

**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:
03/27/2014

Document Number:
667700305

Overall Inspection:

Violation

FIELD INSPECTION FORM

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

Operator Information:

OGCC Operator Number:	
Name of Operator:	<u>MARALEX RESOURCES, INC</u>
Address:	<u>P O BOX 338</u>
City:	<u>IGNACIO</u> State: <u>CO</u> Zip: <u>81137</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
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:	<u>SWSE</u>	Sec:	<u>35</u>	Twp:	<u>34N</u>	Range:	<u>7W</u>
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:

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

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