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|--|---|--|----|----|----|----|
| FORM INSP <small>Rev 05/11</small> | State of Colorado Oil and Gas Conservation Commission <small>1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109</small> |  | DE | ET | OE | ES |
|--|---|--|----|----|----|----|

FIELD INSPECTION FORM

| | | | | | |
|---------------------|-------------|--------|-----------------|---|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection <input type="checkbox"/> | 2A Doc Num: |
| | 205837 | 321035 | QUINT, CRAIG | | |

Inspection Date:
06/25/2013

Document Number:
668600984

Overall Inspection:
Unsatisfactory

Operator Information:

OGCC Operator Number: 10383 Name of Operator: SOVEREIGN OPERATING COMPANY LLC

Address: 621 17TH STREET #950

City: DENVER State: CO Zip: 80293

Contact Information:

| Contact Name | Phone | Email | Comment |
|--------------|--------------|-------------------------|---------------|
| Crane, Rocky | 719-529-0682 | rockycrane@yahoo.com | Pumper (Baca) |
| , | 303-297-0347 | sovereignenergy@aol.com | |

Compliance Summary:

QtrQtr: NESW Sec: 25 Twp: 31S Range: 42W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 09/17/2012 | 663901648 | PR | PR | U | P | | N |
| 03/15/2011 | 200302808 | PR | PR | U | | | Y |
| 08/09/2010 | 200266471 | PR | PR | U | | | Y |
| 03/19/2008 | 200128699 | PR | PR | S | | | N |
| 01/03/2001 | 200013008 | PR | PR | S | I | P | N |
| 01/14/2000 | 200003107 | PR | PR | S | | P | N |
| 03/11/1999 | 500136024 | PR | PR | | | P | N |
| 02/09/1998 | 500136029 | PR | PR | | | P | N |
| 01/23/1997 | 500136023 | PR | PR | | | | N |
| 06/26/1996 | 500136022 | PR | PR | | | F | Y |

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | |
|-------------|------|--------|-------------|------------|-----------|---------------|-------------------------------------|
| 205837 | WELL | PR | 09/02/1982 | GW | 009-06252 | ELLIS 1-25 | <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

Lease Road:

| Type | Satisfactory/Unsatisfactory | comment | Corrective Action | Date |
|--------|-----------------------------|-------------------------------|-------------------|------|
| Access | Satisfactory | DIRT ROAD THROUGH FARM GROUND | | |

Signs/Marker:

| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|----------------------|-----------------------------|---------------------------------|---|------------|
| WELLHEAD | Satisfactory | LEASE SIGN MOUNTED ON METER RUN | | |
| TANK LABELS/PLACARDS | Unsatisfactory | LABELING HAS PEELED OFF. | Install sign to comply with rule 210.d. | 09/25/2013 |

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

Comment: _____

Corrective Action: _____

Spills:

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

Fencing/:

| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|----------|-----------------------------|--------------------------------------|-------------------|---------|
| WELLHEAD | Satisfactory | WIRE PANELS AROUND WELLHEAD AND UNIT | | |

Equipment:

| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
|---------------------|---|-----------------------------|--------------------------------|-------------------|---------|
| Pump Jack | 1 | Satisfactory | 40 CHURCHILL | | |
| Prime Mover | 1 | Satisfactory | ELEC MOTOR | | |
| Gas Meter Run | 1 | Satisfactory | | | |
| Ancillary equipment | 2 | Satisfactory | ELEC PANEL, CATHOTIC RECTIFIER | | |

| | | | | | |
|--------------------|--|---|---------------------|-----------------------|------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | | |
| Contents | # | Capacity | Type | SE GPS | |
| PRODUCED WATER | 1 | 200 BBLS | Open Top | 37.316240,-102.104840 | |
| S/U/V: | Satisfactory | Comment: 210BBL OTFGWT W/ADEQUATE WILDLIFE NETTING. | | | |
| Corrective Action: | | | | Corrective Date: | |
| Paint | | | | | |
| Condition | | | | | |
| Other (Content) | _____ | | | | |
| Other (Capacity) | _____ | | | | |
| Other (Type) | _____ | | | | |
| Berms | | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
| Earth | Inadequate | Walls Insufficient | Base Sufficient | Inadequate | |
| Corrective Action | (2ND NOTICE) REPAIR BERMS TO CONTAIN 210BBL PLUS PRECIP. | | | Corrective Date | 09/25/2013 |
| Comment | | | | | |
| Venting: | | | | | |
| Yes/No | Comment | | | | |
| | | | | | |
| Flaring: | | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date | |
| | | | | | |

Predrill

Location ID: 321035

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: 205837 Type: WELL API Number: 009-06252 Status: PR Insp. Status: PR

Producing Well

Comment: PRODUCING

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? 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? _____ 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

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? Pass Segregated soils have been replaced? Pass

RESTORATION AND REVEGETATION

Cropland

Inspector Name: QUINT, CRAIG

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

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? P

Comment: UNUSED AREAS OF THE LOCATION ARE FARMED.

Overall Interim Reclamation Pass

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 | Pass | Other | Pass | | | |

S/U/V: Satisfactory Corrective Date: _____

Comment: LOCATION AND ACCESS ARE FARMED OVER.

CA: _____