

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:
08/17/2015

Document Number:
667700681

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>224405</u>	<u>313544</u>	<u>LABOWSKIE, STEVE</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>56680</u>
Name of Operator:	<u>MERRION OIL & GAS CORP</u>
Address:	<u>610 REILLY AVENUE</u>
City:	<u>FARMINGTON</u> State: <u>NM</u> Zip: <u>87401</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
Fischer, Alex		alex.fischer@state.co.us	
Ash, Margaret		margaret.ash@state.co.us	
Andrews, Dave		david.andrews@state.co.us	
Ferrin, Jeremy		jeremy.ferrin@state.co.us	
Weems, Mark		mark.weems@state.co.us	
Thompson, Philana	(505) 324-5300	pthompson@merrion.bz	
Hughes, Jim		jimo.hughes@state.co.us	

Compliance Summary:

QtrQtr: SWSE Sec: 25 Twp: 39N Range: 19W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
12/09/2014	674601297	PR	PR	ACTION REQUIRED			No
10/18/2012	668200227	PR	PR	SATISFACTORY			No
04/16/2012	664000479	PR	PR	ACTION REQUIRED	P		No
03/02/1999	500155176	PR	PR			Pass	No

Inspector Comment:

Southwest Field Inspection Supervisor observed and documented gas release during plunger lift blowdown to open top tank. 1 minute infra-red video of blowdown uploaded to database and is available through link on attachment page. Inspection staff has concerns about the volume, scale and duration of this type of operation. Footage shows release carried off site by wind and over fired equipment. There is potential for this activity to be in violation of Rule 912 and CDPHE air regulations in addition to being a unattended and potentially unsafe and recurring condition. Site conditions from overspray of hydrocarbons documented in previous inspections have either not been addressed or have re-occured. Rule 906.b requires operator to determine cause of releases and prevent them from recurring. Plunger lift unloads to tank approx. once per hour. Tank continues to volatalize gas into atmosphere inbetween blowdowns. Staff is consulting with other agencies and operator will be notified if it is determined that violations in relation to venting/gas release are occuring. Operator has been reporting gas sold, used and flared.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
224405	WELL	PR	08/04/2003	OW	083-06470	LANIER FARMS 34-25 1	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 Motors: _____	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/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY			

Signs/Marker:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY			
TANK LABELS/PLACARDS	SATISFACTORY			

Emergency Contact Number (S/A/V): SATISFACTORY Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
UNUSED EQUIPMENT	SATISFACTORY	corrective action performed (frac tank removed)		
UNUSED EQUIPMENT	SATISFACTORY	corrective action performed (tubing removed)		

Spills:

Type	Area	Volume	Corrective action	CA Date
Crude Oil	Tank	<= 5 bbls	corrective action not performed or hydrocarbon release has re-occured. Clean up overspray impacted soils, determine cause and prevent impacted soils from reoccurring.	02/16/2015
Crude Oil	WELLHEAD	<= 5 bbls	New corrective action. Stop release at plunger and clean up crude oil/oil stained soils and prevent release from re-occurring.	09/21/2015

Multiple Spills and Releases?

Fencing/:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WELLHEAD	SATISFACTORY			
TANK BATTERY	SATISFACTORY			

Equipment:					
Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Plunger Lift	1	ACTION REQUIRED		stop crude oil leak, prevent form re-occurring	09/21/2015

Venting:	
Yes/No	Comment
YES	unapproved venting from open top tank is potentially excessive, unsafe and in violation of COGCC and CDPHE regulations.

Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 224405

Site Preparation:

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

S/AV: _____

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

Form 2A COAs:

S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

S/AV: _____ **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: 224405 Type: WELL API Number: 083-06470 Status: PR Insp. Status: PR

Producing Well

Comment: PR

Environmental

Spills/Releases:

Type of Spill: OIL Description: overspray from open tank Estimated Spill Volume: _____

Comment: well cited for same conditions 12/9/14 Doc#674601297

Corrective Action: clean up impacted soils and coated stairs/tank, determine cause and prevent recurrence. Date: 02/16/2015

Reportable: NO 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 _____

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? _____ CM _____

CA _____ CA Date _____

Guy line anchors removed? _____ CM _____

CA _____ CA Date _____

Guy line anchors marked? _____ CM _____

CA _____ CA Date _____

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

1003c. Compacted areas have been cross ripped? _____
 1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____
 Cuttings management: _____
 1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? _____
 Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation _____

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
Berms	Pass					
Compaction	Pass	Compaction	Pass			

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

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Demonstrate compliance with COGCC Rule 912 and explain to COGCC staff why gas released from open top tank is not being collected and then either sold or destructed.	labowsks	08/21/2015
Productions reports and FLIR video are being referred to CDPHE ACQD to determine if any violations to CDPHE air regulations have occurred.	labowsks	08/21/2015

Attached Documents

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

Document Num	Description	URL
667700682	FLIR GF-320 footage of 1 minute of 10 min release	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667235
667700683	film of crude oil on stairs due to overspray from venting tank	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667236
667700684	stained soils and crude oil coated plunger	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667237
667700685	crude oil coated blowdown tank and oily soils from overspray	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667238
667700686	oily/stained soils in berms from overspray	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3667239

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)