

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



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Inspection Date:
11/20/2014

Document Number:
674601263

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>214893</u>	<u>325497</u>	<u>Maclaren, Joe</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>25250</u>
Name of Operator:	<u>DUGAN PRODUCTION CORP</u>
Address:	<u>P O BOX 420</u>
City:	<u>FARMINGTON</u> State: <u>NM</u> Zip: <u>87499-</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
Smaka, Kevin	505-325-1821	kevin.smaka@duganproduction.com	Sw Insp Reports
Hughes, Jim		jimo.hughes@state.co.us	
Ash, Margaret		margaret.ash@state.co.us	
Armenta, Bill	505-325-1821	billarmenta@duganproduction.com	SW Insp Reports
Fischer, Alex		alex.fischer@state.co.us	
Labowskie, Steve		steve.labowskie@state.co.us	
Alexander, John		john.alexander@duganproduction.com	SW Insp Reports

Compliance Summary:

QtrQtr:	<u>SWSE</u>	Sec:	<u>11</u>	Twp:	<u>32N</u>	Range:	<u>7W</u>
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Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
11/29/2006	200107764	PR	PR	SATISFACTORY		Pass	No
10/14/2005	200080367	PR	PR	SATISFACTORY		Pass	No
12/03/2003	200050183	PR	PR	SATISFACTORY		Pass	No
10/25/2002	200032285	PR	PR	SATISFACTORY		Pass	No
03/27/2001	200016344	PR	PR	SATISFACTORY		Pass	No
12/22/1999	200003254	PR	PR	SATISFACTORY		Pass	No
09/28/1998	500148005	PR	PR			Pass	No
02/12/1997	500148004	PR	PR			Pass	No
06/23/1995	500148003	PR	PR				No

Inspector Comment:

The overall status of this field inspection conducted on 11/20/2014 is Action Required. Details of corrective actions required and corresponding completion dates required are outlined in this report. Pictures are uploaded and can be accessed via link at end of report.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
214893	WELL	PR	06/23/1982	GW	067-06497	TIFFANY 2	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 Motors: _____	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

Signs/Marker:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
OTHER	ACTION REQUIRED	No labeling on poly chemical injection tank near wellhead.	Install appropriate tank labeling consistent with contents (including NFPA).	12/29/2014
TANK LABELS/PLACARDS	ACTION REQUIRED	No sign at fiberglass open top tank near horizontal heated separator.	Install sign to comply with rule 210.	12/29/2014
CONTAINERS	ACTION REQUIRED	No labeling in place on steel drums, raised lube oil containers, etc in area around compressor.	Install appropriate tank labeling on all containers to be consistent with contents (including NFPA).	12/29/2014
TANK LABELS/PLACARDS	ACTION REQUIRED	No sign at fiberglass open top tank near dehydrator.	Install sign to comply with rule 210.	12/29/2014

Emergency Contact Number (S/A/V): ACTION

Corrective Date: 12/29/2014

Comment: Emergency contact number posted on tank fence. Well sign posted on meter run across location.

Corrective Action: Emergency contact number and well sign must be located/ posted together and clearly visible at or near wellhead.

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
TRASH	ACTION REQUIRED	Trash, pipe fittings and unused equipment observed on well pad/ around equipment.	Remove all trash and unused parts/ equipment not required for current or future operation of well from location.	12/29/2014

Spills:

Type	Area	Volume	Corrective action	CA Date
	Separator		Release of fluid (stained and saturated soils) observed taking place from pipe/ drain valve located at bottom of horizontal separator. Release must be stopped, future releases prevented and stained/ saturated soils properly removed and remediated.	12/03/2014

Multiple Spills and Releases?

Equipment:					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Horizontal Heated Separator	1	ACTION REQUIRED	Release of fluid (stained and saturated soils) observed taking place from drain valve located at bottom of horizontal separator.	Repair equipment, prevent releases and properly remove/ remediate stained and saturated soils. Note: Covering area with gravel/ dirt is not an acceptable action.	12/03/2014
Deadman # & Marked		ACTION REQUIRED	One unmarked rig anchor observed on well pad.	Locate and mark all existing rig anchors; or properly remove rig anchors from well pad.	12/29/2014
Dehydrator	1	SATISFACTORY			
Ancillary equipment	1	ACTION REQUIRED	Chemical Injection System has no spill prevention/ containment and no tank labeling.	Install spill prevention under chemical tank; add proper labeling; or remove equipment from location if no longer in use.	12/29/2014
Flow Line	1	SATISFACTORY			
Plunger Lift	1	SATISFACTORY			
Compressor	1	ACTION REQUIRED	Equipment leaking oil/ free standing oil observed on compressor skid; Stained gravel/ soils adjacent to equipment.	Stop leaks on equipment; Repair equipment and prevent future leaks; Properly clean compressor skid and remove and remediate stained soils. Note: Covering area with gravel/ dirt is not an acceptable action.	12/29/2014
Gas Meter Run	1	SATISFACTORY			

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS
	1		Open Top	37.027290,-107.573880
S/A/V:	Comment: Fiberglass (No existing sign/ No existing berm)			
Corrective Action:				Corrective Date:
Paint				
Condition				
Other (Content)	_____			
Other (Capacity)	_____			
Other (Type)	_____			
Berms				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
	Inadequate	Walls Insufficient	Base Insufficient	Inadequate
Corrective Action	Install berming to meet capacity requirements as outlined in COGCC rule 604.2.C.G.			Corrective Date 12/29/2014
Comment	No existing berm around fiberglass open top tank.			

Facilities: New Tank Tank ID: _____

Contents	#	Capacity	Type	SE GPS

	1	Open Top	37.026740,-107.574100	
S/A/V:	ACTION REQUIRED	Comment:	Observed damage (holes/ voids) to wildlife screen over fiberglass open top tank located near horizontal separator/ sound walls.	
Corrective Action:	Repair or replace wildlife screen over fiberglass open top tank located near horizontal separator/ sound walls.		Corrective Date:	12/03/2014
Paint				
Condition				
Other (Content)				
Other (Capacity)				
Other (Type)				
Berms				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth				
Corrective Action				Corrective Date
Comment	Confirm berm meets 604.C.2.G capacity requirements/ raise walls as needed.			
Venting:				
Yes/No	Comment			
Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 214893

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: 214893 Type: WELL API Number: 067-06497 Status: PR Insp. Status: PR

Producing Well

Comment: **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:

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: _____

1003a. Debris removed? _____ CM _____

CA _____ CA Date _____

Waste Material Onsite? _____ CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? **Fail** CM **Observed unused equipment on well site.**

CA **Remove equipment not in use or needed for future well operations.** CA Date **12/29/2014**

Pit, cellars, rat holes and other bores closed? _____ CM _____

CA _____ CA Date _____

Guy line anchors removed? _____ CM _____

CA _____ CA Date _____

Guy line anchors marked? **Fail** CM **Observed one unmarked rig anchor.**

CA **Locate and mark all existing anchors; or properly remove from location.** CA Date **12/29/2014**

1003b. Area no longer in use? _____ Production areas stabilized ? Pass

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass Subsidence over on drill pit? Pass

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? Pass 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? _____

Inspector Name: Maclaren, Joe

Comment:

Overall Interim Reclamation In Process

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
				SR	Fail	Spill response not implimented.
Compaction	Pass	Compaction	Pass	MHSP	Fail	Fuel cans/ steel drums without spill prevention
				SI	Fail	Impliment self inspection in future operations.

S/A/V: **ACTION REQUIRED** Corrective Date: **12/03/2014**

Comment: Fluid release taking place at drain/ valve at bottom of horizontal separator; Oil leaks and stained soils observed on and around compressor skid/ equipment; Compressor exhaust being released to ground resulting in dark stained gravel/ soils. Steel drums, fuel cans being stored without proper spill prevention BMP's in place; Self inspection, maintenance and housekeeping procedures not implimented.

CA: Stop fluid release and prevent future fluid discharge from horizontal separator; Repair equipment, stop existing leaks, prevent future discharges to ground and properly remove and remediate stained soils/ gravel from around gas compressor, compressor exhaust and all equipment on well pad; Store steel chemical drums, containers and fuel cans using proper spill prevention BMP's (covered); Perform routine self inspection, housekeeping and maintenance procedures.

Pits: NO SURFACE INDICATION OF PIT

Attached Documents

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

Document Num	Description	URL
674601274	Tiffany #2 _067-06497 Photo's	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3495234

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)