ 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
Knudson, Dwayne	(970) 456-3335	dknudson@ursaresources.com	Environmental Specialist
Bleil, Rob	(720) 508-8350	rbleil@ursaresources.com	Regulatory & Environmental Manager
Lujan, Carlos		carlos.lujan@state.co.us	

Compliance Summary:QtrQtr: NWSE Sec: 16 Twp: 6S Range: 92W**Inspector Comment:**Interim Reclamation focused inspection**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
436196	LOCATION	AC	02/23/2014		-	Burckle Cuttings Staging Area	UN	<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 Motors: _____	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
------	------	--------	-------------------	---------

Inspector Name: Colby, Lou

☐ Multiple Spills and Releases?

Venting:		
Yes/No	Comment	

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

Predrill

Location ID: 436196

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

Group	User	Comment	Date
OGLA	kubeczkd	<p>Notify the COGCC 48 hours prior to start of cuttings pad construction and prior to transport of cuttings to this location and placement activities using Form 42 (the appropriate COGCC individuals will automatically be email notified).</p> <p>Approval from the COGCC must be obtained via Sundry Notice Form 4 (Form 4) from EACH well pad or location that cuttings are generated prior to transporting to the Burckle Cuttings Staging Area. The information must be obtained and submitted to the COGCC on an electronic Form 4 for approval.</p> <ul style="list-style-type: none"> • Location of Cuttings Generation (well pad where cuttings were generated from) • Estimated dates of Cuttings Transport • Volume of Cuttings • Intended Use • Raw Cuttings Analytical Results (off the shaker) 	01/13/2014
OGLA	kubeczkd	<p>Operator must ensure containment at cuttings trench site during operations; 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>	01/13/2014
OGLA	kubeczkd	<p>All materials brought to this location that exceed the requirements in Table 910-1 will be placed in an area of the site that is completely segregated from materials that meet the requirements in Table 910-1. This area must be lined and bermed and appropriate BMPs need to be in place during the entire operational lifetime (no more than three years from date of start of construction). Sufficient stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.</p> <p>The area where cuttings that exceed the requirements of Table 910-1 will be stored/treated/amended must be constructed to be sufficiently impervious to contain any spill or release of material or any accumulations of fluids.</p> <p>The moisture content of any drill cuttings placed in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts.</p>	01/13/2014

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

CA: Date: **Wildlife BMPs:**

BMP Type	Comment
General Housekeeping	<ul style="list-style-type: none"> • GENERAL – AGENCY INSPECTIONS / CONCERNS Ursa has developed and implemented processes and systems to track all agency inspections and concerns (e.g. COGCC, CDPHE, BLM...). Corrective actions are typically implemented with 24 – 48 hours of discovery. • NOXIOUS WEEDS – Weeds will be managed in accordance with Ursa's Noxious Weed plan; to include three treatments per year, mapping, etc. • SPIILLS / INCIDENTS – Spill prevention is addressed in Ursa's Spill Prevention and Management Plan. This includes training of employees and contractors personnel. Spills response includes notifications, reporting, response actions, remediation and corrective actions. The spill criteria in Ursa's plan requires that waste be properly classified as E&P or non-E&P wastes. For E&P waste, all spills greater than 1 barrel the COGCC will be reported to the COGCC using a Form 19. Should remediation be required, a Form 27 will be submitted as well. Spills related to non-E&P waste will be managed in accordance with CDPHE and EPA regulations depending on the volume spilled.
Planning	<ul style="list-style-type: none"> • The Cuttings Staging Area is located on land owned by Ursa Operating Company LLC. This area is not within an Urban Mitigation Area (UMA). • On 10/11/13 an e-mail was received from C. Lujan, COGCC Env. Div stating that a Form 2A ("with the material management plan") should be submitted. Dave Kubeczko, OGLA Specialist was also consulted. • A copy of Ursa's internal Site Assessment Map was forwarded via e-mail to C. Lujan on 10/22/13. An internal onsite was held on 10/23/13. Pre-application NOIs were sent out on 10/24/13. • On 11/7/13, an email was forwarded to C. Lujan to update the status of the Form 2A. Also stated that Ursa has redesigned the layout to more of a rectangular shape vs. the previous layout for management purposes. In the future, D. Kubeczko will be copied on all correspondence regarding Location Assessment. • Due to the location of Ursa's operations, Ursa determined that the Rifle Office will be staffed with a Regulatory and Environmental Manager, and a landman; these positions didn't exist in the Rifle office under the previous operator. This decision reflects Ursa's commitment to sound environmental stewardship, and to an increased level of communication with all stakeholders (see below). • Ursa typically holds weekly meetings to address new, expanded, or additional wells, and new or revised field facilities meeting the criteria as an Oil and Gas Location. Once a location is determined feasible, preliminary notifications are made to affected surface owners (see below) as a best management practice (BMP). • Prior to initiation of the Form 2A permitting process, internal onsites are held to determine the feasibility of the location (based on the SUA and landowner preferences), topographic constraints, proximity to building units, and public and environmental concerns including surface waters, traffic/haul routes, 317B applicability, wildlife RSOs and SWH areas, noise potential, soil stability, etc. All information that may affect the location is documented as appropriate in Ursa's "Site Assessment Checklist and Site Assessment Map" as a BMP. A copy of these internal practices was provided to the COGCC at the Setback Training on August 30, 2013 held in Grand Junction. • Upon approval of the Form 2A, Ursa holds Pre-Construction, Pre-Spud, Pre-Completions and Pre-Production meetings with contractors performing work at the location as determined necessary by the responsible Ursa Operations Manager or Supervisor. As a BMP, Ursa has developed checklists for these meetings to review COAs, NTOs and related issues. • Traffic and Public Safety – Ursa developed a site-specific Emergency Response Plan and Haul Route Map which is communicated to local emergency response agencies and stakeholders, as well as contractors performing work at the location.

Community Outreach and Notification	<ul style="list-style-type: none"> • Voluntary Notifications - Once a new or expanded location, or additional wells are proposed, Ursa's land department contacts the landowner to get an initial approval, prior to formal Pre-application notifications to all affected stakeholders. • Once the Form 2A permitting process was initiated all surface owners and owners of building units within 1000 feet of the location were notified by letter with an invitation to meet or discuss the proposal (See Attachment J (2)). • Ursa routinely communicates proposed plans and operations schedules with Community Counts, the GARCO Energy Advisory Board, and Battlement Mesa Concerned Citizens (BMCC), if the proposal or work may affect Battlement Mesa. In addition, periodic stakeholder meetings are held with landowners and affected parties. • Communication with Kirby Wynn and municipal LGDs are also held routinely in addition to communication required by COGCC regulations.
Pre-Construction	<ul style="list-style-type: none"> • SAFETY - The location and site layout has been designed to accommodate staging of drill cuttings within the limits of disturbance while meeting Federal and state safety regulations, including required buffers and distances between operating components and equipment. • DUST CONTROL - The access road will be graveled to reduce fugitive dust. In addition, water and other dust suppressants are used as required, dependent upon the level of activity, moisture conditions, etc. • RECLAMATION - The non-operational areas of the cuttings locations stabilized using seed mixes and materials compatible with soil types, moisture, and local climate conditions as specified in landowner surface use agreements, or locally acceptable industry practices. Seeding will be completed during optimum conditions to achieve best results for plant growth. • STORMWATER – Per e-mail on 10/11/13 from C. Lujan, D. Kubeczko stated that the stormwater plan doesn't need to be included in the soil management plan. Kubeczko may add a COA just as a reminder that stormwater must be managed (See next bullet). • STORMWATER – The location will be constructed in accordance with the CDPHE Stormwater regulations as implemented by Ursa's Stormwater Management Plan, so as to control sediment run-off. Stormwater BMPs may also serve as secondary or tertiary containment in the event of a spill. Site specific plans (i.e. diagrams) will be developed and inspected against at the frequency required by CDPHE regulations, to include 14 day, 30 day, and major storm event inspections until 70% reclamation is achieved. Corrective actions will be tracked and implemented. COGCC inspections will be conducted through 80% interim reclamation and annually thereafter. These inspections are also tracked and corrective actions implemented. Native soils will be used whenever available to construct stormwater BMPs, supplemented by non-native materials based on site-specific conditions. • 317B WATER SAMPLING – Water sampling will be conducted in accordance with COGCC rules. • WASTE - The location will be managed in accordance with Ursa's Waste Management Plan as summarized in Attachment J(1) of this applications. The location will be constructed to minimize the potential for any drill cuttings from leaving the location, including berms, barriers, and use of spill control materials. • WASTE – KEY CORRESPONDENCE VIA EMAIL ON 10/16/13 <ul style="list-style-type: none"> o A copy of Ursa's Comprehensive Waste Management plan was forwarded to C. Lujan and D. Kubeczko. Response: Waste Plan forwarded on 10-16-13...again, I apologize for the delay as Dave had requested this a while back. o Material that may be reused for beneficial use will meet Table 910-1 analyses. o A copy of Ursa's Drill Cuttings Management Summary (updated monthly for our purposes) for tracking cuttings and the decision matrix attached to the plan for determining disposal of cuttings was forwarded to C. Lujan. o An annual report for the site describing what was treated, reused, disposed will be part of the requirements (will use Ursa's Waste Management Tracking which includes drill cuttings). o The potential exists that raw cuttings (particularly the surface hole cuttings) in most cases will meet 910-1 standards. If so, the application of an inert material (e.g. STABIL EZ – CORN BASED) to "solidify" the cuttings has the potential to fail 910-1 due to higher DRO. STABIL EZ has a much higher absorption capacity than sawdust or soil, and results in far less cuttings volume to be managed; and is more compactable, yet conducive to revegetation. We suggest that this material or any other inert material that is commercially available and has numerous commercial applications shouldn't be required to be regulated as E&P waste if the raw cuttings analysis falls within 910-1 standards for beneficial reuse.
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: 436196	Type: LOCATION	API Number: -	Status: AC	Insp. Status: UN
---------------------	----------------	---------------	------------	------------------

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: _____
Emission Control Burner (ECB): _____
Comment: _____
Pilot: _____ Wildlife Protection Devices (fired vessels): _____

Reclamation - Storm Water - Pit**Interim Reclamation:**

Inspector Name: Colby, Lou

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: DRY LAND

Comment: Current and future Land use for location as Listed in Form 2A is not correct; this is not Dry Land Crop: should be identified as "Range Land" .

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? _____ 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? Fail Production areas stabilized ? _____

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____

Cuttings management: This is a cuttings, staging area

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? _____ 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? _____ P _____

Comment: CA is to reinstall reclamation, grading, seeding, stormwater controls. CA date is 11/30/15. Refer to Photos attached, Overall Status & Inspector comments for detail.

Overall Interim Reclamation Fail

Final Reclamation/ Abandoned Location:

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

Final Land Use: DRY LAND

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: Colby, Lou

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 <input type="checkbox"/>	Multi-Well Location <input type="checkbox"/>

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Seeding	Fail					

S/A/V: **ACTION REQUIRED** Corrective Date: **11/30/2015**

Comment: **Appears to be no stormwater plan, or BMPs installed except failed Seeding. Refer to photos attached showing that BMPs are not sufficient to control erosion and soil migration throughout location.**

CA: **CA : Reseed failed reclamation areas, install effective stormwater BMPS to stabilize reclamation areas while vegetation is establishing.**

Pits: ☒ NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Refer to Photos attached for: BMPs not sufficient to control erosion and soil migration throughout Location and lack of Perennial species germination.	colbyl	09/25/2015
CA is to reinstall Interim Reclamation. Reclamation activities, contouring, seeding, stormwater controls, BMPs installed to stabilize site while perennial vegetation establishes complete by November 30, 2015.		

Attached Documents

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

Document Num	Description	URL
680100163	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3690657

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.)