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|--|---|--|----|----|----|----|
| FORM INSP Rev 05/11 | State of Colorado Oil and Gas Conservation Commission <small>1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109</small> |  | DE | ET | OE | ES |
|--|---|--|----|----|----|----|

Inspection Date:
02/09/2012

Document Number:
663800143

Overall Inspection:
Satisfactory

FIELD INSPECTION FORM

| | | | | |
|---------------------|---------------|---------------|---------------|--|
| Location Identifier | Facility ID | Loc ID | Tracking Type | Inspector Name: <u>LONGWORTH, MIKE</u> |
| | <u>298104</u> | <u>335539</u> | | |

Operator Information:

OGCC Operator Number: 10079 Name of Operator: ANTERO RESOURCES PICEANCE CORPORATION

Address: 1625 17TH ST STE 300

City: DENVER State: CO Zip: 80202

Contact Information:

| Contact Name | Phone | Email | Comment |
|--------------|--------------|----------------------------|------------------------------------|
| Black, Jon | 970 625 9922 | jblack@anteroresources.com | Operations Manager: Piceance Basin |

Compliance Summary:

QtrQtr: NENW Sec: 16 Twp: 6S Range: 92W

Inspector Comment:

Spuding surface on McPherson A-8 and Cementing conductor pipe on McPherson A-11

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | |
|-------------|----------|--------|-------------|------------|-----------|-----------------|---|
| 291673 | WELL | PR | 06/30/2008 | LO | 045-14477 | MCPHERSON A3 | X |
| 291678 | WELL | XX | 08/05/2011 | LO | 045-14474 | McPherson A1 | |
| 291679 | WELL | XX | 04/28/2011 | LO | 045-14475 | McPherson A8 | X |
| 291680 | WELL | PR | 06/30/2008 | LO | 045-14476 | MCPHERSON A4 | X |
| 298100 | WELL | XX | 04/28/2011 | LO | 045-17067 | McPherson A6 | |
| 298101 | WELL | PR | 09/03/2008 | LO | 045-17068 | MCPHERSON A9 | X |
| 298102 | WELL | PR | | OW | 045-17069 | MCPHERSON A2 | X |
| 298103 | WELL | XX | 04/28/2011 | LO | 045-17070 | McPherson A12 | |
| 298104 | WELL | XX | 04/28/2011 | LO | 045-17071 | McPherson A11 | X |
| 298105 | WELL | XX | 04/28/2011 | LO | 045-17072 | McPherson A7 | |
| 335539 | LOCATION | XX | 04/14/2009 | | - | McPherson A Pad | |
| 423421 | WELL | XX | 05/31/2011 | | 045-20750 | McPherson A10 | |

Equipment: Location Inventory

| | | | |
|--|--------------------------------|----------------------------|-----------------------------------|
| Special Purpose Pits: <u> </u> | Drilling Pits: <u> </u> | Wells: <u>11</u> | Production Pits: <u> </u> |
| Condensate Tanks: <u>2</u> | Water Tanks: <u>4</u> | Separators: <u>3</u> | Electric Motors: <u> </u> |
| Gas or Diesel Mortors: <u> </u> | Cavity Pumps: <u> </u> | LACT Unit: <u> </u> | Pump Jacks: <u> </u> |
| Electric Generators: <u> </u> | Gas Pipeline: <u>1</u> | Oil Pipeline: <u>1</u> | Water Pipeline: <u>1</u> |
| Gas Compressors: <u> </u> | VOC Combustor: <u>1</u> | Oil Tanks: <u> </u> | Dehydrator Units: <u> </u> |
| Multi-Well Pits: <u> </u> | Pigging Station: <u>1</u> | Flare: <u> </u> | Fuel Tanks: <u> </u> |

Location

| | | | | |
|--------------------|-----------------------------|---------|-------------------|------|
| Lease Road: | | | | |
| Type | Satisfactory/Unsatisfactory | comment | Corrective Action | Date |
| Access | Satisfactory | | | |

| | | | | |
|----------------------|-----------------------------|---------|-------------------|---------|
| Signs/Marker: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| WELLHEAD | Satisfactory | | | |
| BATTERY | Satisfactory | | | |
| TANK LABELS/PLACARDS | Satisfactory | | | |

Emergency Contact Number: (S/U/V) Satisfactory Corrective Date: _____

Comment: _____

Corrective Action: _____

| | | | | |
|---------------------------|-----------------------------|---------|-------------------|---------|
| Good Housekeeping: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| TRASH | Satisfactory | | | |

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

| | | | | |
|------------------|-----------------------------|----------------|-------------------|---------|
| Fencing/: | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| WELLHEAD | Satisfactory | cattle pannels | | |

| | | | | | |
|-----------------------------|---|-----------------------------|----------------|-------------------|---------|
| Equipment: | | | | | |
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Horizontal Heated Separator | 4 | Satisfactory | quad separator | | |
| Bird Protectors | 2 | Satisfactory | | | |

Tanks/Berms: New Tank Tank ID: _____

| | | | | |
|--------------------|--------------|----------|-----------|------------------|
| Contents | # | Capacity | Type | SE GPS |
| CONDENSATE | 4 | 300 BBLS | STEEL AST | , |
| S/U/V: | Satisfactory | Comment: | | |
| Corrective Action: | | | | Corrective Date: |

Paint

| | |
|-----------|----------|
| Condition | Adequate |
|-----------|----------|

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| | | | | |
|-------------------|--------------------------------|---------------------|---------------------|-----------------------------------|
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Metal | Adequate | Walls Sufficent | Base Sufficent | Inadequate |
| Corrective Action | Clean out condensate | | | Corrective Date 02/29/2012 |
| Comment | gravel stained with condensate | | | |

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

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

Predrill

Location ID: 335539

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____
 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, including any fluids conveyed via temporary surface pipelines or buried pipelines.</p> <p>Any pit constructed to hold fluids (reserve pit, production pit, frac pit; except for flare pit, if built) must be lined, or a closed loop system (as indicated by operator on the Form 2A) must be implemented .</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 (at least every 14 days), 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. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.</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> | 05/10/2011 |

Wildlife BMPs:

| BMP Type | Comment |
|----------|--|
| Wildlife | <p>Wildlife Mitigation Plan Supplemental Best Management Practices Antero Rifle-Silt (Gravel Trend) Leasehold – March 24, 2010</p> <p>1.Drilling and Production No reserve, drill cuttings or frac/flowback pits will be constructed</p> <p>Well pads will be constructed with perimeter berm on downslope area</p> |

Well pads, access roads will be graveled to reduce fugitive dust, sediment run-off

Above-ground facilities will be located to minimize visual effects (e.g. production tanks will be low profile tanks and painted to mitigate visual impacts.)

Combustor controls will be used to mitigate odors from production tanks

Well completions will utilize flowback completion technologies and/or flares to reduce odors from plug drillout, and venting of salable and non-salable gas

High level alarms will be installed on production tanks

Production tank containment area will be lined with plastic

2. Invasive Non-Native Vegetation Control

Weed management plan will be developed and implemented to monitor and control noxious and invasive weeds

Noxious weed control includes three treatments per year

Existing weed infestations will be mapped prior to the development of each pad, access road and pipeline when practicable

Reclamation/revegetation will be used as a weed management tool

3. Planning Infrastructure and Development Activities

Directional drilling will be implemented to minimize habitat loss and habitat fragmentation

Remote monitoring using SCADA systems to reduce truck traffic, fugitive dust

Water pipeline infrastructure will be installed concurrently with the gas pipeline infrastructure where possible.

SPCC inspections will be conducted quarterly

Water used for well completions will be recycled as practicable

Baseline and post drilling/completion water well testing will be performed for permitted water wells within ½ mile of down-hole location

Annual planning meeting to be conducted with Rifle-Silt-New Castle Community

4. Stormwater Management

Facilities will be operated with a Water Quality Control Division (WQCD) stormwater construction permit.

Stormwater BMPs in accordance with the Stormwater Management Plan will be implemented in a manner that minimizes erosion, transport of sediment offsite, and site degradation.

Inspections will be conducted every two weeks or monthly and in accordance with WQCD General Permit to confirm that applicable BMPs are in place, maintained and functioning properly.

5. Public Water System Protection Section 317B(d)

Best management practices will be implemented to contain any unintentional releases of fluids for locations within 500 feet of surface water

Locations within 500 feet of surface water will ensure 110 percent secondary containment for any volume of fluids contained at a well site during drilling and completion operations

6. Mitigation Plan Best Management Practices

Mitigation Plan signed by Ron Velarde, CDOW NW Regional Manager and Kevin Kilstrom, Antero Resources VP Production, on March 24, 2010.

Closed loop (pitless) drilling system.

Participation in raptor and other birds (great blue heron) monitoring and surveying with protocol to

be developed by CDOW and implemented by Antero when practicable.

Buried water and gas pipelines as means to reduce truck traffic.

Seasonal raptor RSOs for species not included in new COGCC rules will be considered where practicable.

Avoidance/seclusion area in the northeast corner of the CDP (Burning Mountain) unless lease expiration warrants development.

Restricted rig operation to less than 2 per section within the big game seclusion areas during the winter (to be determined in consultation with CDOW).

Maintaining a ¼ mile no surface occupancy buffer around active bald eagle nests.

New pad construction not to exceed 3 acres.

Pad density not to exceed 1 pad per 120 acres.

Bury all gas and water pipelines adjacent to roads whenever possible.

The mitigation opportunities/projects will be defined by the Mitigation Plan for each well pad.

The mitigation opportunities/projects will be determined cooperatively with the CDOW during the annual Antero Mitigation Plan Review.

CDOW Actions to Minimize Adverse Impacts to Wildlife Resources is attached to the March 22, 2010 Mitigation Plan

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:

Well

Facility ID: 291673 API Number: 045-14477 Status: PR Insp. Status: PR

Facility ID: 291679 API Number: 045-14475 Status: XX Insp. Status: DG

Well Drilling

Rig: Rig Name: Craig's #2 Pusher/Rig Manager: Beaude Oaks
Permit Posted: Satisfactory Access Sign: Satisfactory

Well Control Equipment:

Pipe Ram: _____ Blind Ram: _____ Hydril Type: _____
Pressure Test BOP: _____ Test Pressure PSI: _____ Safety Plan: _____

Drill Fluids

Management:

Lined Pit: _____ Unlined Pit: _____ Closed Loop: _____ Semi-Closed Loop: _____
Multi-Well: YES Disposal Location: _____

Comment:

Satisfactory

Facility ID: 291680 API Number: 045-14476 Status: PR Insp. Status: PR

Facility ID: 298101 API Number: 045-17068 Status: PR Insp. Status: PR

Facility ID: 298102 API Number: 045-17069 Status: PR Insp. Status: PR

Facility ID: 298104 API Number: 045-17071 Status: XX Insp. Status: ND

Well Drilling

Rig: Rig Name: Craig's #2 Pusher/Rig Manager: Beaudé Oaks
Permit Posted: _____ Access Sign: _____

Well Control Equipment:

Pipe Ram: _____ Blind Ram: _____ Hydril Type: _____
Pressure Test BOP: _____ Test Pressure PSI: _____ Safety Plan: _____

Drill Fluids

Management:

Lined Pit: _____ Unlined Pit: _____ Closed Loop: _____ Semi-Closed Loop: _____
Multi-Well: YES Disposal Location: _____

Comment:

Cement

Cement Contractor

Contractor Name: _____ Contractor Phone: _____

Surface Casing

Cement Volume (sx): _____ Circulate to Surface: _____
Cement Fall Back: _____ Top Job, 1" Volume: _____

Intermediate Casing

Cement Volume (sxs): _____ Good Return During Job: _____

Production Casing

Cement Volume (sx): _____ Good Return During Job: _____

Plugging Operations

Depth Plugs(feet range): _____ Cement Volume (sx): _____

Good Return During Job: _____ Cement Type: _____

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:

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? _____ CM _____

CA _____ CA Date _____

Waste Material Onsite? _____ CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? _____ 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? _____ 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

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: RANGELAND

Reminder: _____

Comment: _____

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Inspector Name: LONGWORTH, MIKE

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

Storm Water:

| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs | Chemical BMP Maintenance | Comment |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

S/U/V: _____ Corrective Date: _____
Comment: _____
CA: _____