

**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:  
06/18/2015

Document Number:  
674601987

Overall Inspection:

**ACTION REQUIRED**

**FIELD INSPECTION FORM**

|                     |             |               |                      |                          |             |
|---------------------|-------------|---------------|----------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID        | Inspector Name:      | On-Site Inspection       | 2A Doc Num: |
|                     | <u>263</u>  | <u>333344</u> | <u>Maclaren, Joe</u> | <input type="checkbox"/> |             |

**Operator Information:**

|                       |  |
|-----------------------|--|
| OGCC Operator Number: | <u>10559</u>   |
| Name of Operator:     | <u>SOUTHLAND ROYALTY COMPANY LLC</u>                 |
| Address:              | <u>400 WEST 7TH STREET</u>                           |
| City:                 | <u>FORT WORTH</u> State: <u>TX</u> Zip: <u>76102</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         |
|-----------------|----------------|----------------------------|-----------------|
| Hampton, John   | (505)-330-4377 | jhampton@ctfieldsvcs.com   | SW Insp Reports |
| Grigg, Robbie   |                | rgrigg@morningpartners.com | SW Insp Reports |
| Semler, Willard | (505)-330-4302 | wsemler@ctfieldsvcs.com    | SW Insp Reports |

**Compliance Summary:**

QtrQtr: SWSW Sec: 6 Twp: 32N Range: 5W

| Insp. Date | Doc Num   | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 03/24/2014 | 674600132 | PR         | PR          | <b>ACTION REQUIRED</b>        | P        |                | No              |
| 09/22/2011 | 200322660 | PR         | PR          | SATISFACTORY                  |          |                | No              |
| 05/12/2009 | 200210144 | PR         | PR          | SATISFACTORY                  |          |                | No              |

**Inspector Comment:**

Heavy vapors being emitted from chemical containment pans; Landowner facilities (Hay barn) are in close proximity to well pad; Chemical drip pans in need of replacement (as noted on the previous inspection doc #674600132 performed on 03/24/2014). See housekeeping/ signs and labels section of this report for details on Actions Required. Photo's Uploaded. 805. ODORS AND DUSTa. General. Oil and gas facilities and equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.

**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num   | Facility Name      | Insp Status |                                     |
|-------------|------|--------|-------------|------------|-----------|--------------------|-------------|-------------------------------------|
| 263         | WELL | PR     | 02/04/2008  | GW         | 007-06243 | QUINTANA 32-5 6-4  | PR          | <input checked="" type="checkbox"/> |
| 261606      | WELL | PR     | 07/09/2002  | GW         | 007-06186 | QUINTANA 32-5 6-1  | PR          | <input checked="" type="checkbox"/> |
| 423047      | WELL | AL     | 11/05/2013  | LO         | 007-06306 | QUINTANA 32-5 6-1R | AL          | <input type="checkbox"/>            |

**Equipment:**

Location Inventory

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

Inspector Name: Maclaren, Joe

|                                 |                        |                      |                            |
|---------------------------------|------------------------|----------------------|----------------------------|
| Special Purpose Pits: _____     | Drilling Pits: _____   | Wells: <u>3</u>      | Production Pits: _____     |
| Condensate Tanks: <u>2</u>      | Water Tanks: <u>3</u>  | Separators: <u>1</u> | Electric Motors: _____     |
| Gas or Diesel Mortors: <u>1</u> | Cavity Pumps: _____    | LACT Unit: _____     | Pump Jacks: <u>1</u>       |
| Electric Generators: _____      | Gas Pipeline: <u>1</u> | Oil Pipeline: _____  | Water Pipeline: <u>1</u>   |
| Gas Compressors: <u>1</u>       | VOC Combustor: _____   | Oil Tanks: _____     | Dehydrator Units: <u>1</u> |
| Multi-Well Pits: _____          | Pigging Station: _____ | Flare: _____         | Fuel Tanks: _____          |

**Location**

| <b>Signs/Marker:</b> |                              |  |   |            |
|----------------------|------------------------------|--|---|------------|
| Type                 | Satisfactory/Action Required | Comment  | Corrective Action   | CA Date    |
| CONTAINERS           | ACTION REQUIRED              | Chemical container labels facing equipment; Not readily visible to first responders. | Install new labels to be visible from interior of well pad. | 07/06/2015 |

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

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

| <b>Good Housekeeping:</b> |                              |   |  |            |
|---------------------------|------------------------------|---|--|------------|
| Type                      | Satisfactory/Action Required | Comment   | Corrective Action  | CA Date    |
| OTHER                     | ACTION REQUIRED              | ACTION REQUIRED NOT COMPLETED; Chemical containments (2) emitting heavy vapors from corrosion inhibitor residue buildup/ free liquid. | Replace containments to eliminate vapor and potential liquid releases; as noted on the previous inspection doc #674600132 performed on 03/24/2014. | 07/06/2015 |

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

| <b>Fencing/:</b> |                              |            |                   |         |
|------------------|------------------------------|------------|-------------------|---------|
| Type             | Satisfactory/Action Required | Comment    | Corrective Action | CA Date |
| PUMP JACK        | SATISFACTORY                 | Chain Link |                   |         |

| <b>Venting:</b> |         |
|-----------------|---------|
| Yes/No          | Comment |
| NO              |         |

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

**Predrill**

Location ID: 263

**Site Preparation:**

Lease Road Adeq.: \_\_\_\_\_ Pads: \_\_\_\_\_ Soil Stockpile: \_\_\_\_\_

**S/A/V:** \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

| Group | User      | Comment  | Date       |
|-------|-----------|--|------------|
| OGLA  | kubeczkod | <p>GENERAL SITE COAs:</p> <p>Operator must implement best management practices to contain any unintentional release of fluids.</p> <p>A closed loop system (which operator has indicated on the Form 2A – Section 6. Construction) must be implemented during drilling.</p> <p>Operator must ensure secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals, and maintained in good condition.</p> <p>The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts.</p> <p>Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. The flowback and stimulation fluid tanks must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)).</p> <p>Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.</p> | 03/07/2011 |

**S/A/V:** \_\_\_\_\_ **Comment:** \_\_\_\_\_

**CA:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Wildlife BMPs:**

**S/A/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:

Inspector Name: Maclaren, Joe

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: 263 Type: WELL API Number: 007-06243 Status: PR Insp. Status: PR

**Producing Well**

Comment: **PR**

Facility ID: 261606 Type: WELL API Number: 007-06186 Status: PR Insp. Status: PR

**Producing Well**

Comment: **PR**

**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:**

DWR Receipt Num: \_\_\_\_\_ Owner Name: \_\_\_\_\_ GPS : \_\_\_\_\_ Lat \_\_\_\_\_ Long \_\_\_\_\_

**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: RANGELAND

Comment: \_\_\_\_\_

1003a. Debris removed? Pass CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Waste Material Onsite? \_\_\_\_\_ 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? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

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 \_\_\_\_\_

Non-Cropland

Top soil replaced \_\_\_\_\_ Recontoured \_\_\_\_\_ 80% Revegetation \_\_\_\_\_

1003 f. Weeds Noxious weeds? \_\_\_\_\_ I \_\_\_\_\_

Comment: \_\_\_\_\_

Overall Interim Reclamation In Process

**Final Reclamation/ Abandoned Location:**

Date Final Reclamation Started: \_\_\_\_\_ Date Final Reclamation Completed: \_\_\_\_\_

Final Land Use: RANGELAND \_\_\_\_\_

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

| <b>Storm Water:</b> |                 |                         |                       |               |                          |         |
|---------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| 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                  |               |                          |         |

S/A/V: \_\_\_\_\_ Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

CA: \_\_\_\_\_

**Pits:**  NO SURFACE INDICATION OF PIT

**COGCC Comments**

| Comment  | User     | Date       |
|--|----------|------------|
| The production tank thief hatches have been closed since the previous inspection doc #674600132 was performed on 03/24/2014. | maclarej | 06/19/2015 |

**Attached Documents**

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

| Document Num | Description                             | URL   |
|--------------|---|---|
| 674601997    | Landowner facility adjacent to well pad | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3629267">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3629267</a> |
| 674601998    | Chemical tank, improper tank labeling   | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3629268">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3629268</a> |

## **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.)