

**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:

11/09/2016

Submitted Date:

11/15/2016

Document Number:

671000486**FIELD INSPECTION FORM**
 Loc ID 322331 Inspector Name: LUJAN, CARLOS On-Site Inspection ☐ 2A Doc Num: _____
Operator Information:OGCC Operator Number: 53255Name of Operator: MARALEX RESOURCES, INCAddress: P O BOX 338City: IGNACIO State: CO Zip: 81137**Status Summary:**☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**10 Number of Comments1 Number of Corrective Actions☒ Corrective Action Response Requested**Contact Information:**

Contact Name	Phone	Email	Comment
Fischer, Alex		alex.fischer@state.co.us	Environmental Supervisor, NW
Byers, Jim		jbyers@blm.gov	BLM
Spencer, Stan		stan.spencer@state.co.us	EPS, NW Region
Lujan, Carlos		carlos.lujan@state.co.us	EPS, NW Region
Hartman, Bob		bhartman@blm.gov	BLM GJ Office
Tahmahkera, Kerry		MaralexTech@gmail.com	Production Technician
Graves, Jim	(970) 858-8550	mrinc20@qwestoffice.net	Operation Manager

General Comment:

On Site with Scott Stewart, from The High Lonesome Ranch, Bob hartman, James Byers, Greg Rios, and Stephen Garcia, from the BLM. Warm, sunny and dry.

Environmental inspection conducted on November 09, 2016 in response to a spill reported by Maralex (Form 19 doc #401142675, received 11/03/2016). According to the information provided by Greg Rios (BLM), who responded initially to the notification made by neighboring landowner, gas and fluid was coming out of the ground near the well head. In a subsequent visit, Bob Hartman from BLM and Jim Graves from Maralex observed that the flow stopped when a loose valve was closed. Apparently, the leak occurred underground, near the surface, due to a failing flow line. The leak was observed on the flowline that goes from the wellhead to the separator, very close to the wellhead. The bubbling and flow of fluid stopped immediately when Jim Graves closed the valve to the flowline.

At the time of the visit, mud (dry at the surface) with a hydrocarbon odor was observed around the well head. Vegetation in area of approximately 15 by 15 feet looked dry (or drying) due most likely to fluid that covered that area. A surface area approximately 20 by 20 feet appeared to have been impacted by the Spill/Release as noted by dry mud around the well head and drying vegetation. No liquid was observed at the time of the visit; no gas or fluid leaking was observed either.

A creek runs about 240 feet north of the pad. Surface flow from the Spill/Release did not appear to have reached the creek.

Vegetation has grown all over the pad. A fenced but not lined vegetated blow down pit was observed on the premises.

Environmental**Spills/Releases:**Type of Spill: PRODUCED WATER

Estimated Spill Volume: _____

Comment: Produced water and condensate spill. Corrective Actions: 1) Submit a Form 27 Site Assessment and Remediation Work Plan to investigate and remediate the impact within 14 days of Inspection submittal. Groundwater investigation will be required if the results of the investigation (depth of impact, type of soil, etc.) indicate a potential groundwater impact. 2) Per Rule 1003.b. close Pit Facility 111193 with an approved Form 27 Site Assessment and Remediation Work Plan. CA date will be 6 months from submitting the INSP report.

Corrective Action: 1) Submit a Form 27 Site Assessment and Remediation Work Plan to investigate and remediate the impact within 15 days of Inspection submittal. Groundwater investigation will be required if the results of the investigation (depth of impact, type of soil, etc.) indicate a potential groundwater impact. 2) Per Rule 1003.b. close Pit Facility 111193 with an approved Form 27 Site Assessment and Remediation Work Plan. CA date will be 6 months from submitting the INSP report.

Date: 11/30/2016Reportable: YES

GPS: Lat _____ Long _____

Proximity to Surface Water: 240

Depth to Ground Water: _____

Water Well:

Lat _____ Long _____

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

Field Parameters:

Sample Location: _____ Comment: _____

COGCC Comments

Comment	User	Date
<u>Corrective Action #1: Form 27 due November 30, 2016</u>	<u>lujanc</u>	<u>11/15/2016</u>
<u>Corrective Action #2: Close pit by May 15, 2017</u>		

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

Document Num	Description	URL
671000487	Wellhead and impacted soil	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4003366
671000488	Blow Down Pit	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4003367
671000489	Pit, Separator and Meter House	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4003368