



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 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.



Ms. Keller

March 21, 2016

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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,



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:
11/06/2014

Document Number:
667200639

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

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

Operator Information:

OGCC Operator Number:	<u>10380</u>
Name of Operator:	<u>BENCHMARK ENERGY LLC</u>
Address:	<u>PO BOX 8747</u>
City:	<u>PRATT</u> State: <u>KS</u> Zip: <u>67124</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
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

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/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: 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.	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507544
667200688	Unmarked deadman	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507546
667200689	Unmarked deadman	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3507548

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.)