

**FORM
INSP**Rev
X/15**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:

12/05/2016

Submitted Date:

12/06/2016

Document Number:

685301900**FIELD INSPECTION FORM**
 Loc ID 313547 Inspector Name: St John, William (Cal) On-Site Inspection ☐ 2A Doc Num: _____
Operator Information:OGCC Operator Number: 45745Name of Operator: KC RESOURCES INCAddress: 110 MIDLAND AVENUECity: BASALT State: CO Zip: 81621**Status Summary:**☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**25 Number of Comments13 Number of Corrective Actions☒ Corrective Action Response Requested**Contact Information:**

| Contact Name | Phone | Email | Comment |
|-------------------|--------------|-----------------------------|---------------------------------|
| Garrigues, Robert | | rgarrigues@blm.gov | Tres Rios |
| Howe, James | 970-927-2764 | jhowe@crystalriveroil.com | SW Inspections |
| Labowskie, Steve | | steve.labowskie@state.co.us | COGCC |
| Harris, Christie | 970-927-2764 | cmarie@crystalriveroil.com | SW Insp Reports |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------------------|-------------|
| 224429 | WELL | SI | 12/17/2014 | OW | 083-06494 | MAIL TRAIL MESA F23 - 26G | TA |

General Comment:

Inspection report contains corrective actions and comments. See Signs/Marker, Good Housekeeping, Spills, Equipment, Tanks and Berms, Related Facility, and Stormwater Sections of report for additional details. See link at end of report for path to downloadable pictures.

| Location | | | | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------|-------------|
| Lease Road: | | | | |
| Type | Access | | | |
| comment: | | | | |
| Corrective Action | L | | Date: | |
| Overall Good: <input type="checkbox"/> | | | | |
| Signs/Marker: | | | | |
| Type | WELLHEAD | | | |
| Comment: | Sign reflects Crystal River Oil and Gas, LLC as operator and records indicate KC Resources Inc to be operator of record. | | | |
| Corrective Action: | Install sign to comply with Rule 210.b | | Date: | 02/06/2017 |
| Type | TANK LABELS/PLACARDS | | | |
| Comment: | Tanks are missing signage. | | | |
| Corrective Action: | Install sign to comply with Rule 210.d | | Date: | 02/06/2017 |
| Emergency Contact Number: | | | | |
| Comment: | | | | |
| Corrective Action: | | | | Date: _____ |
| Good Housekeeping: | | | | |
| Type | UNUSED EQUIPMENT | | | |
| Comment: | Pump jack horse head, wellhead piping, drive belt, fittings, and other production related parts and pieces lying at wellhead and around pump jack. | | | |
| Corrective Action: | Remove or use equipment to comply with Rule 603.f using the Rule 603.f guidance document for additional details. | | Date: | 01/06/2017 |
| Type | DEBRIS | | | |
| Comment: | NE corner of location has pile of concrete pieces, plastic 55 gallon drum, and black poly line left at location. | | | |
| Corrective Action: | Remove debris to comply with Rule 603.f using the Rule 603.f guidance document for further details. | | Date: | 01/06/2017 |
| Type | UNUSED EQUIPMENT | | | |
| Comment: | Tank at east end of battery has rear man hatch removed and tank cleaned out. It is currently disconnected and not in use. | | | |
| Corrective Action: | Remove unused equipment to comply with Rule 603.f using the Rule 603.f guidance document for further details. | | Date: | 03/07/2017 |
| Type | OTHER | | | |
| Comment: | Stained soil around rear of Pump Jack from motor leaking Lube oil. | | | |
| Corrective Action: | Clean up and remediate stained soil to comply with Rule 906.a. | | Date: | 01/06/2017 |
| Overall Good: <input type="checkbox"/> | | | | |
| Spills: | | | | |
| Type | Area | Volume | | |
| Crude Oil | Tank | <= 1 bbl | | |
| Comment: | Tank load outs containments have overflowed. | | | |
| Corrective Action: | Clean up and remediate stained soil and gravel to comply with Rule 906.a. | | Date: | 01/06/2017 |

In Containment: Yes

Comment:

☐ Multiple Spills and Releases?

| | | | |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------|-------|------------------|
| Fencing/: | | | |
| Type | LOCATION | | |
| Comment: | Post and wire. | | |
| Corrective Action: | | Date: | |
| Equipment: | | | corrective date |
| Type: VRT | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Horizontal Heated Separator | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Gas Meter Run | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Pump Jack | # 1 | | |
| Comment: | Horsehead and Safety Barrier removed. | | |
| Corrective Action: | | Date: | |
| Type: Ancillary equipment | # 1 | | |
| Comment: | Wellhead | | |
| Corrective Action: | | Date: | |
| Type: Horizontal Heater Treater | # 1 | | |
| Comment: | Stack has been removed and equipment does not appear to be in use. | | |
| Corrective Action: | Remove unused equipment to comply with Rule 603.f using the Rule 603.f guidance document for further details. | | Date: 03/07/2017 |
| Type: Other | # 2 | | |
| Comment: | Riser and valve | | |
| Corrective Action: | | Date: | |
| Type: Pig Station | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Bird Protectors | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Flow Line | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Deadman # & Marked | # 4 | | |
| Comment: | Not all deadmen marked. | | |

| | | | |
|--------------------|---------------------------------------------------------|-------|------------|
| Corrective Action: | Locate and mark all deadmen to comply with Rule 1003.a. | Date: | 12/23/2016 |
| Type: Prime Mover | # 1 | | |
| Comment: | Natural Gas Motor | | |
| Corrective Action: | | Date: | |

Tanks and Berms:

| | | | | | |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|---------|-----------------------|
| Contents | # | Capacity | Type | Tank ID | SE GPS |
| PRODUCED WATER | 1 | 400 BBLs | STEEL AST | | 37.156560,-109.012530 |
| Comment: | Tank is missing required signage. Bull plug missing from loadout. Loadout reservoirs have overflowed staining soil and gravel around them. | | | | |
| Corrective Action: | | | | | Date: |

Paint

| | |
|------------------|----------|
| Condition | Adequate |
| Other (Content) | |
| Other (Capacity) | |
| Other (Type) | |

Berms

| | | | | |
|--------------------|-----------------------------------------------------------------------------------------------|---------------------|---------------------|------------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Earth | Adequate | Walls Sufficient | Base Insufficient | Inadequate |
| Comment: | Weeds, grass and sage growing inside bermed containment area. | | | |
| Corrective Action: | Repair or install berms or other secondary containment device to comply with Rule 605.a. (4). | | | Date: 01/06/2017 |

| | | | | | |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|---------|--------|
| Contents | # | Capacity | Type | Tank ID | SE GPS |
| CRUDE OIL | 3 | 400 BBLs | STEEL AST | | |
| Comment: | Tanks are missing required signage. Load out missing bull plug. Loadout reservoirs have overflowed staining soil and gravel around them. E tank disconnected and not in use. | | | | |
| Corrective Action: | | | | | Date: |

Paint

| | |
|------------------|----------|
| Condition | Adequate |
| Other (Content) | |
| Other (Capacity) | |
| Other (Type) | |

Berms

| | | | | |
|--------------------|-----------------------------------------------------------------------------------------------|---------------------|---------------------|------------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Earth | Adequate | Walls Sufficient | Base Insufficient | Inadequate |
| Comment: | Weeds, grass, and sage growing inside bermed containment area. | | | |
| Corrective Action: | Repair or install berms or other secondary containment device to comply with Rule 605.a. (4). | | | Date: 01/06/2017 |

Venting:

| | |
|--------------------|-------|
| Yes/No | NO |
| Comment: | |
| Corrective Action: | Date: |

Flaring:

| | | |
|--------------------|--|-------|
| Type | | |
| Comment: | | |
| Corrective Action: | | Date: |

Inspected FacilitiesFacility ID: 224429 Type: WELL API Number: 083-06494 Status: SI Insp. Status: TA**Idle Well**Purpose: ☒ Shut In ☐ Temporarily Abandoned

Reminder: _____

Comment: Well is currently TA. Production data reflects that well has been SI since August 2014 with no reporting since November 2014. Well file does not contain current MIT. MIT should of been completed by August 2016 to comply with Rule 326.b.(1).

Corrective Action: Contact Area COGCC Engineer.

Date: 12/19/2016

Reclamation - Storm Water - Pit**Interim Reclamation:**

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: _____

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND
SEGREGATION _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____

Comment _____

Corrective Action _____

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____

Comment _____

Corrective Action _____

Date _____

Pit, cellars, rat holes and other bores closed? Pass

Comment _____

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment _____

Corrective Action _____

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 REVEGETATIONCropland

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

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003e. INTERIM VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

1003 f. Weeds Noxious weeds? _____

Comment _____

Corrective Action _____ Date _____

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 _____

1004.d. FINAL VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

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 | Fail | Compaction | Pass | Material Handling And Spill Prevention | Pass | |
| | | Gravel | Pass | Self Inspection | Fail | |

Comment: Erosion channels on the fill slope are carrying water and sediment into the tank containment and onto location. Area N of wellhead has ruts 8" - 14" deep where water is pooling on location.

Corrective Action: Repair or install required BMPs to comply with Rule 1002.f. Refer to the 1002.f guidance document for further details.

Date: 01/06/2017

Pits: ☒ NO SURFACE INDICATION OF PIT

Attached Documents

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

| Document Num | Description | URL |
|--------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 685301900 | INSPECTION APPROVED | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4025519 |
| 685301918 | Pump jacks removed horsehead | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020222 |
| 685301919 | Stained soil at motor | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020223 |
| 685301921 | Concrete left at location | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020224 |
| 685301922 | Ruts looking N from wellhead | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020225 |
| 685301923 | Stained soil at loadouts | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020226 |
| 685301924 | Weeds and grass inside containment berms | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020227 |
| 685301925 | Erosion channel on cut slope | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4020228 |