

**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:

08/11/2014

Document Number:

667700427

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|---------------|---------------|-------------------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | <u>275103</u> | <u>306898</u> | <u>LABOWSKIE, STEVE</u> | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 53255Name 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 |
|----------------|-----------------------------------|------------------------|-----------------|
| Azulai, Naomi | (970) 563-4000 | naomi@maralexinc.com | All Inspections |
| O'Hare, Mickey | (970) 563-4000/ (719) 429-3529 | amohare@maralexinc.com | President |

Compliance Summary:QtrQtr: SWNE Sec: 11 Twp: 33N Range: 7W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 08/01/2013 | 668200585 | PR | PR | ACTION REQUIRED | | | No |
| 06/07/2013 | 669400728 | PR | PR | VIOLATION | F | | Yes |
| 01/15/2013 | 669400391 | PR | PR | ACTION REQUIRED | | | No |
| 10/20/2008 | 200196991 | PR | PR | SATISFACTOR Y | | | No |
| 01/15/2008 | 200125834 | ID | SI | ACTION REQUIRED | | | Yes |

Inspector Comment:

Oil coating wellhead assembly, brown water pooled around wellhead with black oily material. Well was cited for similar releases during 6/7/13 inspection (doc# 669400728). Appears operator is using a practice of purging fluid from gas collection tubing onto ground through handled valve. Fluids must be discharged to a tank or vessel and can not be released onto ground.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|---------------------|-------------|-------------------------------------|
| 275103 | WELL | PR | 07/27/2011 | GW | 067-08998 | CORY JACK 33-7-11 2 | PR | <input checked="" type="checkbox"/> |

Equipment:Location Inventory

Inspector Name: LABOWSKIE, STEVE

| | | | |
|------------------------------|------------------------|---------------------|-------------------------|
| 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

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------------|------------------------------|-------------|-------------------|---------|
| OTHER | SATISFACTORY | rig anchors | | |
| WELLHEAD | SATISFACTORY | | | |
| CONTAINERS | SATISFACTORY | | | |

Emergency Contact Number (S/A/V): SATISFACTORY

Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|--------|------------------------------|--|--------------------|------------|
| WEEDS | SATISFACTORY | weeds appear to have been mowed recently | | |
| DEBRIS | ACTION REQUIRED | thread protectors observed in vegetation just off graveled area, old gloves by separator | remove items noted | 09/12/2014 |

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|----------|-----------|-----------|---|------------|
| Lube Oil | Pump Jack | <= 5 bbls | less than 1 bbl water, rod oil and black hydrocarbon looking material. Fix any leaks, clean up fluid and impacted soils. (see uploaded photo via link on attachment page). Stop practice of purging tubing onto ground. Clean up impacted soils, don't allow fluids to accumulate around wellhead (including precipitation) | 08/27/2014 |

☐ Multiple Spills and Releases?

Venting:

| Yes/No | Comment |
|--------|---------|
| | |

Flaring:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
| | | | | |

Predrill

Location ID: 275103

Site Preparation:

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

S/A/V: _____

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

Form 2A COAs:

S/A/V: _____ Comment: _____

CA: _____ Date: _____

Wildlife BMPs:

S/A/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: 275103 Type: WELL API Number: 067-08998 Status: PR Insp. Status: PR

Producing Well

Comment: PR

Environmental**Spills/Releases:**

Type of Spill: WATER Description: pool oil water wellhead Estimated Spill Volume: _____

Comment: less than 1 bbl standing fluid with black material, surrounding soils saturated

Corrective Action: stop purging fluid/produced water onto ground, clean up impacted soils Date: 09/01/2014

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? _____ CM **some small trash and debris observed**

CA _____ CA Date _____

Waste Material Onsite? _____ CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? _____ CM _____

CA _____ CA Date _____

Pit, cellars, rat holes and other bores closed? Pass CM _____

CA _____ CA Date _____

Guy line anchors removed? _____ CM _____

CA _____ CA Date _____

Guy line anchors marked? Pass CM _____

CA _____ CA Date _____

1003b. Area no longer in use? Pass Production areas stabilized ? Pass

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? Pass Subsidence over on drill pit? Pass

Cuttings management: _____

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? InProduction areas have been stabilized? Pass Segregated soils have been replaced? Pass**RESTORATION AND REVEGETATION**Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-CroplandTop soil replaced Pass Recontoured Pass 80% Revegetation In

1003 f. Weeds Noxious weeds? _____ P _____

Inspector Name: LABOWSKIE, STEVE

Comment: Weeds control has improved since last inspection. Presence of multiple weed species is still not desirable however, some weed species are also present on adjacent properties. Interim status changed from "fail" to "in process"

Overall Interim Reclamation In Process

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---|
| Compaction | Pass | | | | | |
| Gravel | Pass | Compaction | Pass | MHSP | Pass | Note: spill container needs wildlife screen |

S/A/V: SATISFACTOR _____ Corrective Date: _____

Y

Comment: _____

CA: _____

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 |
|--------------|---|---|
| 667700435 | leak and accunmulation of fluid/oil at wellhead | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3410284 |