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| 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: 10/10/2012

Document Number: 663300660

Overall Inspection: **Unsatisfactory**

FIELD INSPECTION FORM

| | | | | |
|---------------------|---------------|---------------|---------------|------------------------------------|
| Location Identifier | Facility ID | Loc ID | Tracking Type | Inspector Name: <u>SCHURE, KYM</u> |
| | <u>242412</u> | <u>318901</u> | | |

Operator Information:

OGCC Operator Number: 49407 Name of Operator: KUGLER* DEAN & JOE DBA D-J OIL COMPANY

Address: P O BOX 72

City: NEW RAYMER State: CO Zip: 80742

Contact Information:

| Contact Name | Phone | Email | Comment |
|--------------|-------|--------------------|---------|
| Kugler, Dean | | dlkug@yahoo.com | |
| | | dakugler@yahoo.com | |

Compliance Summary:

QtrQtr: NESW Sec: 27 Twp: 8N Range: 58W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 09/28/2009 | 200219282 | PR | PR | S | | | N |
| 04/15/2003 | 200037581 | PR | PR | S | | P | N |

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | |
|-------------|------|--------|-------------|------------|-----------|--------------------|-------------------------------------|
| 242412 | WELL | PR | 07/01/2009 | OW | 123-10203 | COLORADO FEDERAL 1 | <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

Signs/Marker:

| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|---------|-----------------------------|--|---|-------------------|
| BATTERY | Unsatisfactory | Invalid operator, invalid emergency contact no., signage cited on previous inspections | Install sign to comply with rule 210.b. | 11/15/2012 |

| | | | | |
|----------------------|----------------|--|---|------------|
| TANK LABELS/PLACARDS | Unsatisfactory | No placards on tanks. Placards must show contents, quantities and fire code. | Install sign to comply with rule 210.b. | 11/15/2012 |
| WELLHEAD | Unsatisfactory | Invalid operator, invalid emergency contact, no sign at wellhead | Install sign to comply with rule 210.b. | 11/15/2012 |

Emergency Contact Number: (S/U/V) _____ Violation _____ Corrective Date: 11/15/2012

Comment: No valid emergency contact no. on sign. Emergency contact no. must be received by live attendant 24-7-365

Corrective Action: Install valid emergency contact no. on signage

Good Housekeeping:

| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|--------|-----------------------------|--|-------------------|------------|
| DEBRIS | Unsatisfactory | PVC pipe laying on ground at tank battery. | Remove debris | 11/15/2012 |
| TRASH | Unsatisfactory | 55 gal barrels at pump jack- hose and pipe laying on ground at pump jack | Remove trash | 11/15/2012 |

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|-----------|----------|-----------|--|------------|
| Crude Oil | WELLHEAD | <= 5 bbls | Remove or remediate saturated soils below stuffing box at wellhead | 11/15/2012 |

Multiple Spills and Releases?

Fencing/:

| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|----------|-----------------------------|---------|-------------------|---------|
| LOCATION | Satisfactory | | | |

Equipment:

| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|-----------------------------|---|-----------------------------|--------------------------------|----------------------------|------------|
| Bird Protectors | | Unsatisfactory | No bird protector at separator | Install bird protector | 11/15/2012 |
| Horizontal Heated Separator | 1 | Unsatisfactory | No berm at separator | Construct containment berm | 11/15/2012 |
| Gas Meter Run | 1 | Satisfactory | | | |

Facilities: New Tank Tank ID: _____

| | | | | |
|--------------------|---|----------|--|-----------------------------|
| Contents | # | Capacity | Type | SE GPS |
| PRODUCED WATER | 1 | 300 BBLS | STEEL AST | , |
| S/U/V: | Unsatisfactory | | Comment: No placarding on tanks at battery | |
| Corrective Action: | Placards on tanks, Contents/Quantities/National Fire Code | | | Corrective Date: 11/15/2012 |

Paint

Condition: _____

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| | | | | |
|-------------------|---|---------------------|---------------------|----------------------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Earth | Adequate | Walls Insufficient | Base Sufficient | Inadequate |
| Corrective Action | Inadequate height of berm at tank battery- Construct berm at separator. | | | Corrective Date 11/15/2012 |
| Comment | Separator requires berm, considered a tank. | | | |

Facilities: New Tank Tank ID: _____

| | | | | |
|--------------------|----------|----------|-----------|----------------------|
| Contents | # | Capacity | Type | SE GPS |
| CRUDE OIL | 2 | 300 BBLS | STEEL AST | 40.000000,103.000000 |
| S/U/V: | Comment: | | | |
| Corrective Action: | | | | Corrective Date: |

Paint

Condition: _____

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| | | | | |
|-------------------|----------|---------------------|---------------------|-----------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| | | | | |
| Corrective Action | | | | Corrective Date |
| Comment | | | | |

Venting:

| | |
|--------|---------|
| Yes/No | Comment |
| | |

Flaring:

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

Predrill

Location ID: 318901

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____
 Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

Comment: _____

CA: _____ **Date:** _____

Wildlife BMPs:

Comment: _____

CA: _____ **Date:** _____

Stormwater:

| Erosion BMPs | Present | Other BMPs | Present |
|--------------|---------|------------|---------|
| | | | |

Corrective Action: _____ Date: _____

Comments: Erosion BMPs: _____
 Other BMPs: _____

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: 242412 Type: WELL API Number: 123-10203 Status: PR Insp. Status: PR

Producing Well

Comment: Pump jack out of service.

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

Inspector Name: SCHURE, KYM

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 _____ Multi-Well Location

Storm Water:

| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs | Chemical BMP Maintenance | Comment |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

S/U/V: _____ Corrective Date: _____

Comment: _____

CA: _____