

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:
11/20/2013

Document Number:
663902428

Overall Inspection:

Violation

FIELD INSPECTION FORM

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 312598 | 312598 | LONGWORTH, MIKE | <input type="checkbox"/> | |

Operator Information:

OGCC Operator Number: _____

Name of Operator: MARALEX RESOURCES, INC

Address: P O BOX 338

City: IGNACIO State: CO Zip: 81137

- 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 |
|-----------------|--------------|----------------------------|--------------------|
| Kellerby, Shaun | | shaun.kellerby@state.co.us | |
| Graves, Jim | 970-858-8550 | mrinc20@qwestoffice.net | Operations Manager |
| IKENOUE, TERI | | teri.ikenouye@state.co.us | |
| Ohare, Mickey | 970-563-4000 | amohare@maralexinc.com | President |

Compliance Summary:

QtrQtr: NENE Sec: 14 Twp: 8S Range: 98W

Inspector Comment:

Staus on scout card is PR. Well production card status is SI since 2010.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|------------------------|--|
| 221992 | WELL | PR | 07/27/1998 | | 077-08594 | SOUTH SHALE RIDGE 1-14 | SI <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 | <u>Road recently bladed.</u> | | |

| Signs/Marker: | | | | |
|----------------------|-----------------------------|--|---------------------------------------|------------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| BATTERY | Satisfactory | Needs nearest county road posted on sign | | |
| TANK LABELS/PLACARDS | Satisfactory | | | |
| WELLHEAD | Unsatisfactory | None | Install sign to comply with rule 210. | 12/20/2013 |

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

Comment: _____

Corrective Action: _____

| Good Housekeeping: | | | | |
|---------------------------|-----------------------------|-----------------------------------|-------------------|------------|
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| DEBRIS | Unsatisfactory | old rotted out planks on location | Remove debri | 12/20/2013 |
| WEEDS | Unsatisfactory | Weed control needed | Control weeds | 12/20/2013 |

| Spills: | | | | |
|----------------|-----------|-----------|-------------------------------|------------|
| Type | Area | Volume | Corrective action | CA Date |
| Lube Oil | Pump Jack | <= 5 bbls | Clean up oil under pump jack. | 11/29/2013 |

Multiple Spills and Releases?

| Equipment: | | | | | |
|--------------------|---|-----------------------------|---|-----------------------------------|------------|
| Type | # | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date |
| Gas Meter Run | 1 | Satisfactory | Door is left open | | |
| Vertical Separator | 1 | Unsatisfactory | Foundation is washing out from under separator. | Stablize separator | 12/20/2013 |
| Pump Jack | 1 | Unsatisfactory | Weeds and oil stains under pump jack. | Control weeds and clean up stains | 11/29/2013 |

| | | | | | |
|--------------------|---|-----------------------------------|---------------------|----------------------|------------|
| Facilities: | | <input type="checkbox"/> New Tank | Tank ID: _____ | | |
| Contents | # | Capacity | Type | SE GPS | |
| PRODUCED WATER | 1 | 300 BBLS | STEEL AST | 39.365520,108.293430 | |
| S/U/V: | Unsatisfactory | | Comment: | Tank lid is open | |
| Corrective Action: | Close tank lid. | | | Corrective Date: | 11/22/2013 |
| Paint | | | | | |
| Condition | Adequate | | | | |
| Other (Content) | _____ | | | | |
| Other (Capacity) | _____ | | | | |
| Other (Type) | _____ | | | | |
| Berms | | | | | |
| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance | |
| Earth | Inadequate | Walls Insufficient | Base Insufficient | Inadequate | |
| Corrective Action | Remove and control weeds. Compact and maintain berm | | | Corrective Date | 12/20/2013 |
| Comment | Berm has weeds growing inside it and walls and base need compaction and maintance | | | | |
| Venting: | | | | | |
| Yes/No | Comment | | | | |
| | | | | | |
| Flaring: | | | | | |
| Type | Satisfactory/Unsatisfactory | Comment | Corrective Action | CA Date | |
| | | | | | |

Predrill

Location ID: 312598

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

S/UV: _____

Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

S/UV: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

S/UV: _____ **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: 221992 Type: WELL API Number: 077-08594 Status: PR Insp. Status: SI

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

S/V: _____ CA Date: 12/20/2013

CA: Well must be either: 1) Put on production or 2) Per COGCC Rule 326.b.(1) a successful mechanical integrity test shall be performed on each shut-in well within two (2) years of the initial shut-in date or 3) Be properly plugged and abandoned . Shut-in and temporarily abandoned wells must be properly reported on COGCC Form 7, Operator's Monthly Production Report.

Comment: Shut in since May 2010

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? Fail CM old rotted out planks on location

CA Remove debris CA Date 12/20/2013

Waste Material Onsite? _____ CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? Pass 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: No maitance of BMPs or tank battery

Overall Interim Reclamation Fail

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 |
|---------|--------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|--|
| Other | | Fail | | | | | Straw bails around creek side are rotted and cover |
| Ditches | | Fail | | | | | Ditch has been backfilled with sediment |

S/U/V: Unsatisfactory Corrective Date: 12/20/2013

Comment: BMPS not being maintained.

CA: Install and maintain storm water BMPs

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 |
|--------------|--------------------------------|------------------------------|
| 663902429 | Battery sign | DSCN2492.JPG |
| 663902430 | Pump Jack, weeds, rotten plank | DSCN2495.JPG |
| 663902431 | Stains under pump jack motor | DSCN2496.JPG |

Inspector Name: LONGWORTH, MIKE

| | | |
|-----------|---|------------------------------|
| 663902432 | Meter shed door open, weeds, separator, tank berm | DSCN2497.JPG |
| 663902433 | Separator foundation | DSCN2514.JPG |
| 663902434 | Rotted bails BMPs | DSCN2508.JPG |
| 663902435 | Sink up hill from BMPs | DSCN2511.JPG |