

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:
04/01/2015

Document Number:
674601697

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|----------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>289752</u> | <u>306986</u> | <u>Maclaren, Joe</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|---|
| OGCC Operator Number: | <u>10254</u> |
| Name of Operator: | <u>RED MESA HOLDINGS/O&G LLC</u> |
| Address: | <u>5619 DTC PARKWAY - STE 800</u> |
| City: | <u>GREENWOOD</u> State: <u>CO</u> Zip: <u>80111</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 |
|------------------|------------------------|-------------------------------|------------------|
| T., Alfred | (856) 767-3000 ext. 11 | atgiuliano@giulianomiller.com | Red Mesa Trustee |
| Labowskie, Steve | | steve.labowskie@state.co.us | |

Compliance Summary:

| | | | | | | | |
|---------|-------------|------|-----------|------|------------|--------|------------|
| QtrQtr: | <u>NENE</u> | Sec: | <u>34</u> | Twp: | <u>33N</u> | Range: | <u>12W</u> |
|---------|-------------|------|-----------|------|------------|--------|------------|

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 03/16/2015 | 674900393 | SI | EI | ALLEGED VIOLATION | | | Yes |
| 03/25/2013 | 669400508 | WO | WO | ALLEGED VIOLATION | I | | Yes |
| 11/28/2012 | 669400294 | WO | WO | ACTION REQUIRED | I | | No |
| 04/25/2007 | 200109793 | DG | WO | ACTION REQUIRED | | Fail | Yes |

Inspector Comment:

This well is currently shut in/ both casing and tubing shut in at wellhead. The Actions Required outlined on the previous inspection doc#674900393 performed on 03/16/2015 have not been completed. A passing MIT was performed on this well doc#2449929 on 8/28/13. Photos Uploaded.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|------------------|--|
| 289752 | WELL | SI | 12/18/2014 | OW | 067-09337 | FERGUSON 2 F-12Y | SI <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/Action Required | Comment | Corrective Action | CA Date |
| WELLHEAD | ACTION REQUIRED | Action Required has not been completed; Wellhead sign not visible. | Install sign to comply with rule 210. Place sign in a conspicuous place. | 05/04/2015 |

Emergency Contact Number (S/A/V): ACTION Corrective Date: 04/13/2015

Comment: No response from operator when emergency contact number dialed; Voicemail only; No return phone call.

Corrective Action: Maintain working 24 hr operator emergency contact number; Must be able to reach operator at all times; or change well sign and update the new emergency contact information.

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

| Equipment: | | | | | |
|--------------------|---|------------------------------|--------------------------------|--------------------------------|------------|
| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
| Deadman # & Marked | | ACTION REQUIRED | Action Required not completed. | Mark or remove all rig anchors | 05/04/2015 |

| Venting: | |
|-----------------|---------|
| Yes/No | Comment |
| | |

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

Predrill

Location ID: 289752

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: 289752 Type: WELL API Number: 067-09337 Status: SI Insp. Status: SI

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/AV: _____ CA Date: _____

CA: **No production reported/ no records in database. A passing MIT was performed doc#2449929 on 8/28/2013.**

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): _____

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? _____ CM _____ CA _____ CA Date _____

Guy line anchors removed? _____ CM _____ CA _____ CA Date _____

Guy line anchors marked? Fail CM _____ CA _____ CA Date _____

CA Mark or remove all anchors. CA Date 05/04/2015

1003b. Area no longer in use? _____ 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? _____

RESTORATION AND REVEGETATION

Cropland

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

Inspector Name: Maclaren, Joe

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 _____ 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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Compaction | Pass | Compaction | Pass | | | |

S/A/V: SATISFACTOR Corrective Date: _____
Y _____

Comment: **No issues identified during this field inspection.**

CA: _____

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 |
|--------------|----------------------|---|
| 674601698 | Wellhead/ Sign | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3584475 |
| 674601699 | View looking south | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3584476 |
| 674601700 | Access road to North | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3584477 |

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.)