

|  |  |  |   |                                    |
|--|--|--|---|------------------------------------|
| <b>FORM<br/>INSP</b><br><br>Rev<br>05/11 | <b>State of Colorado</b><br><b>Oil and Gas Conservation Commission</b><br>1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109 |  | DE<br>ET<br>OE<br>ES  |                                    |
| <b>FIELD INSPECTION FORM</b>             |  |  | Inspection Date:<br><u>11/28/2012</u><br><br>Document Number:<br><u>663300810</u><br><br>Overall Inspection:<br><div style="border: 2px solid red; padding: 2px; display: inline-block; color: red; font-weight: bold;">Violation</div> |                                    |
| Location Identifier                      | Facility ID  | Loc ID   | Tracking Type   | Inspector Name: <u>SCHURE, KYM</u> |
|  | <u>238571</u>  | <u>317501</u>  |   |                                    |

**Operator Information:**

OGCC Operator Number: 10017 Name of Operator: CHACO ENERGY COMPANY

Address: P O BOX 1587

City: DENVER State: CO Zip: 80201

**Contact Information:**

| Contact Name | Phone               | Email                | Comment   |
|--------------|---------------------|----------------------|-----------|
| Nelson, Kurt | (303)744-2034/10017 | kurt@chacoenergy.com | President |

**Compliance Summary:**

QtrQtr: SWNW Sec: 2 Twp: 7N Range: 57W

| Insp. Date | Doc Num   | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 09/08/2008 | 200199261 | PR         | PR          | S                            |          |                | Y               |
| 04/15/2003 | 200037597 | PR         | PR          | S                            |          | P              | N               |
| 06/01/2001 | 200017098 | ID         | SI          | U                            | I        | F              | Y               |
| 09/24/1996 | 500160449 | ID         | SI          |                              |          | F              | Y               |
| 12/19/1995 | 500160448 | PR         | PR          |                              |          | P              | N               |

**Inspector Comment:**

Corrective action on 2008 violations have not been performed. Moving to NOAV

**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num   | Facility Name   |
|-------------|------|--------|-------------|------------|-----------|---|
| 238571      | WELL | PR     | 07/30/2012  | GW         | 123-05432 | KERITH ROTHROCK 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**

| <b>Lease Road:</b> |                             |  |   |            |
|--------------------|-----------------------------|--|---|------------|
| Type               | Satisfactory/Unsatisfactory | comment  | Corrective Action   | Date       |
| Access             | Unsatisfactory              | Lease road erosion and lack of maintenance have caused use of secondary access. Operator must provide surface agreement establishing permission for secondary access lease road. | Provide COGCC with written agreement from surface owner allowing change of primary access lease road. Grade and cover with gravel original lease road or reclaim. | 01/01/2013 |

| <b>Signs/Marker:</b> |                             |  |   |            |
|----------------------|-----------------------------|--|---|------------|
| Type                 | Satisfactory/Unsatisfactory | Comment  | Corrective Action                       | CA Date    |
| BATTERY              | Unsatisfactory              | Violations cited in 2008 inspection  | Install sign to comply with rule 210.b. | 01/01/2013 |
| TANK LABELS/PLACARDS | Unsatisfactory              | All tanks, vessels & containers must have placarding with contents/quantities/fi re-code | Install sign to comply with rule 210.b. | 01/01/2013 |

Emergency Contact Number: (S/U/V) Violation \_\_\_\_\_ Corrective Date: 01/01/2013  
 Comment: Called (303) 744-1480 received answering machine. Emergency contact no. must be received by live attendant 24-7-365  
 Corrective Action: Provide valid emergency contact no.

| <b>Good Housekeeping:</b> |                             |   |   |            |
|---------------------------|-----------------------------|---|---|------------|
| Type                      | Satisfactory/Unsatisfactory | Comment   | Corrective Action                         | CA Date    |
| UNUSED EQUIPMENT          | Unsatisfactory              | Unused tanks on property cited in 2008 inspection | Remove unused tanks on north side of pits | 01/01/2013 |

| <b>Spills:</b>   |      |        |                   |         |
|--|------|--------|-------------------|---------|
| Type   | Area | Volume | Corrective action | CA Date |
| <input type="checkbox"/> Multiple Spills and Releases? |      |        |                   |         |

| <b>Equipment:</b>         |   |                             |   |                        |            |
|---------------------------|---|-----------------------------|---|------------------------|------------|
| Type                      | # | Satisfactory/Unsatisfactory | Comment                                 | Corrective Action      | CA Date    |
| Pump Jack                 | 1 | Satisfactory                | Elect. motor                            |                        |            |
| Deadman # & Marked        | 4 | Satisfactory                |   |                        |            |
| Ancillary equipment       | 1 | Satisfactory                | Propane tank                            |                        |            |
| Veritcal Heater Treater   | 1 | Satisfactory                |   |                        |            |
| Bird Protectors           |   | Unsatisfactory              | No bird protector on stack at separator | Install bird protector | 01/01/2013 |
| Vertical Heated Separator | 1 | Satisfactory                |   |                        |            |

|                    |                             |                                   |                     |                          |            |
|--------------------|-----------------------------|-----------------------------------|---------------------|--------------------------|------------|
| <b>Facilities:</b> |                             | <input type="checkbox"/> New Tank | Tank ID: _____      |                          |            |
| Contents           | #                           | Capacity                          | Type                | SE GPS                   |            |
| CRUDE OIL          | 1                           | 300 BBLS                          | STEEL AST           | 40.000000,103.000000     |            |
| S/U/V:             | Unsatisfactory              |                                   | Comment:            | Install valid placarding |            |
| Corrective Action: |                             |                                   |                     | Corrective Date:         | 01/01/2013 |
| <b>Paint</b>       |                             |                                   |                     |                          |            |
| Condition          | Inadequate                  |                                   |                     |                          |            |
| Other (Content)    | _____                       |                                   |                     |                          |            |
| Other (Capacity)   | _____                       |                                   |                     |                          |            |
| Other (Type)       | _____                       |                                   |                     |                          |            |
| <b>Berms</b>       |                             |                                   |                     |                          |            |
| Type               | Capacity                    | Permeability (Wall)               | Permeability (Base) | Maintenance              |            |
| Earth              | Adequate                    | Walls Sufficient                  | Base Sufficient     | Adequate                 |            |
| Corrective Action  |                             |                                   |                     | Corrective Date          |            |
| Comment            |                             |                                   |                     |                          |            |
| <b>Venting:</b>    |                             |                                   |                     |                          |            |
| Yes/No             | Comment                     |                                   |                     |                          |            |
|                    |                             |                                   |                     |                          |            |
| <b>Flaring:</b>    |                             |                                   |                     |                          |            |
| Type               | Satisfactory/Unsatisfactory | Comment                           | Corrective Action   | CA Date                  |            |
|                    |                             |                                   |                     |                          |            |

**Predrill**

Location ID: 317501

**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: 238571 Type: WELL API Number: 123-05432 Status: PR Insp. Status: PR

**Producing Well**

Comment: Citations from previous inspection have not been corrected.

**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? Pass CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Waste Material Onsite? Pass CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Unused or unneeded equipment onsite? Fail CM Unused tanks on site

CA Remove unused tanks CA Date 01/01/2013

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? \_\_\_\_\_ 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 \_\_\_\_\_ Fail \_\_\_\_\_

**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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
|                  |                 | Other                   | Fail                  |               |                          |         |
| Gravel           | Fail            | Gravel                  | Fail                  |               |                          |         |

S/U/V: **Unsatisfactory** Corrective Date: **01/01/2013**

Comment: Lease roads are not being maintained and have created secondary access roads next to original primary access roads.

CA: Grade and maintain lease roads.

**Pits:**

Pit Type: Produced Water Lined: NO Pit ID: \_\_\_\_\_ Lat: \_\_\_\_\_ Long: \_\_\_\_\_

**Lining:**

Liner Type: \_\_\_\_\_ Liner Condition: \_\_\_\_\_

Comment: Skim tank

**Fencing:**

Fencing Type: \_\_\_\_\_ Fencing Condition: \_\_\_\_\_

Comment: Skim tank needs vacuumed, produced water pit has oil residue on surface and edge of berm

**Netting:**

Netting Type: Metal Grid Netting Condition: Good

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

Anchor Trench Present: \_\_\_\_\_ Oil Accumulation: YES 2+ feet Freeboard: \_\_\_\_\_

Pit (S/U/V): **Violation** Comment: P/W pit has oil residue on surface and edge of berm

Corrective Action: Vacuum skim tank - remove oil residue from P/W pit and inside edge of pit berm Date: **01/01/2013**

**Pits:**

Pit Type: Skimming/Settling Lined: YES Pit ID: \_\_\_\_\_ Lat: \_\_\_\_\_ Long: \_\_\_\_\_

**Lining:**

Liner Type: Other Liner Condition: \_\_\_\_\_

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

**Fencing:**

Fencing Type: \_\_\_\_\_ Fencing Condition: \_\_\_\_\_

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

**Netting:**

Netting Type: \_\_\_\_\_ Netting Condition: \_\_\_\_\_

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

Anchor Trench Present: \_\_\_\_\_ Oil Accumulation: \_\_\_\_\_ 2+ feet Freeboard: \_\_\_\_\_

Pit (S/U/V): \_\_\_\_\_ Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_