

**FORM
INSP**

Rev
X/15

**State of Colorado
Oil and Gas Conservation Commission**

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Inspection Date:

09/11/2016

Submitted Date:

09/18/2016

Document Number:

675000011

FIELD INSPECTION FORM

Loc ID: 312484 Inspector Name: ANDREWS, DAVE On-Site Inspection: 2A Doc Num: _____

Status Summary:

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED

Operator Information:

OGCC Operator Number: 53255
Name of Operator: MARALEX RESOURCES, INC
Address: P O BOX 338
City: IGNACIO State: CO Zip: 81137

Findings:

- 9 Number of Comments
- 2 Number of Corrective Actions
- Corrective Action Response Requested

Contact Information:

Contact Name	Phone	Email	Comment
Graves, Jim	970-858-8550	mrinc20@qwestoffice.net	Operations Manager
Kellerby, Shaun		shaun.kellerby@state.co.us	COGCC Field Inspection Supervisor
Conklin, Curtis		curtis.conklin@state.co.us	COGCC Field Inspector
O'Hare, Mickey	(970) 563-4000/ (719) 429-3529	amohare@maralexinc.com	All Inspections
Tahmahkera, Kerry		MaralexTech@gmail.com	Production Technician

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
221752	WELL	SI	11/24/1982	GW	077-08354	KNOX 19-1	TA

General Comment:

Engineering Complaint Response related to well operations: Received a call from an offset landowner the evening of 9/9/2016, concerned about an on-going workover operation in preparation for an MIT. Landowner indicated that an MIT had failed. Advised landowner that MIT had been delayed and that approval is not required for some workovers. Advised landowner that cement operations or casing repairs require prior COGCC approval. COGCC mineral owner map showed well as Federal. Called landowner on 9/10/2016 to update progress of COGCC file review. Called BLM on 9/11/2016 for confirmation of mineral ownership. BLM indicated that well is in a Federal unit but has Fee minerals. Recieved a call from the offset landowner on 9/11/2016, indicating that casing was being hauled to the location. COGCC visited location on 9/11/2016 to observe operations. Dave Andrews met with Jim Graves on location. Mr Graves indicated that the upper +/- 800 feet of production casing was being replaced and that a new cement bond log had been run. Mr Andrews informed Mr Graves that prior COGCC Engineering staff approval is required for casing repairs and cement operations. Mr Andrews requested copies of the daily reports for this operation and the cement bond log (emailed by Maralex staff later in the week with an update on 9/15/2016). This field inspection report entered on 9/18/2016 with no additional updates since 9/15/2016.

Location

Overall Good:

Emergency Contact Number:

Comment:

Corrective Action:

Date: _____

Overall Good:

Spills:

Type	Area	Volume		

In Containment: No

Comment:

Multiple Spills and Releases?

Venting:

Yes/No			
Comment:			
Corrective Action:		Date:	

Flaring:

Type		
Comment:		
Corrective Action:		Date:

Location Construction

Location ID: 221752

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

Comment: _____

Corrective Action: _____ Date: _____

Form 2A COAs:

Comment: _____

Corrective Action: _____ **Date:** _____

Wildlife BMPs:

Comment: _____

Corrective Action: _____ **Date:** _____

Comment: _____

Corrective Action: _____ **Date:** _____

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:

Inspected Facilities

Facility ID: 221752 Type: WELL API Number: 077-08354 Status: SI Insp. Status: TA

Complaint

Comment: Concern from offset landowner regarding operations (access through the offset landowner's property is required to get to the pad). No formal complaint filed, but landowner concerned with casing integrity and on-going operations that commenced earlier in the month.

Corrective Action: Required Daily Reports for this operation (submitted by operator through 9/15/2016 as of 9/16/2015).

Date: 09/16/2016

Workover

Comment: Mr. Graves indicated that operator was replacing +/- 800 feet of production casing.

After COGCC Engineering review of Daily Reports: MIRU 9/1/2016; Set RBP at 5814' and "determined that well has bad casing from 830' to 450'" on 9/7/2016; Ran CBL and tested casing with packer to determine "casing tests good from surface to 450', casing fails from 450' to 510', casing tests good from 510' to 683', casing fails from 683' to 796' and casing tests good from 796' to RBP at 5814'" on 9/8/2016; Spotted 20' sand on top of RBP and cut production casing at 806' on 9/9/2016; Casing free on 9/10/2016 after working casing; Pulled 806' casing then tagged fill at 504' on 9/11/2016 (date of this COGCC Engineering field inspection); and working back in hole with new casing 9/12/2016 through 9/15/2016.

Estimated logger top of cement at 1230' (9/8/2016 log) - in Wasatch Formation.

Corrective Action: Required Daily Reports and cement bond log for this operation (submitted by operator through 9/15/2016 as of 9/16/2015).

Date: _____

Environmental

Spills/Releases:

Type of Spill: _____ Estimated Spill Volume: _____

Comment: _____

Corrective Action: _____ Date: _____

Reportable: _____ GPS: Lat _____ Long _____

Proximity to Surface Water: _____ Depth to Ground Water: _____

Water Well:

DWR Receipt Num: _____ Owner Name: _____ GPS : _____ Lat _____ Long _____

Field Parameters:

Sample Location: _____ Comment: _____

Spill/Remediation:

Comment: _____

Corrective Action: _____ Date: _____

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: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND SEGREGATION _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____

Comment _____

Corrective Action _____

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____

Comment _____

Corrective Action _____

Date _____

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

Comment _____

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment _____

Corrective Action _____

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 _____

1003e. INTERIM VEGETATION TRANSECT
 TRANSECT RESULTS OF DISTURBED AREA% _____
 TRANSECT RESULTS OF REFERENCE AREA% _____
 TOTAL % OF DESIRABLE VEGETATION COVER _____
 VEGETATIVE COVER _____

1003 f. Weeds Noxious weeds? _____

Comment

Corrective Action

Date _____

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 _____

1004.d. FINAL VEGETATION TRANSECT
 TRANSECT RESULTS OF DISTURBED AREA% _____
 TRANSECT RESULTS OF REFERENCE AREA% _____
 TOTAL % OF DESIRABLE VEGETATION COVER _____
 VEGETATIVE COVER _____

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

Comment:

Corrective Action:

Date: _____

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments		
Comment	User	Date
<p>Follow-up inspection required when ready for MIT after replacing upper 806 feet of production casing. Two other COGCC field inspections entered for field inspections on 9/12/2016 (#675203274) and 9/15/2016 (#675203275) after this field inspection report was generated. This engineering field inspection on 9/11/2016 was to contact operator and observe workover operations only. No other inspection activities performed.</p> <p>Summary of Operator Contacts with COGCC Field Inspector prior to this engineering field inspection:</p> <p>Original MIT Form 42 received 8/8/16 for 8/19/16 test. COGCC Field Inspector sent MIT response form that COGCC would witness. 8/15/16 received e-mail from production tech that Form 42 Update had been submitted to change MIT to 8/29/16. COGCC Field Inspector responded that he would not be able to witness that test on 8/29/16. 9/1/16 COGCC Field Inspector received Text and Voicemail from Jim Graves saying they were moving onto location. 9/2/16 COGCC Field Inspector received text from Jim Graves that operations had been suspended till after Labor Day holiday. 9/6/16 COGCC Field Inspector received e-mail about moving MIT to 9/8/16. COGCC Field Inspector responded that he would be there to witness. 9/7/16 COGCC Field Inspector received text from Jim Graves that they had discovered a casing leak. 9/8/16 COGCC Field Inspector spoke with Jim Graves on the phone at 5:04 pm to see if repairs had been made. He said he was working with his engineers to come up with solution, and postponed the MIT scheduled for 9/8/16 until repairs could be made.</p>	andrewd	09/18/2016