Field Inspection with PRE Resources, COGCC, BLM Craig Field Office, and Olsson Associates
12/19/2013 at 1:00 PM at the POC_I tank battery

Notes taken by Blair Rollins with Olsson Associates:

1. Check into new NPDES permit standards to ensure PRE is meeting the new requirements
2. COGCC and BLM very concerned with the corrosion appearing recently after tanks were painted
3. Prepare Form 19 spill report for stained soil based on new spill regulations by tank 4
4. Need to install NFPA labels to include contents, volumes, etc (COGCC rule 210.d.)
5. Tank battery sign needed (COGCC rule 210.b.)
6. COGCC requires details of the facility to include narrative and diagrams for the tank battery and pits (flow process, throughputs, retention times, recirculation process, and what net supports are standing on)
7. Relocate oil sales point so it's not run over on the ground (or install barriers around it to prevent spill or incident)
8. COGCC to work with PRE and consultant to engineer safeguards for Facility (proper engineering)
9. Need to provide SPCC for each chemical tote/container on location (by the concrete pit, by tanks)
10. Develop workplan for plan moving forward – to identify what the issues are, what PRE plans on doing to change the issue, and what is the timeline for completion.
11. COGCC to coordinate with BLM to prepare document of issues based on notes, can be expected within 2-4 weeks.
12. Need to operate pits to include required 2' of freeboard at all times (referenced the issue as an automatic NOAV)
13. Pit fluids have breached the liner on the NE corner of the SE pit W of the road
14. Oil identified on all operated pits, holes in netting on all pits, netting fallen into pit on large N pit W of road
15. Similar situation for Alex from visit 1 year ago. Some improvement but additional work needs to be completed
16. Improper storage of E&P waste next to west small pond (floatation), needs to be removed or properly stored on a liner
17. Stormwater of the Facility is a concern, no controls identified around the ponds or road next to the tanks
18. Freeboard is a serious issue at the ponds
19. Wildlife fencing around the pit not adequate; holes in fencing, fencing too short in areas, and some areas need to be properly secured
20. Explain/describe how PRE measures resistance time of the pond and skimming process
21. Oil on all pits. Need to skim the pits better and do not allow sheen to discharge from the surface discharge point
22. Operate the pits to include the required 2' freeboard
23. Is the largest pit a dam as defined by the Colorado State Engineers Office? This would be based on the fill side of the large pond
24. Stained vegetation and sheen found in the discharged surface water and along the banks of the stream. Need to rake the stained vegetation and properly dispose of the waste.
25. Install booms as soon as possible on the creek to remove the sheen. Mike stated he would complete this by noon on Friday 12/20/13.
26. NORM monitoring for flow process to be required based on new COGCC regulations

27. Leaking ball valve and union on location (began sometime on 12/19/13). Complete Form 19 based on volume lost since morning. Mike installed bull plug and tightened the hammer union on 12/19/13 which stopped the leak
28. Small leak in drain valve on Tank 5, replace the bull plug. Currently a small leak flowing into bull plug resting on valve, all contained
29. Corrosion occurring on pipelines along the inlet side of the facility by tanks
30. Pipe corrosion causing pinhole leaks in the 3" outlet pipe of Tank 3, leak flowing into containment, note that both valves are closed off and it's still leaking so a ball valve is bad too. Fischer recommends submitting a Form 19 be prepared for the small contained leak of less than 1 bbl
31. PRE stated during steaming of the location, no cracks or broken pieces in small discharge containment trough were identified
32. Rake out impacted vegetation by hand crew, document with photos after work is done
33. Shovel up oily waste as part of bucket imprint in snow along creek edge
34. Tanks need to be inspected and certified by a P.E. Alex feels importance in inspection. Tim would like to see the report sent from the consultant company directly to Tim and Alex. Description in detail for each tank
35. Provide detailed description of cathodic protection, location of each bed, and monitoring frequency
36. Description in detail of each tank and process
37. Describe/list on-going preventative measures completed by PRE since purchase
38. Operation to include 2' of freeboard on all pits, all parties present agreed that freeboard issue will be fixed by January 6th, 2014.
39. Research dam height of largest pit and if it is required to be permitted through the Colorado State Engineers Office
40. COGCC, BLM, and PRE would like to work together to get everything completed correctly the first time