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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 | | | | | | Inspection Date: <u>04/08/2014</u> Document Number: <u>673500985</u> Overall Inspection: <u>Satisfactory</u> |
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | | |
| | <u>232135</u> | <u>316113</u> | <u>Covington, Dave</u> | <input type="checkbox"/> | 2A Doc Num: _____ | |

Operator Information:

OGCC Operator Number: _____

Name of Operator: MERRION OIL & GAS CORP

Address: 610 REILLY AVENUE

City: FARMINGTON State: NM Zip: 87401

- 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 |
|-------------------|----------------|----------------------------|--------------------|
| thompson, philana | (505) 324-5300 | pthompson@merrion.bz | |
| Kellerby, Shaun | | shaun.kellerby@state.co.us | |
| Williamson, Craig | 970-878-3800 | cwilliamson@blm.gov | Petroleum Engineer |

Compliance Summary:

QtrQtr: NWNW Sec: 15 Twp: 1S Range: 101W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 06/13/2013 | 668401431 | PR | PR | Satisfactory | P | | No |

Inspector Comment:

Wellhead, separator, Pit, and meterhouse on location.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|-----------------------|-------------|-------------------------------------|
| 232135 | WELL | PR | 02/05/1996 | GW | 103-09806 | BIG RIDGE 15-1-101 #1 | PR | <input checked="" type="checkbox"/> |
| 269597 | PIT | AC | 09/30/2003 | | - | BIG RIDGE 15-1-101 | AC | <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 |
| WELLHEAD | Unsatisfactory | A wellhead sign needs to be at the wellhead. | Install sign to comply with rule 210. | 05/20/2014 |
| TANK LABELS/PLACARDS | Satisfactory | | | |

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

Comment: _____

Corrective Action: _____

| Good Housekeeping: | | | | |
|---------------------------|-----------------------------|---|-------------------|------------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| WEEDS | Unsatisfactory | weeds around the wellhead and production need to be controlled. | Control weeds. | 05/12/2014 |

Spills:

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

| Fencing/: | | | | |
|------------------|-----------------------------|---------|-------------------|---------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| PIT | Satisfactory | | | |

| Equipment: | | | | | |
|-----------------------------|---|-----------------------------|---|---------------------|------------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Gas Meter Run | 1 | Satisfactory | | | |
| Bird Protectors | 1 | Unsatisfactory | The stack on the Separator needs a bird screen. | Install bird screen | 05/12/2014 |
| Horizontal Heated Separator | 1 | Satisfactory | | | |
| Deadman # & Marked | 4 | Satisfactory | | | |

Venting:

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

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

Predrill

Location ID: 232135

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: 232135 Type: WELL API Number: 103-09806 Status: PR Insp. Status: PR

Producing Well

Comment: Wellhead, separator, Pit, and meterhouse on location.

Facility ID: 269597 Type: PIT API Number: - Status: AC Insp. Status: AC

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

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

Non-Cropland

Inspector Name: Covington, Dave

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 _____ 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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Ditches | Pass | | | | | |

S/U/V: Satisfactory _____ Corrective Date: _____

Comment: No sediment flow.

CA: _____

Pits: NO SURFACE INDICATION OF PIT

Inspector Name: Covington, Dave

Pit Type: Produced Water Lined: YES Pit ID: 269597 Lat: 39.968208 Long: -108.724980

Lining:

Liner Type: PVC Liner Condition: Adequate

Comment: _____

Fencing:

Fencing Type: Livestock Fencing Condition: Adequate

Comment: _____

Netting:

Netting Type: Fence/Net Netting Condition: Good

Comment: _____

Anchor Trench Present: _____ Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/U/V): Satisfactory Comment: _____

Corrective Action: _____ Date: _____

| Permit: | Facility ID | Permit Num | Expiration Date |
|---------|-------------|------------|-----------------|
| | 269597 | 1202511 | |