



STATE OF
COLORADO

Lujan - DNR, Carlos <carlos.lujan@state.co.us>

Re: Maralex Roan Creek Evaporation Pond

1 message

Lujan - DNR, Carlos <carlos.lujan@state.co.us>

Thu, Aug 1, 2013 at 1:47 PM

To: Naomi <naomi@maralexinc.com>

Cc: Alex Fischer <alex.fischer@state.co.us>, Teri Ikenouye - DNR <teri.ikenouye@state.co.us>

Naomi,

So, have you submitted the Form 10 to change the ownership of the Evaporation Pit? From your email it is not clear to me if Teri just clarified questions or if you submitted the appropriate Form 10 to Teri.

A quick reminder: Maralex is out of compliance in several issues (please read again the email I sent you on July 16, 2013. I have attached it for your convenience). Besides the potential future implications in terms of enforcement, it is, I suppose, in Maralex' best interest to get COGCC's approval to re-use the current excavation, re-constructed as a Centralized E&P Waste Management Facility. To get there, Maralex needs 1) to close the existing pit with a Form 27 Pit Closure Work Plan, and 2) submit a Form 28 to get a Centralized E & P Waste Management facility Permit.

Let me try to respond to your questions.

- 1) Pit facility # 116525 and # 433509 will not be merged.
- 2) Piute constructed the evaporation pit (or pond, or lagoon, or....) at a time when BLM's approval was enough (COGCC's permit was not required on BLM lands before 2009). As such, COGCC created a Pit facility ID (# 116525) to have it identified in the database and on the COGIS map. When the MOU was signed in July 1st, 2009, Maralex should have submitted a Form 10 to change the ownership and should have submitted a pit permit request to continue operations of the evaporation pit. So, you are going in the right direction submitting a Form 10 to have the ownership changed (as a first step).
- 3) Because the evaporation pit has not been in use for a long time (much more than a year) it has to be closed with a Form 27 Remediation Work Plan, per COGCC's rules. When the investigation is completed (and remediation completed if necessary), and COGCC requirements are fulfilled, the remediation project will be closed, **AND the PIT FACILITY # 116525 status will be changed from active / AC (actually, at the moment there is no status indicated) to closed (CL).** For COGCC purposes, there will be no more Evaporation Pit. Because Maralex wants to re-use the excavation to build a Centralized E & P Waste Management Facility, COGCC will not require that the pit be backfilled at the moment. In case Maralex decides not to re-use the excavation for its operations, Maralex will have to backfill the pit within a time that COGCC will stipulate.
- 4) When Maralex submitted a Form 28 in 2011 (rejected because it was incomplete to say the least), Alex Fischer anticipated that the evaporation pit facility would to be closed, and therefore created a new facility ID (# 433509) to identify the Centralized E&P Waste MGMT Facility to be constructed on the footprint of the former evaporation pit. **Creating a pit facility ID # DOES NOT signify that a permit has been granted. It is just a number to identify it on the database. Currently, Maralex does NOT have a permit to operate a pit, a multi-well pit or a Centralized E&P Waste Management Facility.**

Therefore, and I keep repeating myself, Maralex must:

- a) Get the Pit facility ID # 11525 Central Evaporation Pit change of ownership (using Form 10);
- b) Close the Pit Facility ID # 11525 with a Form 27 Remediation Work Plan (to be approved by COGCC staff);
- c) Submit a Centralized E&P Waste Management Facility Form 28 (Facility ID # 433509) to operate a centralized facility.

When a), b) and c) are completed the pit facility ID # 11525 will be closed and Facility ID # 433509 will be a permitted active facility.

I hope this helps you to move forward with what needs to be done to get Maralex in compliance and resume operations.

Carlos

Carlos A. Luján, Ph.D

Environmental Protection Specialist
NW Region

Colorado Oil & Gas Conservation Commission

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Please consider the environment prior to printing this e-mail...

On Wed, Jul 31, 2013 at 9:20 AM, Naomi <naomi@maralexinc.com> wrote:

Hi Carlos,

Teri helped me clear up some issues. In fact the facility was already under Maralex's name as an E&P Waste Management Facility. From what I understand, there was a different facility number for a pit under Piute's name. I understand that those facilities will now be merged and both under Maralex's name. If the facility is to be called a pit as I understand, then I'm not sure that the form 28 applies anymore. The form 28 is for a Centralized E&P Waste Management Facility. Since we already had it in our name as such and are now being asked to change to something else then is there a different form for permitting? I believe this name change/type of facility change is causing confusion for me in how to proceed. Can you please clarify?

Naomi

Lujan - DNR, Carlos wrote:

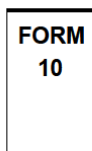
Naomi,

I am not sure where you get these three options. I checked one of the e-forms recently submitted and what I see is:

<input type="checkbox"/> New Well Cert of Clearance	<input checked="" type="checkbox"/> Change of Operator	<input type="checkbox"/> Add/Change Transporter or Gatherer
Effective Date of Change Below	<u>06/01/2013</u>	Form is being submitted by: <u>Seller</u>

There is a specific box for Change of Operator.

Then, there is a section for Change of Operator, and the last section of the e-form is:



State of Colorado
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1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Do

CHANGE OF TRANSPORTER/GATHERER and/or CHANGE OF OPERATOR

that applies to both the Transporter/Gatherer and to Change of Operator.

I don't regularly work with this form. Probably the person best qualified to guide you through the Form 10 process is Teri Ikenouye, from the Denver office - phone: 303-894-2100 ext 5128, email: teri.ikenouye@state.co.us. Give her a call or send her an email. She is a very friendly person. I am copying her on this email (I stripped the chain of emails you had below).

I hope this helps. Let me know how it goes.

Have a great weekend,
Carlos

Carlos A. Luján, Ph.D

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On Fri, Jul 19, 2013 at 10:53 AM, Naomi <naomi@maralexinc.com> wrote:

Carlos,

I'm looking at the on-line form 10 that we spoke about yesterday. I have three choices on the form for the "purpose of the form". Non of the three seems to fit just right so I'm asking you how to proceed. The third would have been okay if the part about the designation of transporter and gatherer wasn't also included. The choices are:

New well certification of clearance

Add/change transporter and/or gatherer

Change of Operator and Designation of Transporter and Gatherer

thanks for your help.

Naomi

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Naomi Azulai

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Email to Naomi Azulai_July 16, 2013.pdf

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