



COLORADO

Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

March 4, 2016

John P. Graves
11546 Buckboard Road
Parker, CO 80138

Dear Mr. Graves,

The Colorado Oil and Gas Conservation Commission (COGCC) received your complaint regarding the status of the well and the road condition relating to the Coggins #10-34 well operated by Lilis Energy Inc. The complaint is documented in COGCC document number 200438974, which can be found on the "Complaints" page, off of our main website at <http://cogcc.state.co.us/>. The COGCC investigated this complaint and documented the results in COGCC document number 200438978.

The following actions were taken to address your complaint:

- On 02/08/2016, COGCC inspector Susan Sherman contacted you to discuss your complaint;
- On 02/08/2016, Ms. Sherman contacted Mr. Harmony with Lilis Energy to discuss the complaint and informed Mr. Harmony that temporarily abandoning a well requires notification to the COGCC area engineer;
- On 02/12/2016, Ms. Sherman preformed a site inspection of the Coggins #10-34 well (documented in Field Inspection Report [FIR] #673712570; attached to this letter);
- During the inspection Ms. Sherman noted, "the wellhead was found as temporarily abandoned, which requires the COGCC engineer be contacted" and "Sod was observed on the edges of the road and displaced gravel was observed during the inspection"; and
- The inspection report was issued with an overall status of "Action Required" and directs Lilis Energy to complete the following in accordance with the listed corrective action dates:
 - Maintain access road from work done to remove equipment on location, weather permitting,
 - Contact COGCC area engineer;



Mr. Graves

March 4, 2016

Page 2

- On 02/18/2016, Ms. Sherman discussed the inspection findings with you.

At this time the COGCC has determined that no violations occurred related to your complaint. Accordingly, the COGCC has closed the complaint and will not issue a notice of alleged violation (NOAV) related to this complaint.

If you have questions relating to the investigation or if the referenced corrective measures do not take place, please contact me.

Sincerely,



Megan Adamczyk

COGCC Complaint Specialist
303-894-2100 x5145
dnr_cogcc.complaints@state.co.us

FORM
INSPRev
05/11State of Colorado
Oil and Gas Conservation Commission1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

Inspection Date:

02/12/2016

Document Number:

673712570

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	209703	322206	Sherman, Susan	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number: 10495

Name of Operator: LILIS ENERGY INC

Address: 216 16TH STREET STE 1350

City: DENVER State: CO Zip: 80202

- ☐ 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
Graves, John	(303) 681-1506	jgraves@q.com	
Ulwelling, Eric	(303) 951-7929	eulwelling@lilisenergy.com	
Burn, Diana		diana.burn@state.co.us	COGCC Engineer
Chesson, Bob		robert.chesson@state.co.us	COGCC EPS
Harmony, Kent	(303) 501-6794	kharmony@lilisenergy.com	

Compliance Summary:

QtrQtr: SWSE Sec: 10 Twp: 6S Range: 64W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
04/08/2014	673702194	SI	SI	ACTION REQUIRED			No
10/23/2012	668200277	PR	PR	SATISFACTORY	P		No
02/07/2011	200295232	PR	PR	SATISFACTORY			No
11/09/2010	200283744	PR	PR	ACTION REQUIRED			Yes
01/30/2006	200088217	PR	PR	SATISFACTORY		Pass	No
08/30/1995	500141636	PR	PR			Pass	No
06/20/1995	500141635	PR	PR			Fail	Yes

Inspector Comment:

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
209703	WELL	SI	03/13/2013	GW	039-06608	COGGINS 10-34	SI	<input checked="" type="checkbox"/>

Equipment:

Location Inventory

Inspector Name: Sherman, Susan

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

Lease Road:

Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	ACTION REQUIRED		Maintain access road from work done to remove equipment on location, weather permitting. Contact landowner prior to start of work.	05/02/2016

Signs/Marker:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	ACTION REQUIRED		Install sign to comply with rule 210.	03/25/2016

Emergency Contact Number (S/AR): ACTION

Corrective Date: 03/18/2016

Comment: _____

Corrective Action: **Install sign to comply with rule 210.**

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Spills:

Type	Area	Volume	Corrective action	CA Date
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☐ Multiple Spills and Releases?

Fencing/:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
OTHER	SATISFACTORY	steel pipes around flow line riser		
WELLHEAD	SATISFACTORY	steel panels		

Equipment:

Type: Plunger Lift	# 1	Satisfactory/Action Required: SATISFACTORY
Comment		
Corrective Action	Date:	
Type: Flow Line	# 1	Satisfactory/Action Required:
Comment	riser pipes (see COGCC 1100 Pipeline Regulations for closure requirements)	
Corrective Action	Date:	

Venting:

Inspector Name: Sherman, Susan

Yes/No	
Comment	

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

Predrill

Location ID: 209703

Site Preparation:

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

S/AR: _____

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

Form 2A COAs:

S/AR: SATISFACTORY **Comment:** No COAs.

CA: _____ **Date:** _____

Wildlife BMPs:

S/AR: _____ **Comment:** _____

CA: _____ **Date:** _____

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: <u>209703</u>	Type: <u>WELL</u>	API Number: <u>039-06608</u>	Status: <u>SI</u>	Insp. Status: <u>SI</u>
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Complaint

Comment: **Complaint #200438974**
 Inspector Sherman talked with Mr. Graves and Mr. Harmony/Lilis Energy Inc. on February 8, 2016 about the complaint. A time was scheduled to meet Mr. Graves on location on February 12, 2016. Mr. Harmony said that he would not attend the COGCC inspection. It was observed during the inspection that the tank battery and gas meter run had been removed since the last COGCC inspection. Mr. Graves said that he watched their work and saw that the road had been scraped up on the edges leaving the pasture uneven and difficult for farm machinery to operate. Sod was observed on the edges of the road and displaced gravel was observed during the inspection. An action required on the inspection is to maintain the access road, weather permitting. The wellhead was found as temporarily abandoned and requires the COGCC engineer be contacted. Mr. Harmony was informed on February 8, 2016 of this required action for the well status.

Idle Well

Purpose: ☒ Shut In ☐ Temporarily Abandoned Reminder: _____
 S/AV: **ACTION** CA Date: **03/25/2016**
 CA: **Contact COGCC Area Engineer.**
 Comment: **SI since Jan 2013. Pressure on wellhead gauge 340 psi (see attached photo).**

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:**

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

Land Use: _____

Comment: **pasture/hayfield, ~700' west of Box Elder Creek, tank battery (2 crude oil tanks and 1 produced water tank), treater and gas meter run removed since last inspection, snow covered**

1003a. Waste and Debris removed? _____

CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? _____

CM _____

Inspector Name: Sherman, Susan

CA _____ CA Date _____

Pit, cellars, rat holes and other bores closed? _____

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: _____

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 _____

Comment: _____

Corrective Action: _____ Date _____

Overall Final Reclamation _____ Well Release on Active Location ☐ Multi-Well Location ☐

Inspector Name: Sherman, Susan

Storm Water:						
Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Compaction		Compaction				
Gravel		Gravel				
Rip Rap	Pass					at bridge on Box Elder Creek

S/AV: _____ Corrective Date: _____

Comment: See Lease Road section for action required on access road.

CA: _____

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
673712622	Lilis Energy Coggins 10-34	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3788516