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| 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: 06/18/2012

Document Number: 663300186

Overall Inspection: **Unsatisfactory**

FIELD INSPECTION FORM

| | | | | |
|---------------------|------------------------------|-------------------------|---------------|------------------------------------|
| Location Identifier | Facility ID <u>236630</u> | Loc ID <u>317129</u> | Tracking Type | Inspector Name: <u>SCHURE, KYM</u> |
|---------------------|------------------------------|-------------------------|---------------|------------------------------------|

Operator Information:

OGCC Operator Number: 88370 Name of Operator: TIMKA RESOURCES LTD

Address: 2116 EAST HIGHWAY 402

City: LOVELAND State: CO Zip: 80537

Contact Information:

| Contact Name | Phone | Email | Comment |
|------------------|--------------|----------------------------|-----------|
| PIVONKA, TIMOTHY | 970-667-9861 | timkaresources@hotmail.com | PRESIDENT |

Compliance Summary:

QtrQtr: SENW Sec: 28 Twp: 3N Range: 52W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Unsatisfactory | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|------------------------------|----------|----------------|-----------------|
| 03/04/2010 | 200238064 | SR | PR | U | | | Y |
| 10/24/2007 | 200121203 | PR | PR | S | | | N |
| 10/01/2004 | 200064991 | PR | PR | U | | F | Y |
| 04/06/2004 | 200052879 | ES | PR | S | | P | N |
| 12/22/2003 | 200047878 | ES | SI | U | F | F | Y |
| 09/25/1997 | 500159491 | ES | PR | | | F | N |
| 09/22/1997 | 500159490 | CO | PR | | | F | Y |
| 09/25/1995 | 500159489 | PR | SI | | | P | N |
| 02/13/1995 | 500159488 | PR | PR | | | F | |

Inspector Comment:

Pumping unit located at Theurer Fed. 32-28 battery, is associated to battery Theurer Farms 22-28 immediately off Hwy. 63 Pumping unit Theurer Fed. 32-28, located east of battery designated Theurer 32-28. NO signage on pumping unit/wellhead per 210 b. (1) Pumper arrived at site, discussed the inspection and prior (2011) inspection, agreed to postpone NOAV in both wells if signs are installed by July 1, 2012.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name |
|-------------|------|--------|-------------|------------|-----------|---|
| 236630 | WELL | PR | 10/04/1995 | OW | 121-09121 | THEURER FARMS 22-28 <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/Unsatisfactory | comment | Corrective Action | Date |
| Access | Satisfactory | | | |

| Signs/Marker: | | | | |
|----------------------|-----------------------------|--|---|------------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| WELLHEAD | Unsatisfactory | Wellhead has no sign designating the associated battery, inspection in 2011 indicated non-compliance with signage. | Install sign to comply with rule 210.b. | 07/01/2012 |
| BATTERY | Satisfactory | | | |

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

Comment: _____

Corrective Action: _____

| Spills: | | | | |
|----------------|-----------|-----------|---|------------|
| Type | Area | Volume | Corrective action | CA Date |
| Crude Oil | Pump Jack | <= 5 bbls | Repair leak on gear box. Remove or remediate stained soil. Chemical additive injector leaking, remove or remediate stained soils. No secondary containment under chemical additive tank or chemical injector. | 08/01/2012 |

Multiple Spills and Releases?

| Equipment: | | | | | |
|---------------------------|---|-----------------------------|---|-----------------------------------|------------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Gathering Line | 1 | Satisfactory | | | |
| Vertical Heated Separator | 1 | Satisfactory | | | |
| Bird Protectors | 2 | Satisfactory | | | |
| Pump Jack | 1 | Unsatisfactory | NO secondary containment for chemical additive tank. Gear box leaking-stained soils Sucker rod laying on ground around pump jack. | Remove or remediate stained soils | 08/01/2012 |

| | | | | |
|------------------------|--------------|-----------------------------------|---------------------|-----------------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | |
| Contents | # | Capacity | Type | SE GPS |
| PRODUCED WATER | 1 | 200 BBLS | STEEL AST | 40.110000,-103.120000 |
| S/U/V: | Satisfactory | | Comment: | |
| Corrective Action: | | | | Corrective Date: |
| <u>Paint</u> | | | | |
| Condition | Adequate | | | |
| Other (Content) _____ | | | | |
| Other (Capacity) _____ | | | | |
| Other (Type) _____ | | | | |
| <u>Berms</u> | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| Earth | Adequate | Walls Sufficient | Base Sufficient | Adequate |
| Corrective Action | | | | Corrective Date |
| Comment | | | | |

| | | | | |
|------------------------|----------|-----------------------------------|---------------------|-----------------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | |
| Contents | # | Capacity | Type | SE GPS |
| CRUDE OIL | 2 | 300 BBLS | STEEL AST | 40.110000,-103.120000 |
| S/U/V: | | | Comment: | |
| Corrective Action: | | | | Corrective Date: |
| <u>Paint</u> | | | | |
| Condition | | | | |
| Other (Content) _____ | | | | |
| Other (Capacity) _____ | | | | |
| Other (Type) _____ | | | | |
| <u>Berms</u> | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
| | | | | |
| Corrective Action | | | | Corrective Date |
| Comment | | | | |

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

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

Predrill

Location ID: 317129

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____
 Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

Comment: _____

CA: _____ **Date:** _____

Wildlife BMPs:

Comment: _____

CA: _____ **Date:** _____

Stormwater:

| Erosion BMPs | Present | Other BMPs | Present |
|--------------|---------|------------|---------|
| | | | |

Corrective Action: _____ Date: _____

Comments: Erosion BMPs: _____
 Other BMPs: _____

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: 236630 Type: WELL API Number: 121-09121 Status: PR Insp. Status: PR

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: _____ Lat _____ Long _____

DWR Receipt Num: _____ Owner Name: _____ GPS : _____

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: _____

- 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: _____

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

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: _____