

**FORM
INSP**Rev
X/20**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:

04/26/2022

Submitted Date:

04/29/2022

Document Number:

687400833**FIELD INSPECTION FORM**Loc ID 319647 Inspector Name: Huck, Keith On-Site Inspection ☐ 2A Doc Num: _____**Operator Information:**OGCC Operator Number: 10017Name of Operator: CHACO ENERGY COMPANYAddress: P O BOX 1587City: DENVER State: CO Zip: 80201**Status Summary:**☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**13 Number of Comments6 Number of Corrective Actions☒ Corrective Action Response Requested**ANY CORRECTIVE ACTION(S) FROM
PREVIOUS INSPECTIONS THAT HAVE NOT
BEEN ADDRESSED ARE STILL APPLICABLE****Contact Information:**

| Contact Name | Phone | Email | Comment |
|--------------|----------------|----------------------|---------------------------------|
| Nelson, Kurt | (303) 744-1480 | kurt@chacoenergy.com | All Inspections |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|--------------------|-------------|
| 200687 | WELL | PR | 11/01/2021 | OW | 001-06090 | UPRR-HOLMQUIST 1-1 | PR |

General Comment:

Location

Overall Good: ☒

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

Emergency Contact Number:

Comment: Adequate

Corrective Action:

Date: _____

Good Housekeeping:

| | | | |
|--------------------|-----------------------------------------------------------------------------------------------------------------|-------|------------|
| Type | OTHER | | |
| Comment: | Stained soil identified at various locations through out location. | | |
| Corrective Action: | Conduct maintenance on equipment, cleanup stained material and review self inspection processes. 1002..(2).D | Date: | 05/06/2022 |
| Type | STORAGE OF SUPL | | |
| Comment: | Sheet metel in separator house | | |
| Corrective Action: | Comply with Rule 606 | Date: | 05/31/2022 |

Overall Good: ☐**Spills:**

| | | | | |
|------|------|--------|--|--|
| Type | Area | Volume | | |
|------|------|--------|--|--|

In Containment: No

Comment:

☐ Multiple Spills and Releases?**Equipment:**

| | | | |
|--------------------------|-----|-------|-----------------|
| | | | corrective date |
| Type: Bradenhead | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Bird Protectors | # 1 | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type: Deadman # & Marked | # 4 | | |
| Comment: | | | |

| | | | |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------------|
| Corrective Action: | | Date: | |
| Type: Pump Jack | # 1 | | |
| Comment: | Stuffin box leaking fluid all over well and ground. Operator was contacted and I was told they would go out right away to address this matter. | | |
| Corrective Action: | Securely fasten all valves, pipes, fittings, and Production Facilities to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 608.e. | | Date: 04/27/2022 |

Tanks and Berms:

| Contents | # | Capacity | Type | Tank ID | SE GPS |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|---------|------------------|
| PRODUCED WATER | 1 | 100 BBLs | Open Top | | |
| Comment: | Hydrocarbons observed on pit. Review and modify facility operations to ensure no oil or condensate accurate on pit. See attached pictures | | | | |
| Corrective Action: | Remove oil from pit per Rule 909.e. | | | | Date: 05/02/2022 |

Paint

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

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------|-----------------------|
| Earth | Adequate | Walls Sufficient | Base Sufficient | Adequate | |
| Comment: | | | | | |
| Corrective Action: | | | | | |
| Date: | | | | | |
| Contents | # | Capacity | Type | Tank ID | SE GPS |
| CRUDE OIL | 2 | 500 BBLs | STEEL AST | | 39.899276,-104.164444 |
| Comment: | Production facility is clearly visible from a public highway, road, or publicly-maintained trail. Facility paint is not uniform, non-contrasting, non-reflective color tones (similar to the Munsell Soil Color Coding System), and with colors matched to but slightly darker than the surrounding landscape. See attached pictures Dirt below production tanks is getting blown away and creating a gap underside of tanks. See attached pictures. Small leak on north production tank. See attached pictures. | | | | |
| Corrective Action: | Paint production facilities per Rule 425. Securely fasten all valves, pipes, fittings, and Production Facilities to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 608.e. | | | | Date: 09/29/2022 |

Paint

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

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|------|----------|---------------------|---------------------|-------------|
|------|----------|---------------------|---------------------|-------------|

Inspector Name: Huck, Keith

| | | | | | |
|--------------------|----------|------------------|-----------------|----------|-------|
| Earth | Adequate | Walls Sufficient | Base Sufficient | Adequate | |
| Comment: | | | | | |
| Corrective Action: | | | | | Date: |

Wells Served By Facilities Above

AirsID

| | | |
|------------|------------|--------|
| API Number | API Number | AirsID |
| 001-06090 | | |

Venting:

| | | | |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------|
| Yes/No | YES | | |
| Comment: | Gas being vented from open top pit during non-upset condition without prior approval from COGCC. Video captured with Optical Gas Imaging Camera. | | |
| Corrective Action: | Immediately cease venting. | | Date: 05/02/2022 |

Flaring:

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

Inspected Facilities

Facility ID: 200687 Type: WELL API Number: 001-06090 Status: PR Insp. Status: PR

Producing WellComment: PR

Corrective Action:

Date:

COGCC Comments

| Comment | User | Date |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|
| <p>COGCC Inspection Report Summary</p> <p>On (Tuesday) (04/26/2022) at approximately (11:18am), I, Inspector (Keith Huck), conducted an on-site inspection at (Holmquist UPRR1-1) (Chaco Energy Company), at (Location#319647) in (Adams,County) Colorado.</p> <p>While there, I observed a Production Facility</p> <p>During this inspection the following possible compliance issues were observed:</p> <p>Sheet metal in separator house. Comply with Rule 606</p> <p>Stained soil identified at various locations through out location.</p> <p>Conduct maintenance on equipment, cleanup stained material and review self inspection processes.</p> <p>1002..(2).D</p> <p>Stuffing box leaking fluid all over well and ground. Operator was contacted and I was told they would go out right away to address this matter.</p> <p>Securely fasten all valves, pipes, fittings, and Production Facilities to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 608.e.</p> <p>Production facility is clearly visible from a public highway, road, or publicly-maintained trail.</p> <p>Facility paint is not uniform, non-contrasting, non-reflective color tones (similar to the Munsell Soil Color Coding System), and with colors matched to but slightly darker than the surrounding landscape.</p> <p>See attached pictures Paint production facilities per Rule 425.</p> <p>Dirt below production tanks is getting blown away and creating a gap underside of tanks.</p> <p>See attached pictures.</p> <p>Small leak on north production tank. See attached pictures.</p> <p>Securely fasten all valves, pipes, fittings, and Production Facilities to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 608.e.</p> <p>Hydrocarbons observed on pit. Review and modify facility operations to ensure no oil or condensate accurate on pit. Remove oil from pit per Rule 909.e.</p> <p>Gas being vented from open top pit during non-upset condition without prior approval from COGCC. Video captured with Optical Gas Imaging Camera. Immediately cease venting.</p> <p>903.d.(2)</p> <p>A follow up on this site inspection needs to be conducted to ensure the compliance issues have been corrected to comply with COGCC rules.</p> <p>This is a summary of inspection report.</p> | huckk | 04/29/2022 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 687400834 | Inspection Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5739237 |