

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:
06/26/2015

Document Number:
670901217

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>240972</u>	<u>321500</u>	<u>Peterson, Tom</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>10369</u>
Name of Operator:	<u>NATURAL RESOURCE GROUP INC</u>
Address:	<u>1789 W LITTLETON BLVD</u>
City:	<u>LITTLETON</u> State: <u>CO</u> Zip: <u>80120</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
Bacon, Duane	303-545-2620/303-579-6353	energyoilandgas@gmail.com	All Inspections
Laired, Paul	303-419-6005	plaird@diversifiedresources.com	All Inspections

Compliance Summary:

QtrQtr:	<u>NWNE</u>	Sec:	<u>26</u>	Twp:	<u>1N</u>	Range:	<u>68W</u>
Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
03/23/2011	200304512	PR	PR	ACTION REQUIRED			Yes
02/20/2003	200035415	PR	PR	SATISFACTORY		Pass	No
10/04/2001	200020497	PR	PR	ACTION REQUIRED		Fail	Yes
09/18/2001	200020222	ES	PR	ACTION REQUIRED		Fail	Yes
08/28/2001	200019794	PR	PR	ACTION REQUIRED		Fail	Yes
11/16/1998	500163320	PR	PR			Pass	No
02/11/1998	500163319	PR	PR			Fail	Yes
07/28/1996	500163318	PR	PR				
06/07/1996	500163317	PR	PR				
04/23/1996	500163316	PR	PR				
01/11/1996	500163315	PR	PR			Fail	Yes
01/10/1996	500163314	CO	PR				

Inspector Comment:

Inspector contacted Mr. Duane Bacon at Diversified Resources Inc. through emergency contact number on battery sign at 9:20 AM regarding conflicting operator ownership on record with COGCC and the operator/emergency contact information provided on battery and wellhead signs. Mr. Bacon stated that Diversified Resources owns Natural Resources Group on file with COGCC. Inspector requested Diversified Resources Inc. provide COGCC with updated change of operator ownership.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
240972	WELL	PR	04/01/2013	OW	014-08760	SHANNON-ROBERTS 3	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 Motors: _____	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
TANK LABELS/PLACARDS	ACTION REQUIRED	Produced water vault has incomplete placarding. See attached photo.	Install sign to comply with rule 210.	07/31/2015
WELLHEAD	SATISFACTORY			
BATTERY	SATISFACTORY			

Emergency Contact Number (S/A/V): SATISFACTORY

Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:				
Type	Area	Volume	Corrective action	CA Date
Crude Oil	Tank	<= 5 bbls	Remove or remediate stained soil (<1 bbl) below crude oil tank load valve. Repair all leaks. See attached photo.	07/31/2015
Crude Oil	WELLHEAD	<= 5 bbls	Remove or remediate stained soil (<1 bbl) around scrub pot catch container at wellhead. See attached photo.	07/31/2015

Multiple Spills and Releases?

Fencing/:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY	Pipe fencing		

Equipment:					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Horizontal Heated Separator	1	SATISFACTORY	N40.02779 W-104.96777		
Gas Meter Run	1	SATISFACTORY			
Bird Protectors	1	SATISFACTORY			
Plunger Lift	1	SATISFACTORY			

Facilities: New Tank Tank ID: _____

Inspector Name: Peterson, Tom

Contents	#	Capacity	Type	SE GPS
CRUDE OIL	1	300 BBLs	STEEL AST	40.027730,-104.967390
S/A/V:	SATISFACTORY		Comment:	
Corrective Action:				Corrective Date:

Paint

Condition	Adequate
-----------	----------

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate	Walls Insufficient	Base Insufficient	Inadequate

Corrective Action	Rebuild berm walls and base around edge of crude oil tank.	Corrective Date	08/31/2015
-------------------	--	-----------------	------------

Comment	Berm has become damaged by wildlife and recent rainstorms. Tank base is beginning to erode. See attached photos.
---------	--

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	1	<100 BBLs	PBV STEEL	40.027830,-104.967670

S/A/V:	SATISFACTORY		Comment:	81 bbls
--------	--------------	--	----------	---------

Corrective Action:				Corrective Date:
--------------------	--	--	--	------------------

Paint

Condition	Adequate
-----------	----------

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Inadequate	Walls Insufficient	Base Sufficient	Adequate

Corrective Action	Expand produced water vault berm capacity per COGCC rules.	Corrective Date	08/31/2015
-------------------	--	-----------------	------------

Comment	Berm is currently incapable of containing 150% capacity of vault. See attached photo.
---------	---

Venting:

Yes/No	Comment
NO	

Flaring:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 240972

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: 240972 Type: WELL API Number: 014-08760 Status: PR Insp. Status: PR

Producing Well

Comment: PR

BradenHead

Comment: Bradenhead is not exposed at surface.

CA: Expose Bradenhead to surface.

CA Date: 07/31/2015

Environmental

Spills/Releases:

Inspector Name: Peterson, Tom

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): N
 Comment: _____
 Pilot: _____ 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? Pass 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

Inspector Name: Peterson, Tom

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 _____

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			

S/A/V: SATISFACTOR Corrective Date: _____

Y

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Inspector contacted Mr. Duane Bacon at Diversified Resources Inc. through emergency contact number on battery sign at 9:20 AM regarding conflicting operator ownership on record with COGCC and the operator/emergency contact information provided on battery and wellhead signs. Mr. Bacon stated that Diversified Resources owns Natural Resources Group on file with COGCC. Inspector requested Diversified Resources Inc. provide COGCC with updated change of operator ownership.	petersont	06/26/2015

Attached Documents

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

Document Num	Description	URL
670901218	Tank valve	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633259
670901219	Base erosion around tank	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633260
670901220	Tank berm	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633261
670901221	Tank berm	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633262
670901222	Produced water vault placarding	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633263
670901223	Produced water vault berm	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633264
670901224	Wellhead area	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3633265

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.)