

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:
04/23/2014

Document Number:
673702606

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|---------------|---------------|-----------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>233596</u> | <u>316969</u> | <u>Sherman, Susan</u> | <input type="checkbox"/> | |

Operator Information:

| | |
|-----------------------|----------------------------------|
| OGCC Operator Number: | <u>47085</u> |
| Name of Operator: | <u>KESTREL RESOURCES INC</u> |
| Address: | <u>2602 MCKINNEY AVE STE 400</u> |
| City: | <u>DALLAS TX Zip: 75204</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 |
|--------------|---------------------|-----------------------|---------|
| Ward, Amy | (214) 871-0999 X121 | award@petrocap.com | |
| NOTO, JOHN | | john.noto@state.co.us | |

Compliance Summary:

| | | | | | | | |
|---------|-------------|------|-----------|------|-----------|--------|------------|
| QtrQtr: | <u>SWSE</u> | Sec: | <u>11</u> | Twp: | <u>3S</u> | Range: | <u>51W</u> |
|---------|-------------|------|-----------|------|-----------|--------|------------|

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 11/08/2007 | 200122108 | PR | PR | SATISFACTOR Y | | | No |
| 09/18/2007 | 200119177 | PR | PR | ACTION REQUIRED | | | Yes |
| 05/04/2007 | 200111083 | PR | PR | SATISFACTOR Y | | Pass | No |
| 03/20/2003 | 200036512 | PR | PR | SATISFACTOR Y | | Pass | No |
| 12/29/1997 | 500158431 | PR | PR | | | Pass | No |
| 11/26/1996 | 500158430 | MT | TA | | | Pass | No |
| 01/29/1996 | 500158429 | PR | PR | | | Fail | Yes |

Inspector Comment:

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|---------------|--|
| 107532 | PIT | AC | 12/08/2005 | | - | KINCHELOE | AC <input type="checkbox"/> |
| 107534 | PIT | AC | 12/08/2005 | | - | KINCHELOE | AC <input type="checkbox"/> |
| 107535 | PIT | AC | 12/08/2005 | | - | KINCHELOE | AC <input type="checkbox"/> |
| 233596 | WELL | PR | 12/16/2005 | OW | 121-05650 | KINCHELOE 1 | 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 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

Lease Road:

| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
|--------|------------------------------|---------|--|------------|
| Access | ACTION REQUIRED | | See stormwater section for corrective actions. | 06/02/2014 |

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------------------|------------------------------|----------------------|---------------------------------------|------------|
| CONTAINERS | ACTION REQUIRED | no labels | Install sign to comply with rule 210. | 06/02/2014 |
| BATTERY | ACTION REQUIRED | No emergency contact | Install sign to comply with rule 210. | 06/02/2014 |
| TANK LABELS/PLACARDS | ACTION REQUIRED | no labels | Install sign to comply with rule 210. | 06/02/2014 |
| WELLHEAD | ACTION REQUIRED | no sign | Install sign to comply with rule 210. | 06/02/2014 |

Emergency Contact Number (S/A/V): ACTION Corrective Date: 06/02/2014

Comment: _____

Corrective Action: _____

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
|------|------|--------|-------------------|---------|

Multiple Spills and Releases?

Fencing/:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-----------|------------------------------|--------------|-------------------|---------|
| PUMP JACK | SATISFACTORY | steel panels | | |

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-------------------------|---|------------------------------|--|-------------------|------------|
| Ancillary equipment | 3 | SATISFACTORY | propane tank, 2 rea poles | | |
| Other | 1 | ACTION REQUIRED | 40-60 BBL gun barrel | Label tank. | 06/02/2014 |
| Bird Protectors | 1 | SATISFACTORY | VHT | | |
| Prime Mover | 1 | SATISFACTORY | electric | | |
| Veritcal Heater Treater | 1 | ACTION REQUIRED | stained soil in house same berms as tanksnot labeled | Label treater. | 06/02/2014 |

| | | | | | |
|--------------------|---|------------------------|---------------------------------|------------------|------------|
| Vertical Separator | 1 | ACTION REQUIRED | not labeled same berms as tanks | Label separator. | 06/02/2014 |
| Pump Jack | 1 | ACTION REQUIRED | Leaking (see attached photo). | Fix leak. | 05/02/2014 |

Facilities: New Tank Tank ID: _____

| Contents | # | Capacity | Type | SE GPS | |
|--------------------|------------------------------|-----------|-----------|------------------|--|
| PRODUCED WATER | 1 | <100 BBLS | STEEL AST | , | |
| S/A/V: | Comment: same berms as tanks | | | | |
| Corrective Action: | | | | Corrective Date: | |

Paint

Condition

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
|-------------------|----------|---------------------|---------------------|-----------------|--|
| | | | | | |
| Corrective Action | | | | Corrective Date | |
| Comment | | | | | |

Facilities: New Tank Tank ID: _____

| Contents | # | Capacity | Type | SE GPS | |
|--------------------|----------|----------|-----------|-----------------------|--|
| CRUDE OIL | 2 | 300 BBLS | STEEL AST | 39.802730,-103.055230 | |
| S/A/V: | Comment: | | | | |
| Corrective Action: | | | | Corrective Date: | |

Paint

Condition

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
|-------------------|--|---------------------|---------------------|-----------------|------------|
| Earth | Inadequate | Walls Insufficient | Base Insufficient | Inadequate | |
| Corrective Action | Maintain berms to attain spill capacity. | | | Corrective Date | 06/02/2014 |
| Comment | | | | | |

Venting:

| | |
|--------|---------|
| Yes/No | Comment |
| | |

Flaring:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
| | | | | |

Predrill

Location ID: 233596

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: 233596 Type: WELL API Number: 121-05650 Status: PR Insp. Status: PR

Producing Well

Comment: **Feb 2014 last reported production data.**

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: _____

Comment: strip crop field, dryland

- 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? _____ CM _____
CA _____ CA Date _____
- Guy line anchors removed? _____ 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? _____ 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? Pass

Production areas have been stabilized? Pass Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation Pass

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Compaction | Pass | Compaction | Fail | MHSP | Fail | |

S/A/V: **ACTION REQUIRED** Corrective Date: **06/02/2014**

Comment: **See attached photos of containers needed secondary containment, access road erosion and offsite transport of sediment from SE cor of pit berm.**

CA: **Install stormwater BMPs to prevent erosion and offsite sediment transport.**

Pits: NO SURFACE INDICATION OF PIT

Pit Type: Produced Water Lined: NO Pit ID: _____ Lat: 39.802400 Long: -103.054700

Lining:

Liner Type: _____ Liner Condition: _____

Comment: _____

Fencing:

Fencing Type: _____ Fencing Condition: _____

Comment: _____

Netting:

Netting Type: _____ Netting Condition: _____

Comment: _____

Anchor Trench Present: _____ Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/A/V): _____ Comment: **SE cor sediment into field**

Corrective Action: _____ Date: _____

Pit Type: Produced Water Lined: NO Pit ID: Lat: 39.802710 Long: -103.054980

Lining:

Liner Type: Liner Condition:

Comment:

Fencing:

Fencing Type: Fencing Condition:

Comment:

Netting:

Netting Type: Netting Condition:

Comment:

Anchor Trench Present: Oil Accumulation: NO 2+ feet Freeboard:

Pit (S/A/V): ACTION Comment: low berm spot between pw pits 50'x50'

Corrective Action: Date:

Pit Type: Skimming/Settling Lined: Pit ID: Lat: 39.802360 Long: -103.055180

Lining:

Liner Type: Liner Condition:

Comment:

Fencing:

Fencing Type: Fencing Condition:

Comment:

Netting:

Netting Type: Mesh Netting Condition: Good

Comment:

Anchor Trench Present: Oil Accumulation: YES 2+ feet Freeboard:

Pit (S/A/V): ACTION Comment: Called pumper, today or tomorrow he will have a pumper 9707670895

Corrective Action: Lower pit water level and remove oil. Date: 04/24/2014

Attached Documents

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

| Document Num | Description | URL |
|--------------|------------------------------|---|
| 673702655 | Kestrel Ward Kinchloe 1 well | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328416 |
| 673702656 | Kestrel Ward Kinchloe 1 well | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328417 |
| 673702657 | Kestrel Ward Kinchloe 1 well | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328418 |
| 673702658 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328419 |
| 673702659 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328420 |
| 673702660 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328421 |
| 673702661 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328422 |
| 673702662 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328423 |

| | | |
|-----------|--------------------------------|---|
| 673702663 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328424 |
| 673702664 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328425 |
| 673702665 | Kestrel Ward Kinchloe 1 Bat | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328426 |
| 673702666 | Kestrel Ward Kinchloe 1 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3328427 |