

**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:  
01/12/2015

Document Number:  
674601361

Overall Inspection:

**ACTION REQUIRED**

**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>214894</u>	<u>325498</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
Alexander, John		john.alexander@duganproduction.com	SW Insp Reports
Fischer, Alex		alex.fischer@state.co.us	
Hughes, Jim		jimo.hughes@state.co.us	
Armenta, Bill	505-325-1821	billarmenta@duganproduction.com	SW Insp Reports
Smaka, Kevin	505-325-1821	kevin.smaka@duganproduction.com	Sw Insp Reports
Ash, Margaret		margaret.ash@state.co.us	
Gowen, Peter		peter.gowen@state.co.us	
Labowskie, Steve		steve.labowskie@state.co.us	

**Compliance Summary:**

QtrQtr: NENW Sec: 11 Twp: 32N Range: 7W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
11/25/2014	674900192	PR	EI	ALLEGED VIOLATION			Yes
11/20/2014	674601260	PR	PR	ALLEGED VIOLATION	I		Yes
11/29/2006	200107765	PR	PR	SATISFACTORY		Pass	No
10/14/2005	200080368	PR	PR	SATISFACTORY		Pass	No
12/03/2003	200050184	PR	PR	SATISFACTORY		Pass	No
10/25/2002	200032286	PR	PR	SATISFACTORY		Pass	No
03/27/2001	200016345	PR	PR	SATISFACTORY		Pass	No
12/22/1999	200003255	PR	PR	SATISFACTORY		Pass	No
09/29/1998	500148009	PR	PR			Pass	No
09/28/1998	500148008	PR	PR			Pass	No
04/04/1997	500148007	PR	PR			Pass	No
06/26/1995	500148006	PR	PR				No

**Inspector Comment:**

This follow up inspection was conducted on 1/12/15. The COGCC received a form 42 (COGCC Doc #400759059) on 12/24/2014 from Dugan Production indicating that the operator response required to the alleged violations and corrective actions required as outlined on field inspection #674601260 performed on 11/20/2014 had been completed. Observations made during this follow up inspection confirm satisfactory completion of operator actions required by the deadlines/ dates outlined. It is understood that several action required items still require future completion due to seasonal limitations, and the original corrective action dates have not been changed. Therefore, the overall status of this follow up inspection is Action Required and the COGCC requests an additional form 42 once the remaining actions required are completed. Details are outlined in this report. Follow up inspection photos are uploaded and can be accessed via the link at end of report.

**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
214894	WELL	PR	02/28/2011	GW	067-06498	TIFFANY 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	SATISFACTORY	Corrective Action Completed. The gate on access road leading to well pad has been opened and secured.		

**Signs/Marker:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
TANK LABELS/PLACARDS	SATISFACTORY	Corrective Action Completed. Proper signage has been installed at the 50 bbl fiberglass open top tank.		
TANK LABELS/PLACARDS	SATISFACTORY	Corrective Action Completed. Proper signage has been installed at the 45 bbl (steel) open top tank.		

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

Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

<b>Good Housekeeping:</b>				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
OTHER	SATISFACTORY	Corrective Action Completed. All trash, unused parts and equipment has been removed from well pad.		
WEEDS	SATISFACTORY	Corrective Action Completed. All undesireable vegetation and weeds have been removed from well pad.		

<b>Spills:</b>				
Type	Area	Volume	Corrective action	CA Date
			Response To Spill/ Corrective Action Completed; Operator to submit written plan to COGCC regarding compliance to rule 906.d.2 outlining future changes to be made at the Tiffany #1 well site to aid in preventing future spills from occurring due to the same issue and source. (Irrigation water overspray and accumulation at/ in open top tanks; as verbally communicated by Dugan Production)	06/01/2015

Multiple Spills and Releases?

<b>Equipment:</b>					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Ancillary equipment		SATISFACTORY	Corrective Action Completed. Fluid has been removed from containment and new wildlifescreen installed.		
Compressor		SATISFACTORY	Corrective Action Completed. Assume equipment repairs completed; Compressor skid cleaned; No stained soils observed in area.		
Horizontal Heated Separator		ACTION REQUIRED	Inadequate paint/ coating on equipment; Heavy rust forming on horizontal heated separator.	Equipment requires repainting as as outlined on previous inspection #674601260.	06/01/2015
Dehydrator		ACTION REQUIRED	Inadequate paint/ coating on dehydrator; Rust forming on equipment.	Equipment requires repainting as as outlined on previous inspection #674601260.	06/01/2015

**Facilities:**  New Tank Tank ID: \_\_\_\_\_

Inspector Name: Maclaren, Joe

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER		OTHER	Open Top	,
S/A/V:	Comment: 50 BBL Fiberglass			
Corrective Action:				Corrective Date:

Paint

Condition	
Other (Content)	_____
Other (Capacity)	_____
Other (Type)	_____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate	Walls Sufficient	Base Sufficient	Adequate
Corrective Action				Corrective Date
Comment	Corrective Action Completed; New earthen berm satisfactorily constructed.			

**Facilities:**       New Tank      Tank ID: \_\_\_\_\_

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER		OTHER	Open Top	,
S/A/V:	Comment: 45 BBL Steel			
Corrective Action:				Corrective Date:

Paint

Condition	
Other (Content)	_____
Other (Capacity)	_____
Other (Type)	_____

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate	Walls Sufficient	Base Sufficient	Adequate
Corrective Action				Corrective Date
Comment	Corrective Action Completed; Berm and poly liner maintenance satisfactorily completed.			

**Venting:**

Yes/No	Comment

**Flaring:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

**Predrill**

Location ID: 214894

**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: 214894 Type: WELL API Number: 067-06498 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? Pass CM Corrective Action Completed; Unused equipment removed.

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 Corrective Action Completed; All rig anchors properly marked.

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? \_\_\_\_\_

Inspector Name: Maclaren, Joe

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 \_\_\_\_\_ 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
				MHSP	Pass	
				SR	Pass	
				SI	Pass	

S/A/V: SATISFACTOR \_\_\_\_\_ Corrective Date: \_\_\_\_\_  
Y \_\_\_\_\_

Comment: **Corrective Actions and Response to Alleged Violations Completed: Fluid removed/ wildlife screen installed over chemical containment; Fuel and oil containers removed from well pad; Stained soils and gravel on well pad from the spill observed at the fiberglass open top tank removed and remediated (soils analysis sent to COGCC SW EPS); Stained soils and gravel observed from leaking equipment (compressor) removed and remediated; Self inspection, housekeeping and maintenance practices are in process.**

CA: \_\_\_\_\_

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
674601366	Dugan_067-06498_Follow up Inspection Photos	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3529686">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3529686</a>

## **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.)