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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: 07/31/2013

Document Number: 670200717

Overall Inspection: **Unsatisfactory**

| | | | | | |
|---------------------|---------------|---------------|----------------------|---------------------------------------------|-------------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection <input type="checkbox"/> | 2A Doc Num: _____ |
| | <u>262971</u> | <u>334283</u> | <u>BURGER, CRAIG</u> | | |

Operator Information:

OGCC Operator Number: 100185 Name of Operator: ENCANA OIL & GAS (USA) INC

Address: 370 17TH ST STE 1700

City: DENVER State: CO Zip: 80202-

Contact Information:

| Contact Name | Phone | Email | Comment |
|----------------------|-------|------------------------------|---------------------|
| Kellerby, Shaun | | Shaun.Kellerby@state.co.us | NW Field Supervisor |
| Inspections, General | | cogcc.inspections@encana.com | |

Compliance Summary:

QtrQtr: SENE Sec: 31 Twp: 7S Range: 92W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 06/09/2005 | 200074863 | PR | PR | S | | P | N |

Inspector Comment:

Corrective actions related to wellhead signs and labeling and providing containment for rolloff have not been performed.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | |
|-------------|------|--------|-------------|------------|-----------|-----------------------|---|
| 262969 | WELL | PR | 10/12/2012 | GW | 045-08078 | SHIDELER 31-8A1 (H31) | X |
| 262970 | WELL | PR | 09/13/2012 | GW | 045-08079 | SHIDELER 31-7A(H31) | X |
| 262971 | WELL | PR | 02/13/2004 | GW | 045-08080 | SHIDELER 31-1 (H31) | X |
| 262973 | WELL | PR | 02/20/2004 | GW | 045-08082 | SHIDELER 31-9A (H31) | X |

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 |
| TANK LABELS/PLACARDS | Unsatisfactory | No content label or volume on rolloff tank connected to well 31-8A1. | Install sign to comply with rule 210.d. | 08/16/2013 |
| BATTERY | Satisfactory | | | |
| WELLHEAD | Unsatisfactory | Three signs do nothave 1/4 1/4section. 045-08078does not have asign. | Install signs to comply with rule 210.d. | 08/16/2013 |

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? | | | | |

| Equipment: | | | | | |
|-----------------------------|---|-----------------------------|---------------|-------------------|---------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Vertical Heated Separator | 2 | Satisfactory | | | |
| Vertical Separator | 1 | Satisfactory | | | |
| Gathering Line | 1 | Satisfactory | | | |
| Plunger Lift | 2 | Satisfactory | | | |
| Deadman # & Marked | 5 | Satisfactory | | | |
| Gas Meter Run | 1 | Satisfactory | | | |
| Horizontal Heated Separator | 2 | Satisfactory | | | |
| Ancillary equipment | 1 | Satisfactory | descaler unit | | |
| Bird Protectors | 3 | Satisfactory | | | |

| | | | | |
|--------------------|------------------------------------|-----------------------------------|-----------------------------------------------------------------|----------------------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | |
| Contents | # | Capacity | Type | SE GPS |
| OTHER | 1 | OTHER | STEEL AST | , |
| S/U/V: | Satisfactory | Comment: | 95 BBL rolloff tank is not provided with secondary containment. | |
| Corrective Action: | | | | Corrective Date: |
| <u>Paint</u> | | | | |
| Condition | Adequate | | | |
| Other (Content) | _____ | | | |
| Other (Capacity) | _____ | | | |
| Other (Type) | _____ | | | |
| <u>Berms</u> | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| | | | | |
| Corrective Action | Provide secondary containment. | | | Corrective Date 08/16/2013 |
| Comment | No secondary containment provided. | | | |

| | | | | |
|--------------------|--------------|-----------------------------------|----------------------------|------------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | |
| Contents | # | Capacity | Type | SE GPS |
| METHANOL | 1 | 1000 GAL | STEEL AST | , |
| S/U/V: | Satisfactory | Comment: | same berm as 300 bbl tanks | |
| Corrective Action: | | | | Corrective Date: |
| <u>Paint</u> | | | | |
| Condition | Inadequate | | | |
| Other (Content) | _____ | | | |
| Other (Capacity) | _____ | | | |
| Other (Type) | _____ | | | |
| <u>Berms</u> | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| | | | | |
| Corrective Action | | | | Corrective Date |
| Comment | | | | |

| | | | | | |
|--------------------|-----------------------------|-----------------------------------|---------------------|-----------------------|--|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | | |
| Contents | # | Capacity | Type | SE GPS | |
| CONDENSATE | 2 | 300 BBLS | STEEL AST | 39.405650,-107.699280 | |
| S/U/V: | Satisfactory | Comment: | | | |
| Corrective Action: | | | | Corrective Date: | |
| Paint | | | | | |
| Condition | Adequate | | | | |
| Other (Content) | _____ | | | | |
| Other (Capacity) | _____ | | | | |
| Other (Type) | _____ | | | | |
| Berms | | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
| Metal | 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: 334283

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: 262969 Type: WELL API Number: 045-08078 Status: PR Insp. Status: PR

Producing Well

Comment: Well connected to a vertical sand separator and rolloff tank.

Facility ID: 262970 Type: WELL API Number: 045-08079 Status: PR Insp. Status: PR

Producing Well

Comment:

Facility ID: 262971 Type: WELL API Number: 045-08080 Status: PR Insp. Status: SI

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/V: Satisfactory CA Date: _____

CA:

Comment:

Facility ID: 262973 Type: WELL API Number: 045-08082 Status: PR Insp. Status: SI

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/V: _____ CA Date: _____

CA:

Comment:

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): N

Comment: _____

Pilot: _____ Wildlife Protection Devices (fired vessels): YES

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? Pass CM _____

CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? Pass

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? Pass

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

RESTORATION AND REVEGETATION

Cropland

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

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: _____

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 |
| Ditches | Pass | Waddles | Pass | | | |
| Seeding | Pass | Gravel | Pass | | | |
| | | | | | | |
| Gravel | Pass | Ditches | Pass | | | |
| Compaction | Pass | Culverts | Pass | | | |

S/U/V: Satisfactory Corrective Date: _____

Comment: _____

CA: _____