

**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
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Inspection Date:

03/27/2014

Document Number:

667700305

Overall Inspection:

Violation**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection
	<u>290229</u>	<u>311960</u>	<u>LABOWSKIE, STEVE</u>	<input type="checkbox"/> 2A Doc Num: _____

Operator Information:

OGCC Operator Number:

Name of Operator: MARALEX RESOURCES, INCAddress: P O BOX 338City: 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
WEEMS, MARK		mark.weems@state.co.us	
Hughes, Jim		jimo.hughes@state.co.us	
FISCHER, ALEX		alex.fischer@state.co.us	
Azulai, Naomi	(970) 563-4000	naomi@maralexinc.com	All Inspections
ASH, MARGARET		margaret.ash@state.co.us	
O'Hare, Mickey	(970) 563-4000/ (719) 429-3529	amohare@maralexinc.com	President
ANDREWS, DAVID		david.andrews@state.co.us	

Compliance Summary:QtrQtr: SWSE Sec: 35 Twp: 34N Range: 7W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Unsatisfactory	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
03/20/2014	667700295	PR	PR	Violation			Yes

Inspector Comment:

Inspection conducted with Joe MacLaren, Mark Weems and accompanied by La Plata County Sherrifs Dept. in execution of search warrant.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
216408	WELL	PR	06/01/2007	GW	067-08014	KATIE EILEEN 34-7-35 2	PR	<input checked="" type="checkbox"/>
290229	WELL	PR	03/01/2012	GW	067-09351	KATIE EILEEN 34-7-35 3	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/Unsatisfactory	comment	Corrective Action	Date
Access	Satisfactory			

Signs/Marker:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
CONTAINERS	Unsatisfactory	some containers not labeled	Install sign to comply with rule 210.	05/02/2014
WELLHEAD	Unsatisfactory	2 signs in meter shed, each for #2 well, one has old operator information (SG interests). No sign for #3 well.	Install sign to comply with rule 210.	05/02/2014

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

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
DEBRIS	Unsatisfactory	parts, fittings, hoses, tubulars on location, interim rec area and in open pits.	removal all oil and gas related debris and unused equipment from location, interim rec area and open pits and dispose in approved manner	05/02/2014
OTHER	Unsatisfactory	storage of 55 gal drums of fluid, some marked as methanol	remove unneeded supplies, store needed supplies with adequate spill prevention	04/08/2014

Spills:

Type	Area	Volume	Corrective action	CA Date
Lube Oil	Pump Jack	<= 5 bbls	lube oil tank leak (#2 well), clean up impacted soils and remove/remediate in approved manner, install spill prevention.	05/02/2014
Produced Water	Pump Jack	<= 5 bbls	stuffing box leak (#2 well) noted at time of inspection, discolored soils around wellhead with flow pattern towards pit. Prevent further releases, remediate along with pit closure.	04/16/2014
Lube Oil	Pump Jack	<= 5 bbls	gear box (#3 well), fix/mitigate leak, clean up impacted soils and remove/remediate in approved manner.	05/02/2014

☒ Multiple Spills and Releases?

Equipment:					
Type	#	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
Other	2	Unsatisfactory	bradenhead access	excavate access per Rule 608.e (install housing if necessary)	05/02/2014
Gas Meter Run	2	Satisfactory			
Flow Line	2	Satisfactory			
Prime Mover	2	Unsatisfactory		fix/mitigate motor and exhaust leaks causing stained soils	04/16/2014
Ancillary equipment	1	Satisfactory			
Horizontal Heated Separator	2	Satisfactory			
Deadman # & Marked	4	Unsatisfactory		adequately mark all anchors or remove	05/02/2014
Pump Jack	2	Unsatisfactory		fix/mitigate gearbox leak	04/16/2014
Ancillary equipment	2	Unsatisfactory	lube oil tanks	install spill prevention	05/02/2014

Venting:		
Yes/No	Comment	

Flaring:				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date

Predrill

Location ID: 290229

Site Preparation:

Lease Road Adeq.: _____

Pads: _____

Soil Stockpile: _____

S/U/V: _____

Corrective Action: _____

Date: _____

CDP Num.: _____

Form 2A COAs:**S/U/V:** _____ **Comment:** _____**CA:** _____ **Date:** _____**Wildlife BMPs:****S/U/V:** _____ **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: 216408 Type: WELL API Number: 067-08014 Status: PR Insp. Status: PR

Producing Well

Comment: PR

Facility ID: 290229 Type: WELL API Number: 067-09351 Status: PR Insp. Status: PR

Producing Well

Comment: PR

Environmental**Spills/Releases:**

Inspector Name: LABOWSKIE, STEVE

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: surrounding area is actively grazed pasture

1003a.	Debris removed? Fail	CM _____			
	CA remove debris, dispose in approved manner		CA Date 05/01/2014		
	Waste Material Onsite? Fail	CM drill cuttings			
	CA include plan in Form 27		CA Date 04/08/2014		
	Unused or unneeded equipment onsite? Pass	CM _____			
	CA _____		CA Date _____		
	Pit, cellars, rat holes and other bores closed? Fail	CM _____			
	CA submit form 27, follow up w/ COGCC environmental		CA Date 04/08/2014		
	Guy line anchors removed? _____	CM _____			
	CA _____		CA Date _____		
	Guy line anchors marked? Fail	CM _____			
	CA mark or remove anchors		CA Date 05/01/2014		

1003b.	Area no longer in use? Fail	Production areas stabilized ? Pass
1003c.	Compacted areas have been cross ripped? _____	
1003d.	Drilling pit closed? Fail Subsidence over on drill pit? _____	
	Cuttings management: lined pit contains what appear to be drill cuttings or clean out material	
1003e.	Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? In	
	Production areas have been stabilized? Pass	Segregated soils have been replaced? Pass

RESTORATION AND REVEGETATION

Cropland

Inspector Name: LABOWSKIE, STEVE

Top soil replaced Pass

Recontoured Pass

Perennial forage re-established In

Non-Cropland

Top soil replaced _____

Recontoured _____

80% Revegetation _____

1003 f. Weeds Noxious weeds? P

Comment: _____

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
				SR	Fail	1 diaper on gearbox leak
Gravel	Pass	Gravel	Pass			
				SI	Fail	equipment leaks
Compaction	Pass	Compaction	Pass			
				MHSP	Fail	55 gal drums on flatbed trailer

S/U/V: **Violation**

Corrective Date: **04/15/2014**

Comment: _____

CA: **Install adequate spill prevention measures on lube oil tanks and any vessels (55 gal drums) needed for operations. Store unneeded fluids off site at permitted facility or dispose in approved manner. Remove all tubing, parts, junk, hoses, fittings and potential contaminate sources and dispose/store in approved manner. Install BMPs to prevent further erosion from occuring on south and west sides of pad.**

Pits: ☐ NO SURFACE INDICATION OF PIT

Pit Type: Drilling Pit Lined: YES Pit ID: _____ Lat: _____ Long: _____

Lining:

Liner Type: Plastic Liner Condition: Inadequate

Comment: _____

Fencing:

Fencing Type: _____ Fencing Condition: _____

Comment: _____

Netting:

Netting Type: _____ Netting Condition: _____

Comment: _____

Anchor Trench Present: NO Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/U/V): **Violation** Comment: **pit has torn liner and contains what appears to be drill cuttings or other downhole material. Junk was also observed in pits.**

Corrective Action: **Submit Form 27 for approval by COGCC environmental staff** Date: **04/08/2014**

Pit Type: Drilling Pit Lined: NO Pit ID: _____ Lat: _____ Long: _____

Lining:

Liner Type: _____ Liner Condition: _____

Comment: unlined

Fencing:

Fencing Type: _____ Fencing Condition: _____

Comment: none

Netting:

Netting Type: _____ Netting Condition: _____

Comment: none

Anchor Trench Present: _____ Oil Accumulation: NO 2+ feet Freeboard: _____

Pit (S/U/V): **Violation** Comment: **no liner, junk, flow pattern from wellhead**

Corrective Action: **Submit Form 27 for approval by COGCC environmental** Date: **04/08/2014**

COGCC Comments

Comment	User	Date
CORRECTIVE ACTION - Provide name of disposal facility(ies) for produced water reported on Form 10. Provide records such as manifest or truck tickets that document transport and disposal of the produced water by April 8, 2014	labowsks	04/01/2014
CORRECTIVE ACTION - Store containers/barrels/vessels holding anything other than fresh water on adequate spill prevention by April, 8 2014.	labowsks	04/01/2014
CORRECTIVE ACTION - Submit Form 27 with plan for pit closure and site remediation to COGCC environmental staff within 1 week no later than April 8, 2014. Pits need to be closed in accordance to 900 series Rules.	labowsks	04/01/2014
CORRECTIVE ACTION - Stop/minimize gear oil/lube oil releases and clean-up/remediate impacted soils around pumping units (particularly #2 well) in approved manner by April 16, 2014.	labowsks	04/01/2014

Attached Documents

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

Document Num	Description	URL
667700308	spill under lube oil tank	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3313047
667700309	open drilling pit, torn liner	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3313048

667700310	open pit, unlined	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3313049
667700311	barrels w/ fluid, inadequate spill prevention	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3313050
667700312	stuffing box leak, no bradenhead access, pit	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3313051
667700316	erosion off south end of pad	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3313052