

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

Inspection Date:
03/24/2014

Document Number:
674600134

Overall Inspection:
Satisfactory

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|----------------------|--------------------|--------------------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | <input type="checkbox"/> |
| | <u>414289</u> | <u>414282</u> | <u>Maclaren, Joe</u> | 2A Doc Num: | |

Operator Information:

OGCC Operator Number: _____

Name of Operator: ENERGEN RESOURCES CORPORATION

Address: 2010 AFTON PLACE

City: FARMINGTON State: NM Zip: 87401

- 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 |
|------------------|----------------|-----------------------------|---------|
| Mohler, Sam | | sam.mohler@energen.com | |
| Campbell, Kellie | (505) 324-4152 | kellie.campbell@energen.com | |

Compliance Summary:

QtrQtr: SENE Sec: 12 Twp: 32N Range: 6W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 02/26/2010 | 200233068 | DG | DG | Satisfactory | | | No |

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------------|-------------|-------------------------------------|
| 414289 | WELL | PR | 03/24/2010 | GW | 007-06287 | JARAMILLO 32-6 12-3 | PR | <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

| | | | |
|---------------------------------|------------------------|----------------------|----------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: <u>1</u> | Production Pits: _____ |
| Condensate Tanks: <u>2</u> | Water Tanks: <u>3</u> | Separators: <u>1</u> | Electric Motors: _____ |
| Gas or Diesel Mortors: <u>1</u> | Cavity Pumps: _____ | LACT Unit: _____ | Pump Jacks: <u>1</u> |
| Electric Generators: _____ | Gas Pipeline: <u>1</u> | Oil Pipeline: _____ | Water Pipeline: <u>1</u> |
| Gas Compressors: <u>1</u> | VOC Combustor: _____ | Oil Tanks: _____ | Dehydrator Units: <u>1</u> |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: _____ | Fuel Tanks: _____ |

Location

Emergency Contact Number: (S/U/V) Satisfactory Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
| | | | | |

Multiple Spills and Releases?

| Fencing/: | | | | |
|------------------|-----------------------------|---|-------------------|---------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| PUMP JACK | Satisfactory | Chain link fence with barbed wire. Gate locked. | | |

| Equipment: | | | | | |
|---------------------------|---|-----------------------------|--|--|---------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Gas Meter Run | 1 | Satisfactory | | | |
| Deadman # & Marked | 4 | Satisfactory | SE deadman needs to be re- marked | | |
| Ancillary equipment | 1 | Satisfactory | "House" tap on NW end of location | | |
| Pump Jack | 1 | Satisfactory | "Horse Head" disassembled from pumping unit. | Remove debris from location if no longer needed. | |
| Ancillary equipment | 1 | Satisfactory | Telemetry | | |
| Ancillary equipment | 2 | Satisfactory | Water line valve can | | |
| Ancillary equipment | 1 | Satisfactory | AC electrical service | | |
| Flow Line | 1 | Satisfactory | | | |
| Ancillary equipment | 1 | Satisfactory | Chemical injection system | | |
| Bird Protectors | 1 | Satisfactory | | | |
| Vertical Heated Separator | 1 | Satisfactory | | | |

Facilities: New Tank Tank ID: _____

| Contents | # | Capacity | Type | SE GPS |
|--------------------|--------------|----------|---|-----------------------|
| PRODUCED WATER | 2 | 400 BBLS | STEEL AST | 37.034390,-107.443080 |
| S/U/V: | Satisfactory | Comment: | Rust staining on south tank below their hatch may indicate a past overflow event. | |
| Corrective Action: | | | | Corrective Date: |

Paint

| | |
|-----------|----------|
| Condition | Adequate |
|-----------|----------|

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|-------------------|----------|---------------------|---------------------|-----------------|
| Earth | Adequate | Walls Sufficient | Base Sufficient | Adequate |
| Corrective Action | | | | Corrective Date |
| Comment | | | | |

| Venting: | |
|-----------------|---------|
| Yes/No | Comment |
| NO | |

| Flaring: | | | | |
|-----------------|-----------------------------|---------|-------------------|---------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| | | | | |

Predrill

Location ID: 414289

Site Preparation:

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

S/U/V: _____

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

Form 2A COAs:

S/U/V: _____ **Comment:**

CA: **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|---------------|--|
| PROPOSED BMPs | <p>and state, agricultural and ranching needs of the surface owner, while maintaining optimal wildlife protection in the process.</p> <p>* SEED MIXTURE</p> <p>*Energen Resources Corporation strives to re-vegetate with seed mixtures that are of the surface owner's preference. Attached is list of seed mixtures from the Colorado Department of Wildlife and will be used in discussions with the surface owner prior to reseeding.</p> <p>*WEED MANAGEMENT</p> <p>weed management can be accomplished in an assortment of ways. Energen makes every effort to manage weeds for both fire protection and [species of noxious weeds grow or spread differently, and Colorado's Noxious Weed Act requires certain methods of control to be used depending on the level of control that is mandated.</p> <p>Below are examples of Integrated Pest Management techniques.</p> <p>Biological control-uses organisms to control noxious weeds. Since we are dealing with living things, a variety of circumstances come into play that impact the success of the establishment of the bio-control and ultimately the control of the noxious weed you are targeting. For example, an organism that works well on the plains may not work in the mountains. Although there has been some success on some noxious weeds, bio-control agents are not available for all species.</p> <p>Chemical control-the use of herbicides to control noxious weeds. all herbicides must be used in accordance with the registered label.</p> <p>Cultural control- the use of materials or techniques that reduce noxious weed populations. Examples include mulching, rotational grazing, and establishing good vegetation cover.</p> <p>Mechanical-cutting, mowing , disking.)</p> <p>The implementation of one or more of these operational practices creates an overall diminished impact to wildlife.</p> |
| PROPOSED BMPs | <p>ENERGEN RESOURCES CORPORATION</p> <p>BEST MANAGEMENT TECHNIQUES</p> <p>CURRENTLY IMPLEMENTED BY ENERGEN</p> <p>PROMOTING THE PROTECTION OF WILDLIFE</p> <p>PLAN FOR JARAMILLO 32-6 #12-3</p> <p>Energen Resources Corporation has many proactive best management practices currently in action that promote the protection of wildlife. Contained within this document are proactive measures Energen embraces on most projects. these are beneficial when developing within</p> |

critical or sub-critical wildlife management areas. All practices are not put into service at every well site location: however there are multiple practices that are consistent with specific areas. During development of the Archuleta and La Plata County areas in and around Arboles and Tiffany, Colorado, the following systematic differences have been advantageous to protecting wildlife and wildlife habitat within Elk Winter Ranges, Mule Deer Winter Ranges and Critical Winter Range Areas. The listed items below are the planned development best management practices that Energen intends on implementing on the Jaramillo #12-3 location and associated operational equipment.

* Use of underground produced water system, piping all produced water back to a centrally located Salt Water Disposal Facility.

*Reduces truck traffic to location for purposes of water hauling.

*Electrification of locations within project area.

* Use of underground electrical is raptor friendly.

* Reduction of noise is wildlife and neighbor friendly

* Reduction of pollution by reducing the need for petroleum based engines and therefore reducing green house emissions such as CO₂, NO_x, particulate matter, and other associated emissions.

* By trenching the electrical facilities in there is minimal disturbance to surface area.

* Fencing

* Permanent fencing is placed around moving equipment on location to prevent the wildlife entry to potentially harmful equipment.

* Where there is agreement from landowners to maintain range cattle, horses or other livestock, wildlife friendly fence is being utilized.

* Gates and fencing at entrances of locations are utilized when deemed appropriate.

* Additional fencing for the protection of livestock from well locations when deemed necessary.

* Closed-loop Drilling Operations

*Energen has been using closed-loop drilling operations within this area.

* Removes the need for a pit.

* Fewer hazards for wildlife and potential risks associated with having a pit during drilling operations.

*Recycling of Drilling fluids

*Less truck traffic due to the recycling methods that Energen has been developing with contractors.

* Mud systems are dewatered and the water is then reused during drilling operations.

* Mud that is still able for use upon completion is transported to the next drilling location for drilling operations, reducing the amount of water usage.

* Drilling Operations

* Energen has been developing the horizontal drilling program and has successfully drilled several wells horizontally intersecting with multiple quarter sections which may alleviate the need for additional wells in a section.

* Twinned or shared well pads have been utilized, reducing surface disturbance impacts.

*Reduced area necessary for well pad construction

*Pipelines closer to facilities, reducing the need to disturb greater areas for pipeline installation.

*Even though the jaramillo well is not twinned with another well pad it is closely located to an existing corridor that will be utilized for gas and water pipeline installation.

*Stormwater Management

*Energen maintains Stormwater permits and management plans that are compliant with both the Colorado Department of Public Health and Environment and the Colorado Oil and Gas Conservation Commission.

* Well sites are inspected according to current regulatory practices and all necessary repairs and/or amendments are ;made consequently.

*Reclamation

*Post drilling operations, Energen reclaims the well pad and access road back to a minimum area of disturbance, therefore leaving only necessary operational areas disturbed.

*Surface Owner Concurrence

*Energen works hard to maintain good neighbor relations with the surface owners. This includes many different aspects of discussions and agreements between the operator and the surface owner to come to an agreement that is copasetic with all stakeholders involved. The stakeholders include but are not limited to regulatory agencies, counties,

S/U/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: | 414289 | Type: | WELL | API Number: | 007-06287 |
| Status: | PR | Insp. Status: | PR | | |

Producing Well

Comment: PR

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: _____

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: RANGELAND

Comment: _____

1003a. Debris removed? Pass CM _____ CA _____ CA Date _____
Waste Material Onsite? Pass CM _____ CA _____ CA Date _____
Unused or unneeded equipment onsite? Pass CM _____ CA _____ CA Date _____
Pit, cellars, rat holes and other bores closed? Pass CM _____ CA _____ CA Date _____
Guy line anchors removed? _____ CM _____ CA _____ CA Date _____
Guy line anchors marked? Pass CM _____ CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass Subsidence over on drill pit? Pass

Inspector Name: Maclaren, Joe

Cuttings management: _____

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? Pass

Production areas have been stabilized? Pass Segregated soils have been replaced? Pass

RESTORATION AND REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? P

Comment: _____

Overall Interim Reclamation Pass

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 _____

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Compaction | Pass | Compaction | Pass | | | |
| Gravel | Pass | Gravel | Pass | | | |
| | | | | MHSP | Pass | |

S/U/V: Satisfactory Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT