

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:
03/12/2015

Document Number:
666800759

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|------------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>280351</u> | <u>335437</u> | <u>Murray, Richard</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|---|
| OGCC Operator Number: | <u>10531</u> |
| Name of Operator: | <u>VANGUARD OPERATING LLC</u> |
| Address: | <u>5847 SAN FELIPE #3000</u> |
| City: | <u>HOUSTON</u> State: <u>TX</u> Zip: <u>77057</u> |

- 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 |
|----------------|--------------|--------------------|------------------------|
| Axelson, Aaron | 970-230-0926 | aaxelson@vnrlc.com | Sr. Production Foreman |
| Ghan, Scott | | sghan@vnrlc.com | Sr. EH&S |

Compliance Summary:

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 04/20/2011 | 200309944 | PR | PR | SATISFACTORY | | | Yes |
| 05/05/2009 | 200212624 | PR | PR | SATISFACTORY | | | No |
| 11/19/2007 | 200123244 | CO | PR | SATISFACTORY | I | | No |
| 03/08/2006 | 200088744 | PR | WO | SATISFACTORY | | Pass | No |
| 01/17/2006 | 200088253 | DG | DG | SATISFACTORY | | Pass | No |
| 11/29/2005 | 200085871 | PR | WO | ACTION REQUIRED | | Fail | Yes |

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|----------------------|-------------|-------------------------------------|
| 280348 | WELL | PR | 04/29/2006 | GW | 045-11239 | STRANAHAN 31C-27-692 | PR | <input checked="" type="checkbox"/> |
| 280349 | WELL | PR | 04/30/2006 | GW | 045-11240 | STRANAHAN 31A-27-692 | PR | <input checked="" type="checkbox"/> |
| 280350 | WELL | PR | 12/10/2008 | GW | 045-11241 | STRANAHAN 41A-27-692 | PR | <input checked="" type="checkbox"/> |
| 280351 | WELL | PR | 05/01/2006 | GW | 045-11242 | STRANAHAN 41C-27-692 | PR | <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

| |
|--|
| |
|--|

Inspector Name: Murray, Richard

| | | | |
|------------------------------|------------------------|---------------------|-------------------------|
| 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/Action Required | Comment | Corrective Action | CA Date |
|---------|------------------------------|---------|-------------------|---------|
| BATTERY | SATISFACTORY | | | |

Emergency Contact Number (S/A/V): SATISFACTORY Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
|------|------|--------|-------------------|---------|

Multiple Spills and Releases?

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-----------------------------|---|------------------------------|---------|-------------------|---------|
| Plunger Lift | 4 | SATISFACTORY | | | |
| Horizontal Heated Separator | 4 | SATISFACTORY | | | |
| Emission Control Device | 1 | SATISFACTORY | | | |

Venting:

| Yes/No | Comment |
|--------|------------------------|
| YES | Bradenhead valves open |

Flaring:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
|------|------------------------------|---------|-------------------|---------|

Predrill

Location ID: 280351

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

S/AV: _____

Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

S/AV: _____ **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: 280348 Type: WELL API Number: 045-11239 Status: PR Insp. Status: PR

Producing Well

Comment: **Plunger lift**

Facility ID: 280349 Type: WELL API Number: 045-11240 Status: PR Insp. Status: PR

Producing Well

Comment: **Plunger lift**

Facility ID: 280350 Type: WELL API Number: 045-11241 Status: PR Insp. Status: PR

Producing Well

Comment: **Plunger lift**

Facility ID: 280351 Type: WELL API Number: 045-11242 Status: PR Insp. Status: PR

Producing Well

Comment: Plunger lift

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: _____

| Complaint: | | | | |
|-------------------|----------|----------------|---|---------------|
| Tracking Num | Category | Assigned To | Description | Incident Date |
| 200080570 | ODOR | Krabacher, Jay | <p>SEE FORM 18 (APPROVED) DOC # 200076851. MS. B CALLED ON ODORS/FUMES FROM AREA WELLS -- ESPECIALLY THE LOUTHAN AND FERGUSON PADS. NOAVS ISSUED ON THOSE RE: CONDENSATE REMOVAL AND FLUID LEVEL NOT LEAVING 2' OF FREEBOARD. 11/19 MS. B CALLED RE: ODOR FROM THE STRANAHAN PAD. JK RETURNED CALL 11/21 & VISITED STRANAHAN LOC 11/29. NOTED < 2' FREEBOARD AT STRANAHAN AND LOUTHAN AND EPPERLY (BEING DRILLED) PADS. SENT LETTER TO NEW PICEANCE PROJECT MANAGER (CHRIS HANSEN) ABOUT THESE -- "NEXT TIME THE COGCC WILL ISSUE NOAV". FLOW-TESTER AT LOUTHAN STARTED LOWERING PIT FLUID LEVEL IMMEDIATELY -- MUCH LOWER LATER IN THE DAY. ONI ALSO ASKED ABOUT THE "STUFF" ON LOUTHAN PIT SURFACE. J K CALLED BOB CHESSON AND RECEIVED THE "GUAR GUM TUTORIAL" WHICH HE RELAYED TO MS. B. --> THE STUFF ON PIT SURFACES IS MOSTLY ENVIRONMENTALLY BENIGN, THO' SOMETIMES ODIFEROUS -- GUAR GUM FOR INCREASING DOWNHOLE FRAC PRESSURE AND TO HELP 'CARRY' THE SAND. ALSO ENZYME TO BREAK-DOWN THE GUAR. SEEING AS HOW THE WEATHER'S COLD, THE BREAKING DOWN HAS BEEN SLOWED. 12/5 MS. B LEFT MESSAGE: A "DIFFERENT" SORT OF STENCH, STILL "VERY BAD". 12/6 CALLED RE: ODOR, THE "BENZENE SMELL". J K CALLED KEN KUHN WHO HAD BEEN CALLED BY MS. B -- SAID HE HAD HIS PUMPER AND OTHER FIELD CREW ON THE ALERT FOR ANYTHING UNUSUAL. KEN SAID THAT THERE WAS NOTHING OUT OF THE ORDINARY GOING ON IN THE O B VICINITY. MS. B CALLED 12:30 PM AND WAS VERY UPSET. POB 347 SILT 81652. SHE FELT THAT THE GAS CO. IS TRAMPLING OVER ALL PROPERTY OWNERS IN THE AREA AND THERE WAS NOTHING THAT COULD BE DONE ABOUT IT. THE PRISTINENESS OF THE CANYON/VALLEY SHE OWNS IS COMPROMISED. NO-ONE IS EXPRESSING INTEREST IN HER PROPERTY FOR SALE. HOWEVER, SHE DID ASK THAT I TRY TO PROCURE (EITHER FROM OPR OR GAR CO) FULL-TIME AIR-MONITORING EQUIPMENT (OUTSIDE) AND AN AIR-POLLUTION CONTROL DEVICE FOR THE INSIDE. RECOMMENDED A COUPLE OUTLETS AND BRANDS (IN RIFLE: "MOUNTAIN AIR" AND THE AERUS BRAND). PERHAPS THE AERUS SILENT HEPA FILTER SYSTEM. J K LEFT MESSAGE WITH TROY SCHINDLER AND JIM FELTON REGARDING THIS. 12/29 PM: MESSAGE LEFT: STRONG ODOR IN A.M. AND ALSO AT ABOUT 4:30 PM. "ENCANA USES CLOSED EVAP PITS & SEPARATORS" -- WHY DOESN'T BBC DO THE SAME? J K LEFT MSG ~ 630 PM. TALKED W/KEN KUHN 12/30: KEN SAID THAT BBC HAS NEW CMPLTNS SUPERVISOR: BILL KELLY (307) 360-6266. 2/1/06: J K HAS BEEN 'TOURING' CHIPPERFIELD AREA APPROX ONCE / WEEK (LATEST: 1/30/06). BOTH LOUTHAN AND FERGUSON PITS RECLAIMED / LOC'S CONTOURED. NO NEW WELLS IN IMMEDIATE VICINITY FOR NOW.</p> | 12/06/2005 |

Emission Control Burner (ECB): Y

Comment: _____

Pilot: ON 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? _____

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

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 _____

Inspector Name: Murray, Richard

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|----------|
| | | Culverts | Fail | | | Sediment |
| Ditches | Pass | | | | | |
| Seeding | Pass | | | | | |
| Rip Rap | Pass | | | | | |
| | | Ditches | Pass | | | |
| | | Waddles | Pass | | | |
| | | Rip Rap | Pass | | | |

S/A/V: **ACTION REQUIRED** Corrective Date: **04/04/2015**

Comment: **Culvert has sediment in it**

CA: **Clean out culvert**

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 |
|--------------|---------------------|---|
| 666800771 | Stranhan 41c-27-692 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3568517 |

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)