

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



Inspection Date:
08/11/2016
Document Number:
680101016

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-------------------|---|-------------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection <input type="checkbox"/> | 2A Doc Num: _____ |
| | <u>210809</u> | <u>323788</u> | <u>Colby, Lou</u> | | |

Overall Inspection:
SATISFACTORY w/ CMT or AR

Operator Information:

| |
|--|
| OGCC Operator Number: <u>10550</u> |
| Name of Operator: <u>MUSTANG RESOURCES LLC</u> |
| Address: <u>1660 LINCOLN STREET SUITE 1450</u> |
| City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80264</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 |
|--------------|-------|---------------------------------|---------|
| | | bcoutts@mustangresourcesllc.com | |
| | | dlemon@mustangresourcesllc.com | |

Compliance Summary:

QtrQtr: SENE Sec: 27 Twp: 6S Range: 94W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 06/12/2015 | 666801072 | PR | PR | SATISFACTORY | | | No |
| 03/18/2013 | 663800834 | PR | PR | ALLEGED VIOLATION | | | Yes |
| 04/02/2003 | 200038976 | PR | PR | SATISFACTORY | | Pass | No |
| 03/17/1997 | 500142249 | PR | SI | | | Pass | No |

Inspector Comment:

This Inspection is prompted by Complaint Doc#200439797. Compliant was not available for site visit. Weather conditions were Sunny and 88 degrees Fahrenheit at time of Inspection. Complaint concern is Herbicide application by Operator. Production area that appears to have had Herbicide applied is approximately 134 ft by x 90 ft. Bare Pad area is rectangular; positioned between entry point at South end to North perimeter at Guy Anchor positions. Inspector was unable to determine any leaching or run off of Herbicide into field adjacent and West of Location. Most of Vegetation surrounding Location has senesced and dried following growth cycle for late Summer. Water body of concern (which appears to be a side channel of River, identified as Swamp by Landowner) is down slope and further NW of field. Earlier Aerial Images show Location with a tear drop configuration Refer to Reclamation section, Inspector Comments and Photo Log attached .

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|--------------------|-------------|-------------------------------------|
| 210809 | WELL | PR | 09/29/1988 | GW | 045-06567 | MOORE 27-42-6S-94W | RI | <input checked="" type="checkbox"/> |

Equipment:

Location Inventory

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

Inspector Name: Colby, Lou

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

Emergency Contact Number (S/AR): _____ Corrective Date: _____

Comment: _____

Corrective Action: _____

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

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

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

Predrill

Location ID: 210809

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

S/AR: _____

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

Form 2A COAs:

S/AR: _____ Comment: _____

CA: _____ Date: _____

Wildlife BMPs:

S/AR: _____ Comment: _____

CA: _____ Date: _____

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: 210809 Type: WELL API Number: 045-06567 Status: PR Insp. Status: RI

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: _____

| Complaint: | | | | |
|-------------------|--------------------|----------------|---|---------------|
| Tracking Num | Category | Assigned To | Description | Incident Date |
| 200439797 | SOIL CONTAMINATION | Arthur, Denise | <p>Location: Mustang Resources, Moore 27-42, Sec. 27 T 6S/R94W, API No. 05-045-06567, Garfield County.</p> <p>Issue: The Gas Company poisoned the ground around the well. The poison is not known to me. The Gas Company is did not my permission to apply any poison to the area. I have previously asked them to not poison the ground. The poison appears to be water soluble as it appears to have leached into the ground down hill from the well. This poisoned area runs across my field and, because it might leach down hill, I cannot irrigate my field above the poisoned area since it destroy the grass down hill from the poisoned area. my grass has been destroyed and I cannot irrigate this year preventing any crop production for the year. The poisoned area has also created an eye sore decreasing my property value as well as my neighbors property value. The soil contamination is a poison applied to stop plant growth and is not a petroleum substance.</p> <p>Complainant indicates the spill is greater than 7'x 7', is threatening to leave the oil and gas location and is threatening a water body. Identity of material is described as "poison".</p> | 06/24/2016 |

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. Waste and Debris removed? 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 marked? Pass

CM _____

CA _____ CA Date _____

- 1003b. Area no longer in use? Pass 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? In
 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 Pass 80% Revegetation In

1003 f. Weeds Noxious weeds? _____ P _____

Comment: Production area appears to have had Herbicide application to control Weeds which is basis of complaint; as Landowner objects to Herbicide use on property. Refer to Inspector Comments for CA.

Overall Interim Reclamation In Process

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

S/A/V: SATISFACTORY Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

| Comment | User | Date |
|---|--------|------------|
| Contact Inspector by 8/31/16 with Herbicide information; Application details for this Location and User labels Highlighting detail of Mode of Action/ Time to symptoms/ Biological Degradation/ REI/ anything that would help to demystify use of these Chemicals to Landowner. Dialogue with Landowner re: Concerns, Weed Control options, possible Tear dropping of Location configuration would be beneficial to both parties. | colbyl | 08/14/2016 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|---------------------|---|
| 680101016 | INSPECTION APPROVED | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3927746 |
| 680101018 | Inspection Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3927744 |