



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 200438266  
Complainant: Marcie and Russell Adels  
NW Graylin D Sand Unit #5-W (API #075-05971)

Dear Ms. Keller,

The Colorado Oil and Gas Conservation Commission (COGCC) received the subject complaint filed via email on behalf of your clients, Mr. Russell Adels and Ms. Marcie Adels. The complaint was regarding fencing and dead-man anchors at NW Graylin D Sand Unit #5-W (API #075-05971). The subject complaint is documented in COGCC document number 200438266, 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 200438727.

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 11/06/2014 COGCC Inspector Kym Schure conducted an inspection of the location and issued Field Inspection Report (FIR) #667200639 with action required to mark all deadman anchors (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 from Benchmark's violations, after a thirty-day period granted to the operator to bring the facilities into compliance.



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- On February 3, 2016 COGCC Director Matthew Lepore issued notice that Benchmark's Certificate of Clearance had been revoked, thereby suspending Benchmark's authority to sell or transport produced hydrocarbons from any of its permitted wells and locations in Colorado.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 200438266 has been formally closed with the issuance of COGCC Order 1V-564, which can be found on the "Regulation" page of the COGCC website. Please note complaint 200438268, which addresses environmental issues at NW Graylin D Sand Unit #5-W has been addressed in a separate communication.

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. Adels 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,

A handwritten signature in blue ink that reads "Megan J. Adamczyk". The signature is written in a cursive, flowing style.

Megan Adamczyk, Complaint Specialist  
Phone: 888-235-1101  
Email: [dnr\\_cogcc.complaints@state.co.us](mailto: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:

11/06/2014

Document Number:

667200639

Overall Inspection:

**ACTION REQUIRED****FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	219142	312157	SCHURE, KYM	<input type="checkbox"/>	

**Operator Information:**OGCC Operator Number: 10380Name of Operator: BENCHMARK ENERGY LLCAddress: PO BOX 8747City: 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
Axelson, John		john.axelson@state.co.us	
Nash, Jerry	(316) 218-8184	jerry@benchmarkenergy.us	All Inspections
Burn, Diana		diana.burn@state.co.us	
Quint, Craig		craig.quint@state.co.us	

**Compliance Summary:**

QtrQtr:	NENW	Sec:	12	Twp:	8N	Range:	54W
Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
10/15/2014	667200573	TA	TA	ALLEGED VIOLATION			Yes
10/07/2014	667200568	TA	TA	ACTION REQUIRED			No
08/19/2014	667200391	TA	TA	ALLEGED VIOLATION			Yes
08/12/2014	667200363	TA	TA	ACTION REQUIRED			No
08/09/2014	667200354	TA	TA	ALLEGED VIOLATION			Yes
07/23/2014	667200233	TA	TA	ALLEGED VIOLATION			Yes
08/08/2013	664001189	TA	TA	SATISFACTORY			No
07/09/2012	663300289	TA	TA	ACTION REQUIRED	I		No
06/16/2011	200312780	MI	AC	SATISFACTORY			No
05/17/2010	200250541	RT	AC	SATISFACTORY			No
08/04/2009	200215918	RT	AC	SATISFACTORY			No
04/22/2008	200130653	RT	AC	SATISFACTORY			No
06/20/2007	200115803	RT	AC	SATISFACTORY		Pass	No
06/16/2006	200091651	MI	SI	SATISFACTORY		Pass	No
06/08/2006	200091663	MI	AC	SATISFACTORY		Fail	Yes
07/05/2005	200074140	RT	SI	SATISFACTORY		Pass	No
06/15/2004	200055909	RT		SATISFACTORY		Pass	No
04/02/2003	200037007	RT	SI	SATISFACTORY		Pass	No

Inspector Name: SCHURE, KYM

07/18/2002	200028845	RT	SI	SATISFACTORY	P	Pass	No
07/26/2001	200018310	MI	SI	SATISFACTORY		Pass	No
08/04/2000	200008427	RT	SI	SATISFACTORY		Pass	No

**Inspector Comment:**

Follow-up inspection. Land-owner complaint 10-15-2014. Operator corrective action dates have expired. Operator required to submit analysis of flow line integrity and failed parts to COGCC Engineering to assess flow line integrity. Operator is required to update well status on COGCC database. Operator is required to contact COGCC Environmental for directives on vegetation kill resulting from numerous releases.

**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
219142	WELL	TA	04/26/2013	ERIW	075-05971	NW GRAYLIN D-SAND UNIT 5-W	TA	<input checked="" type="checkbox"/>
438746	SPILL OR RELEASE	AC	09/04/2014		-	SPILL/RELEASE POINT	AC	<input 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****Lease Road:**

Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY	No lease road. Mowed path across pasure		

**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
OTHER	ACTION REQUIRED	Surface disruption from recent excavation/repairs	Grade and backfill area around wellhead	11/05/2014

**Spills:**

Type	Area	Volume	Corrective action	CA Date
Produced Water	WELLHEAD	> 5 bbls	Vegetation kill resulting from recent/historical P/W releases remains non-compliant.	11/05/2014

Inspector Name: SCHURE, KYM

☒ Multiple Spills and Releases?

**Fencing/:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY	Steel Pipe		

**Equipment:**

Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Deadman # & Marked	2	ACTION REQUIRED	(2) unmarked deadman	Mark all deadman with 4' tall, highly visible markers.	11/05/2014
Other	0	ACTION REQUIRED		Submit analysis of flow line failure and failed parts to COGCC Engineering	11/05/2014

**Venting:**

Yes/No	Comment

**Flaring:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

**Predrill**

Location ID: 219142

**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: 219142 Type: WELL API Number: 075-05971 Status: TA Insp. Status: TA

**Underground Injection Control**

UIC Violation: \_\_\_\_\_

Maximum Injection Pressure: \_\_\_\_\_

**UIC Routine**
 Inj./Tube: Pressure or inches of Hg \_\_\_\_\_ Previous Test Pressure \_\_\_\_\_ MPP \_\_\_\_\_  
 (e.g. 30 psig or -30" Hg) Inj Zone: DSND

TC: Pressure or inches of Hg \_\_\_\_\_ Previous Test Pressure \_\_\_\_\_ Last MIT: 06/16/2011

Brhd: Pressure or inches of Hg \_\_\_\_\_ Previous Test Pressure \_\_\_\_\_ AnnMTReq: \_\_\_\_\_

Comment: **Contact: Diana Burn for directives.**

Method of Injection: \_\_\_\_\_

Test Type: \_\_\_\_\_ Tbg psi: \_\_\_\_\_ Csg psi: \_\_\_\_\_ BH psi: \_\_\_\_\_

Insp. Status: \_\_\_\_\_

Comment: \_\_\_\_\_

**Idle Well**
 Purpose: ☐ Shut In ☒ Temporarily Abandoned Reminder: \_\_\_\_\_

 S/A/V: **ACTION** CA Date: **11/05/2014**

 CA: **Well is incorrectly listed at TA. See full report for details.**

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:**

DWR Receipt Num: \_\_\_\_\_ Owner Name: \_\_\_\_\_ GPS : \_\_\_\_\_ Lat \_\_\_\_\_ Long \_\_\_\_\_

**Field Parameters:**

Sample Location: \_\_\_\_\_

**Complaint:**

Tracking Num	Category	Assigned To	Description	Incident Date
200413934	SPILLS	Schure, Kym	Landowner Mr. Russell Adele contacted COGCC N.E. Field Office reporting a spill/release at wellhead. COGCC contacted Operator.	10/15/2014

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 \_\_\_\_\_



Inspector Name: SCHURE, KYM

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	Fail					

S/A/V: **ACTION REQUIRED**

Corrective Date: **11/05/2014**

Comment: **Implement Stormwater control BMP's. Current surface runoff travels down grade following the path of current and historical P/W spills, erosion scouring the affected area surface exhibiting a vegetation kill.**

CA: **Implement stormwater control BMP's. Remediate affected soils, reclaim area outside of wellhead Contact COGCC Environmental**

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
667200683	Excavation sink hole @ wellhead. Repairs from release.	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507544">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507544</a>
667200688	Unmarked deadman	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507546">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507546</a>
667200689	Unmarked deadman	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507548">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507548</a>

## **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.)