

**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:

08/10/2017

Submitted Date:

08/15/2017

Document Number:

689100032**FIELD INSPECTION FORM**Loc ID _____ Inspector Name: _____ On-Site Inspection ☐
LUJAN, CARLOS 2A Doc Num: _____**Operator Information:**OGCC Operator Number: 10515Name of Operator: GUNNISON ENERGY LLCAddress: 1801 BROADWAY #1200City: DENVER State: CO Zip: 80202**Status Summary:**☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**11 Number of Comments1 Number of Corrective Actions☒ Corrective Action Response Requested**Contact Information:**

Contact Name	Phone	Email	Comment
Stranathan, Thane		tstranat@blm.gov	BLM, Montrose
Schlagenhauf, Mark		mark.schlagenhauf@state.co.us	Pipeline Integrity
Fischer, Alex		alex.fischer@state.co.us	Environmental Supervisor, NW
Spencer, Stan		stan.spencer@state.co.us	EPS, NW Region
Downey, Robert		robert.downey@oxbow.com	Gunnison Energy
McWilliams, Dan		dan.mcwilliams@oxbow.com	Gunnison Energy
Lujan, Carlos		carlos.lujan@state.co.us	EPS, NW Region
Lang, Heather		heather.lang@oxbow.com	Gunnison Energy

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
451553	SPILL OR RELEASE	AC	07/31/2017		-	Deadman Gulch Unit	EI

General Comment:

Environmental inspection conducted in response to spill reported by Gunnison Energy (doc #401358421 dated 07/28/2017). On site with Dan McWilliams, from GE, and Thane Stranathan, from BLM. Sunny and warm, around 78 oF. During a routine inspection, Gunnison personnel noted that a gate valve on pipeline riser had leaked for an unknown period of time. Dead grass was observed where saltwater periodically sprayed from valve.

The pipeline transports water pumped from the Deadman Gulch Unit (DGU) Hotchkiss Fed 1289 #20-12D (API # 051 06082) to injection wells. This well was drilled in the Mancos Formation. The riser is at the top of a hill, and pumping had been stopped, so there was no ongoing release at the time of discovery. According to GE personnel, the valve was cracked open. Valve was replaced and blocked. An area estimated to be approximately 4,000 sq feet (~ 20' x 200') was impacted. No soil erosion was observed. All vegetation including Sage Brush was dead (see photos) suggesting that the release had been ongoing for some time; most likely as a mist or slow release. GE personnel did not know when the release started. According to GE personnel, their environmental consultant had taken soil samples for analysis and will be reporting the results as well as a remediation plan.

Environmental**Spills/Releases:**

Type of Spill: PRODUCED WATER

Estimated Spill Volume: _____

Comment: Produced water may have hydrocarbons. Dead vegetation (including Sage Brush) suggests that release has been ongoing. No erosion was observed, suggesting that spill could have been a mist or slow flow that eventually impacted about 200 ft down the slope. In response to the initial Spill report, COGCC staff instructed GE to contact the Integrity group. As of today, GE has not complied with that requirement.

Corrective Action: 1) Submit a Form 27 Remediation Work Plan including analytical results from soil sampling event. Work Plan shall include a time line of activities, including remediation and reclamation. Work Plan shall comply with BLM requirements as well as COGCC; 2) Submit the analytical results of a produced water sample from the Deadman Gulch well; 3) Submit any information that operator has available concerning pipeline failure analysis, integrity/pressure testing, and any data concerning the root causes of the spill. Provide all pipeline integrity data to the COGCC Pipeline Supervisor, Mark Schlagenhauf, at (303) 894-2100 x5177 or mark.schlagenhauf@state.co.us

Date: 09/01/2017

Reportable: _____

GPS: Lat _____

Long _____

Proximity to Surface Water: _____

Depth to Ground Water: _____

Water Well Complaint:

DWR Receipt Num: _____

Owner Name: _____

GPS : _____

Lat _____

Long _____

Field Parameters:

Sample Location: _____

Comment: _____

COGCC Comments

Comment	User	Date
As of today, GE has not contacted the COGCC Pipeline Integrity Group.	lujanc	08/15/2017

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

Document Num	Description	URL
689100033	Riser that leaked. Water from recent rainfall.	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4227439
689100034	Dead Vegetation	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4227440
689100035	Extent of Impact	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4227441