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Maralex Resources Inc., Katie Eileen 34-7-35 #2 Pit Closure, SWSE Section 35 T34N R7W, N PM, La Plata County, Colorado, Form 27 Conditions of Approval (COAs)

Conditions of Approval:

Conditionally approved, however, additional information or activities may be required during the course of remediation. Specifically, the following guidance, revised from Document #2141843, dated 10/3/14 shall be adhered to as COAs. Work shall be commenced no later than 30 days following receipt of these COAs as documented by certified mail receipt.

PIT

1. Remove fluids, if any, from the pit within 30 days following receipt of these COAs. Documentation of the volume of fluids disposed and location(s) of disposal must be provided to COGCC within 30 days of completion of fluids removal. If no fluids are mechanically removed due to evaporation or consumption by livestock, it shall be so noted on the Remediation Project final report.
2. Provide a summary of past use and current use of the Pit Facility. The report shall include construction date, size and intended use, actual use including dates of discharge into pit, contents of pit, removal or remediation of pit, date of discontinued use of pit for oil and gas purposes, any deed or title information indicating a transfer of ownership or responsibility for the pit.
3. An adequate number of discrete samples shall be collected to characterize the contents of the pit. Waste characterization samples shall be collected from multiple depths (at a minimum near surface and near total depth) within the pit and multiple areas within the pit footprint. Exploration and production (E&P) Waste with constituents in excess of Table 910-1 standards shall not be allowed to remain in the pit. E&P Waste of any kind shall not be transported off site for beneficial use elsewhere without prior approval of a Waste Management Plan per Rule 907.c.
4. Complete a sensitive area determination in accordance with COGCC Rule 901.e At a minimum, the sensitive area determination shall address:
 - Depth to shallow groundwater in the immediate vicinity of the facility;
 - Topography of the area;
 - Vegetation type in the area, noting hydrophytic vegetation that would suggest the presence of surface water flow for sustained periods;
 - Surface water features/Waters of the State/Surface Water Supply Areas within 0.25 miles;
 - Seeps or springs;
 - Intermittent drainages;
 - Water wells within 0.25 miles, including details of well use (domestic, public water supply, irrigation, etc.) and depths to water;
 - Wetlands determination (USGS and NWI);

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- Storm Water run on/run off analysis (potential for pit overflow due to precipitation, causing impacts to nearby drainages or surface water bodies);
- Underlying soil type and hydraulic conductivity;
- Local geologic features such as the presence of fractures, clay lenses, etc, underlying the facility;
- Underlying unconfined aquifer or recharge zone; and
- Flood zone (determine if facility is within 100 year floodplain);
- Additionally a restricted surface occupancy area determination should be made, and a determination of sensitive wildlife habitats, endangered species, and potential for the presence of migratory routes should be made.

If impacts to soil, groundwater, or surface water are identified through this process, a supplemental Form 27 shall be submitted with a plan to fully investigate and remediate the impacts.

5. As indicated on the Form 27 submitted on December 9, 2014, discrete soil samples shall be collected from the bottom and along the sidewalls of the pit in native material to demonstrate that no impact from the pit occurred or to adequately characterize if an impact has occurred. Composite samples will NOT be accepted for this purpose. Samples shall be analyzed for the constituents listed in Table 910-1. All sample locations shall be documented and provided to COGCC in the Remediation Project final report.

6. Notify the COGCC at least 48 hours,, but no more than 96 hours, prior to removal of the pit liner(s), sampling, investigation, and remedial activities. Notifications shall be made to Alex Fischer (alex.fischer@state.co.us 303-894-2100 x5138) and Jim Hughes (jimo.hughes@state.co.us 970-903-4072) by email or phone.

7. E&P Waste that exceeds table 910-1 standards and that will be managed or treated onsite, shall be managed in an area with perimeter berming to prevent stormwater run-on and run-off, on an impermeable liner, and shall be protected from dust generation. Land treatment of E&P waste shall be conducted only within the boundaries of the Oil and Gas Location without the express written consent of the surface owner.

8. The operator shall submit a Remediation Project final report documenting completion of the remediation project as conditionally approved herein within 90 days of completion. The report shall fully document compliance with applicable COGCC Rules and these COAs.

9. The Form 27 is conditionally approved; however, additional information or activities may be required during the course of closure and/or remediation.

Comments:

Conditional approval of this Work Plan does not grant a variance allowing the Operator use of the pit for livestock watering.

Based upon the results of the completed investigations and remediation, if necessary, the Operator may file for a variance in accordance with 502.b. for final pit closure, interim reclamation and final reclamation as necessary for the surface owner to maintain the pit for uses other than oil and gas related activities.