

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:
02/28/2014

Document Number:
663100382

Overall Inspection:
Unsatisfactory

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-----------------------|--------------------|--------------------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | <input type="checkbox"/> |
| | <u>233258</u> | <u>316927</u> | <u>Sherman, Susan</u> | 2A Doc Num: | |

Operator Information:

OGCC Operator Number: _____

Name of Operator: KESTREL RESOURCES INC

Address: 2602 MCKINNEY AVE STE 400

City: DALLAS State: TX Zip: 75204

- 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 |
|--------------|------------------------|--------------------|---------|
| Ward, Amy | (214) 871-0999 X121 | award@petrocap.com | |

Compliance Summary:

QtrQtr: NWSW Sec: 36 Twp: 3S Range: 53W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 08/10/2004 | 200058481 | PR | PR | Satisfactory | | Pass | No |
| 04/14/1998 | 500158184 | CO | | | | | |
| 08/25/1997 | 500158183 | PR | PR | | | Pass | No |
| 12/05/1995 | 500158182 | PR | PR | | | Pass | No |
| 09/22/1995 | 500158181 | PR | PR | | | Fail | Yes |
| 05/04/1995 | 500158180 | ES | PR | | | Fail | Yes |

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|----------------------|-------------|-------------------------------------|
| 233258 | WELL | PR | 12/27/2001 | OW | 121-05286 | COLORADO STATE "A" 1 | PR | <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 |
| Main | Satisfactory | | | |
| Access | Satisfactory | Rill starting 1/2 way down road. | | |

| Signs/Marker: | | | | |
|----------------------|-----------------------------|------------------------------|---------------------------------------|------------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| WELLHEAD | Unsatisfactory | No emergency contact number. | Install sign to comply with rule 210. | 03/28/2014 |
| CONTAINERS | Satisfactory | | | |

Emergency Contact Number: (S/U/V) Unsatisfactory Corrective Date: 03/28/2014Comment: Corrective Action:

| Spills: | | | | |
|----------------|-----------|-----------|---|------------|
| Type | Area | Volume | Corrective action | CA Date |
| Crude Oil | Pump Jack | <= 5 bbls | Remove and remediate stained soil at wellhead (see attached photo). | 03/03/2014 |
| Crude Oil | WELLHEAD | <= 5 bbls | Remove and remediate stained soil at wellhead (see attached photo). | 03/03/2014 |

 Multiple Spills and Releases?

| Fencing/: | | | | |
|------------------|-----------------------------|-------------|-------------------|---------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| PUMP JACK | Satisfactory | steel panel | | |

| Equipment: | | | | | |
|---------------------|---|-----------------------------|---|-------------------|------------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Pump Jack | 1 | Unsatisfactory | leaking | Fix leak. | 03/28/2014 |
| Prime Mover | 1 | Satisfactory | electric | | |
| Deadman # & Marked | 4 | Satisfactory | | | |
| Ancillary equipment | 5 | Satisfactory | 2 REA poles, electric box, cathodic protection, transformer | | |

| | | | | | |
|--------------------|-----------------------------|-----------------------------------|---------------------|-----------------------|-----------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | | |
| Contents | # | Capacity | Type | SE GPS | |
| | | | CENTRALIZED BATTERY | 39.751350,-103.273510 | |
| 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: 233258

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:

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: 233258 Type: WELL API Number: 121-05286 Status: PR Insp. Status: PR

Producing Well

Comment: PR
Dec 2013 last reported

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: rangeland

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? _____ 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 ? Fail

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass 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? Pass

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

RESTORATION AND REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced Pass Recontoured Pass 80% Revegetation Pass

Inspector Name: Sherman, Susan

1003 f. Weeds Noxious weeds? P

Comment: 2 pits are evident on surface to north of wellhead (see attached photo).

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

S/U/V: Unsatisfactory Corrective Date: 03/28/2014

Comment: _____

CA: Provide stormwater BMPs for containers at well.

Pits: NO SURFACE INDICATION OF PIT

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

| Document Num | Description | URL |
|--------------|---|---|
| 663100387 | Kestrel CO State 60-4818 1A well sign | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3292325 |
| 663100388 | Kestrel CO State 60-4818 1A well pump jack leak | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3292326 |
| 663100389 | Kestrel CO State 60-4818 1A well pump jack leak 2 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3292327 |
| 663100390 | Kestrel CO State 60-4818 1A well pits evident | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3292328 |
| 663100391 | Kestrel CO State 60-4818 1A wellhead stained soil | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3292329 |

| | | |
|-----------|--|---|
| 663100392 | Kestrel CO State 60-4818 1A well containers | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3292330 |
|-----------|--|---|