



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

March 21, 2016

Jenna Keller
Keller Law LLC
P.O. Box 771222
Steamboat Springs, CO 80477

Re: Final Resolution - Complaint 200438259
Complainant: Richard Hutt and Marilyn Hutt
NW Graylin D Sand Unit #37 (API #075-05867)

Dear Ms. Keller,

The Colorado Oil and Gas Conservation Commission (COGCC) received the subject complaint filed via email on behalf of your clients, Mr. Richard Hutt and Ms. Marilyn Hutt. The complaint was regarding debris and weeds at NW Graylin D Sand Unit #37 (API #075-05867). The subject complaint is documented in COGCC document number 200438259, which can be found on the "Complaints" page, off of our main website <http://cogcc.state.co.us/>. The COGCC investigated this complaint and documented the results in COGCC document number 200438723.

At the time that the complaint was filed, the operator of the locations, Benchmark Energy LLC (Benchmark) was already the subject of an ongoing investigation by the COGCC by which COGCC staff sought penalty enforcement action due to compliance violations and environmental impacts at several facilities.

The following actions were taken by COGCC staff to resolve conditions reported in the complaint, with some actions having been completed before receipt of the complaint:

- On 11/18/2014 COGCC Inspector Craig Quint conducted an inspection of the location and issued Field Inspection Report (FIR) # 667200668 with action required to remove all debris at the location (attached).
- On 8/19/2015 Mr. Quint conducted an inspection of the location and issued FIR # 680000077 with action required to remove REA pole and to remove and control weeds inside berm and around wellhead at the location (attached).
- Due to a perceived pattern of non-compliance and reporting violations at multiple locations, COGCC Staff pursued an Order Finding Violation (OFV) hearing against the operator;
- The OFV hearing was held on January 26, 2016 seeking penalty enforcement action against Benchmark for compliance issues and environmental impacts at several facilities. At the hearing the Commission ruled in favor of the relief recommended by staff, authorizing foreclosure on Benchmark's existing financial assurance and the use of funds from the Oil and Gas Conservation and Environmental Response Fund to address environmental impacts resulting



Ms. Keller

March 21, 2016

Page 2

from Benchmark's violations, after a thirty-day period granted to the operator to bring the facilities into compliance.

- On February 3, 2016 COGCC Director Matthew Lepore issued notice that Benchmark's Certificate of Clearance had been revoked, thereby suspending Benchmark's authority to sell or transport produced hydrocarbons from any of its permitted wells and locations in Colorado.

Complaint number 200438259 has been formally closed with the issuance of COGCC Order 1V-564, which can be found on the "Regulation" page of the COGCC website.

The COGCC is currently in the process of recovering the financial assurance on file for Benchmark. Once the financial assurance is recovered, the COGCC will create a plan for the proper plugging and abandonment of the wells in addition to the reclamation of impacted locations. Locations will be prioritized based on actual and threatened impact as well as the availability of personnel and equipment. Reclamation efforts will be scheduled according to the priority assigned to each location

Please advise Mr. and Ms. Hutt to feel free to contact the COGCC directly to discuss the reclamation schedule.

If you have questions regarding this complaint or the investigation, please contact me.

Sincerely,



Megan Adamczyk, Complaint Specialist
Phone: 888-235-1101
Email: dnr_cogcc.complaints@state.co.us

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
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Inspection Date:
11/18/2014

Document Number:
667200668

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>219047</u>	<u>312148</u>	<u>SCHURE, KYM</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number: 10380

Name of Operator: BENCHMARK ENERGY LLC

Address: PO BOX 8747

City: PRATT State: KS Zip: 67124

- 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
Quint, Craig		craig.quint@state.co.us	
Nash, Jerry	(316) 218-8184	jerry@benchmarkenergy.us	All Inspections

Compliance Summary:

QtrQtr: NWNW Sec: 18 Twp: 8N Range: 53W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
07/23/2014	667200227	TA	TA	ALLEGED VIOLATION			Yes
08/27/2007	200118674	MT	TA	SATISFACTORY			No
08/22/2002	200029790	MT	TA	SATISFACTORY		Pass	No
01/08/1996	500152774	ID	TA			Fail	Yes

Inspector Comment:

Follow-up Inspection

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
219047	WELL	TA	04/26/2013	OW	075-05867	NW GRAYLIN D SAND UNIT 37	TA <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

Lease Road:				
Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY	Mowed path		

Signs/Marker:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY			

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

Comment: _____

Corrective Action: _____

Good Housekeeping:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
DEBRIS	ACTION REQUIRED		Remove all debris	11/05/2014

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

Fencing/:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
	SATISFACTORY			

Equipment:					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Other	0	SATISFACTORY			

Venting:	
Yes/No	Comment

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

Predrill

Location ID: 219047

Site Preparation:

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

S/AV: _____

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

Form 2A COAs:

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: _____

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: 219047 Type: WELL API Number: 075-05867 Status: TA Insp. Status: TA

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/AV: **ACTION** CA Date: **11/05/2014**

CA: **Remove debris**

Comment: _____

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: _____

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: _____

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

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Other	Pass					

S/A/V: SATISFACTOR Corrective Date: _____
Y

Comment: No surface erosion from stormwater runoff observed

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
667200765	Sign at wellhead	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3503997
667200766	Berm at wellhead	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3503998
667200767	Wellhead area	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3503999
667200768	Material in berms	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3504000
667200769	Power pole - debris	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3504001
667200770	Concrete pad - debris	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3504002

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.)

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
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Inspection Date:
08/19/2015

Document Number:
680000077

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>219047</u>	<u>312148</u>	<u>QUINT, CRAIG</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number: 10380

Name of Operator: BENCHMARK ENERGY LLC

Address: PO BOX 8747

City: PRATT State: KS Zip: 67124

- 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
Nash, Jerry	(620) 672-9700	lferrell@profsecservices.com	
Murphy, Julie		julie.murphy@state.co.us	
Ferrin, Jeremy		jeremy.ferrin@state.co.us	

Compliance Summary:

QtrQtr: NWNW Sec: 18 Twp: 8N Range: 53W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
11/18/2014	667200668	TA	TA	ACTION REQUIRED			No
07/23/2014	667200227	TA	TA	ALLEGED VIOLATION			Yes
08/27/2007	200118674	MT	TA	SATISFACTORY			No
08/22/2002	200029790	MT	TA	SATISFACTORY		Pass	No
01/08/1996	500152774	ID	TA			Fail	Yes

Inspector Comment:

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
219047	WELL	TA	04/26/2013	SI	075-05867	NW GRAYLIN D SAND UNIT 37	TA <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

Lease Road:				
Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY	ACCESS THROUGH PASTURE, ACCESS IS MOWED.		

Signs/Marker:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY	LEASE SIGN BY WELL		

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

Comment: _____

Corrective Action: _____

Good Housekeeping:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
DEBRIS	ACTION REQUIRED	PART OF A REA POLE ON NORTH SIDE OF LOCATION	REMOVE POLE	11/18/2014
WEEDS	ACTION REQUIRED	WEEDS INSIDE BERM AROUND WELLHEAD	REMOVE AND CONTROL WEEDS	09/20/2015

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: 219047

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

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

CA: _____ **Date:** _____

Wildlife BMPs:

S/A/V: _____ **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: 219047 Type: WELL API Number: 075-05867 Status: TA Insp. Status: TA

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/A/V: _____ CA Date: _____

CA: _____

Comment: **WELL IS TA, A PASSING M.I.T. WAS PERFORMED ON 7/28/2012.**

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: _____

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? _____

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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

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Other	Pass	Other	Pass			

S/A/V: SATISFACTOR Corrective Date: _____
Y

Comment: ACCESS AND LOCATION ARE GRASSED OVER AND MOWED.

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
680000101	BERMED WELLHEAD, WEEDS	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3666992

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.

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