

**FORM
INSP**Rev
X/15**State of Colorado
Oil and Gas Conservation Commission**1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

Inspection Date:

05/10/2019

Submitted Date:

05/10/2019

Document Number:

696200038**FIELD INSPECTION FORM**Loc ID 454154 Inspector Name: Trujillo, Aaron On-Site Inspection ☐ 2A Doc Num: _____**Operator Information:**OGCC Operator Number: 10657Name of Operator: PCR OPERATING LLCAddress: 4040 BROADWAY STREET #510City: SAN ANTONIO State: TX Zip: 78209**Status Summary:**☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**9 Number of Comments9 Number of Corrective Actions☒ Corrective Action Response Requested**ANY CORRECTIVE ACTION(S) FROM
PREVIOUS INSPECTIONS THAT HAVE NOT
BEEN ADDRESSED ARE STILL APPLICABLE****Contact Information:**

| Contact Name | Phone | Email | Comment |
|----------------|-------|----------------------------------|---------|
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Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|----------|--------|-------------|------------|-----------|----------------|-------------|
| 454154 | LOCATION | AC | | | - | CLAR 158-24-21 | RI |
| 454155 | WELL | PR | 10/01/2018 | | 087-08223 | CLAR 158-24-21 | RI |

General Comment:

This is an interim reclamation and stormwater inspection.

COGCC Inspection Report Summary

On Friday, 5/10/2019 at approximately 1100 hours, Reclamation Specialist Trujillo conducted a reclamation inspection at PCR Operating LLC's CLAR 15-24-21 location #454154 in Morgan County Colorado.

During this inspection the following possible compliance issues were observed:

- No Form 42 "Notice of Construction" submitted for location
 - Insufficient stormwater and erosion controls and BMPs on location and soil stockpiles
 - Fluid spill and stained soils (approximately 15 ft. x 20 ft. of produced liquids) at wellhead
 - Oily materials within the drill pit
 - Trash debris within drill pit
 - Noxious weeds on location and soil stockpiles
 - Undesirable weedy plant vegetative establishment on soil stockpiles
 - Drill cuttings evident outside of drill pit
 - Non-compliance with COA #4 on the permitted 2A doc. #401482918 requiring drill pit to be closed no later than three (3) months after drilling/completion
 - No interim reclamation conducted in accordance with 1003.b
- Refer to the attached photo documentation of observed compliance issue.

Reclamation Specialist Trujillo spoke with Mr. Gene Wehrer with PCR Operating at approximately 1150 hours on the tank battery location (Location #454195). Mr. Wehrer was notified about the fluid spill observed at the well, and the oily material within the drill pit, and provided with the 24 hour notice to address the issues.

A follow up on this site inspection will be conducted to ensure the compliance issues have been corrected to comply with COGCC rules. Due to the significant nature, extent, or duration of this alleged rule violation immediate referral to enforcement is required and a corrective action date will not be applied. Perform the corrective action immediately (no later than 24 hours) to avoid further enforcement and potential penalties. This inspection is being entered for notification and documentation only and is not intended to provide the Operator the opportunity to resolve the alleged violations without the imposition of a penalty, pursuant to Rule 522.c. Any corrective action(s) from previous inspections that have not been addressed are still applicable.

LocationOverall Good: ☐

Emergency Contact Number:

Comment: Corrective Action: Date: **Good Housekeeping:**

| | | | |
|--------------------|--|--|-------|
| Type | WEEDS | | |
| Comment: | Canada thistle (Cirsium arvense) and Scotch thistle (Onopordum acanthium) rosettes observed on the location and soil stockpiles on the north and south end of the location. These are Colorado State listed noxious weeds and need to be managed. See photos 8-9, 12, and 19 in the attached photo document. | | |
| Corrective Action: | Comply with 603.f and 1003.f, and conduct weed management. | | Date: |
| Type | TRASH | | |
| Comment: | Various materials/trash debris observed within the southwest end of the drill pit. Trash partially covered with drill cuttings. See photo 26 in the attached photo document. | | |
| Corrective Action: | Comply with 603.f, remove and properly dispose trash debris. | | Date: |

Overall Good: ☐**Spills:**

| | | | | |
|--------------------|---|--------|--|-------|
| Type | Area | Volume | | |
| | WELLHEAD | | | |
| Comment: | Fluid spill and stained soils (approximately 15 ft. x 20 ft. of produced liquids) observed at wellhead. See photos 2 and 3 in the attached photo document. Reclamation Specialist Trujillo spoke with Mr. Gene Wehrer with PCR Operating at approximately 1150 hours on the tank battery location (Location #454195). Mr. Wehrer was notified about the fluid spill observed at the well and provided with the 24 hour notice to address the issues. | | | |
| Corrective Action: | Control/contain fluid spill and clean up stained soils per 906.a within 24 hours, and contact COGCC EPS staff per Rule 906.b. | | | Date: |
| | | | | |
| Comment: | Hydrocarbons observed within drill pit. See photo 25 in the attached photo document Reclamation Specialist Trujillo spoke with Mr. Gene Wehrer with PCR Operating at approximately 1150 hours on the tank battery location (Location #454195). Mr. Wehrer was notified about oily materials observed within the drill pit, and provided with the 24 hour notice to address the issues. | | | |
| Corrective Action: | Remove oil from pit per Rule 902.c within 24 hours. | | | Date: |

In Containment: No

Comment: ☐ Multiple Spills and Releases?**Venting:**

| | | | |
|--------------------|--|-------|--|
| Yes/No | | | |
| Comment: | | | |
| Corrective Action: | | Date: | |

Flaring:

| | | |
|----------|--|--|
| Type | | |
| Comment: | | |

| | | | |
|--------------------|--|-------|--|
| Corrective Action: | | Date: | |
|--------------------|--|-------|--|

Location Construction

Location ID: 454154 CDP: _____

Comment: _____

Corrective Action: Location appears to have been constructed approximately March/April of 2018 (SPUD date 4/11/2018). COGCC Rule 316C.c requires that "Operators shall give at least 48 hours advance written notice of intent to the Commission of a construction or major change at any Well, Oil and Gas Locations, or Oil and Gas Facility. Such notice shall be provided on a Field Operations Notice, Form 42 - Notice of Construction or Major Change".

Date: _____

Notice was not submitted 48 hours prior to beginning operations; No Form 42 "Notice of Construction" submitted.

Form 2A COAs:

Comment: _____

Corrective Action: COA #4 on the permitted 2A doc. #401482918 required drill pit to be closed no later than three (3) months after drilling/completion. COGCC Well file records show production date of 10/2018. Pit should have been closed no later than 1/2018 in accordance with COAs.

Date: _____

Wildlife BMPs:

Comment: _____

Corrective Action: _____

Date: _____

Comment: _____

Corrective Action: _____

Date: _____

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:

| Inspected Facilities | | | | | | | | | |
|----------------------|---------------|-------|-----------------|----------------------|------------------|-----------|---------------|---------------|-----------|
| Facility ID: | <u>454154</u> | Type: | <u>LOCATION</u> | API Number: <u>-</u> | Status: | <u>AC</u> | Insp. Status: | <u>RI</u> | |
| | | | | | | | | | |
| Facility ID: | <u>454155</u> | Type: | <u>WELL</u> | API Number: | <u>087-08223</u> | Status: | <u>PR</u> | Insp. Status: | <u>RI</u> |
| | | | | | | | | | |

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

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

Land Use: RANGELAND

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND
SEGREGATION _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____ Fail _____

Comment

1002.c requires "All stockpiled soils shall be protected from degradation due to contamination, compaction and, to the extent practicable, from wind and water erosion during drilling and production operations. Best management practices to prevent weed establishment and to maintain soil microbial activity shall be implemented".

Noxious and undesirable weedy plant species evident/established on the soil stockpiles of the location. Operator does not appear to have implemented BMPs to protect stockpiled soils on location.

Corrective Action

Comply with 1002.c

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____

Comment _____

Corrective Action _____

Date _____

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

Comment _____

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment _____

Corrective Action _____

Date _____

1003b. Area no longer in use? Fail Production areas stabilized ? _____

1003c. Compacted areas have been cross ripped? Fail

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

Cuttings management: On site

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? Fail

RESTORATION AND REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced Fail Recontoured Fail 80% Revegetation Fail

1003e. INTERIM VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

1003 f. Weeds Noxious weeds? F

Comment SEE "COGCC COMMENTS" FOR COMMENTS REGARDING RECLAMATION

Corrective Action Comply with COGCC 1003 Interim Reclamation Rules including, but not limited to, compaction alleviation per 1003.c, close drill pit per 1003.d, and establish vegetation with total perennial, non-invasive uniform plant cover of at least eighty (80) percent of pre-disturbance or reference area levels. Use a seed mixture requested by the surface owner, or a mixture prescribed by the local county NRCS. Ensure erosion controls are implemented to stabilize the seeded soil, and continue to monitor and manage this location until reclamation has passed.

Date _____

Overall Interim Reclamation Fail

Final Reclamation/ Abandoned Location:

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

Final Land Use: RANGELAND

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 _____

1004.d. FINAL VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

| | | | | | | |
|---------------------------|--|--|--|--|--|-------------|
| 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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

Comment: Insufficient stormwater and erosion control BMPs observed on location; Operator does not appear to have implemented BMPs on location prior to, during, or post construction activities. Erosion degradation evident on soil stockpiles; no BMPs appear to have implemented to stabilize soil stockpiles, or mitigate sediment transport from stockpiles, and from location.

Corrective Action: Install or repair required BMPs per Rule 1002.f and per 1002.c

Date: _____

Pits: ☐ NO SURFACE INDICATION OF PIT

COGCC Comments

| Comment | User | Date |
|--|------------|------------|
| <p>COGCC Rule 1003.b requires "All disturbed areas affected by drilling or subsequent operations, except areas reasonably needed for production operations or for subsequent drilling operations to be commenced within twelve (12) months, shall be reclaimed as early and as nearly as practicable to their original condition or their final land use as designated by the surface owner and shall be maintained to control dust and minimize erosion to the extent practicable... Interim reclamation shall occur no later than six (6) months on non-crop land after such operations.."</p> <p>Drill pit remains open and areas not needed for production on the location have not been reclaimed in accordance with 1003 rules. Well file records show initial production and well status "PR" as of Oct. 2018. Interim reclamation should have been conducted no later than April 2019. Additionally, noxious weed species observed on location. See "Good Housekeeping".</p> | trujilloam | 05/10/2019 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|-------------------|---|
| 696200039 | Inspection Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4821060 |