

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
402180002

Date Received:
09/18/2019

FIR RESOLUTION FORM

Overall Status: FRQ

CA Summary:

6 of 6 CAs from the FIR responded to on this Form

0 CA Completed
6 Factual Review Request

OPERATOR INFORMATION

OGCC Operator Number: 10421
Name of Operator: PETROLEUM RESOURCE MANAGEMENT CORP.
Address: 1580 LINCOLN ST., STE 635
City: DENVER State: CO Zip: 80203

Contact Name and Telephone:
Name: _____
Phone: () _____ Fax: () _____
Email: _____

Additional Operator Contact:

Contact Name	Phone	Email
<u>Shepherd, Duncan</u>	<u>303-861-9480</u>	<u>petromgt@comcast.net</u>
<u>Obernolte, Rick</u>	<u>303-660-9633</u>	<u>rickobe1@aol.com</u>

COGCC INSPECTION SUMMARY:

FIR Document Number: 692401343
Inspection Date: 09/12/2019 FIR Submit Date: 09/16/2019 FIR Status: _____

Inspected Operator Information:

Company Name: PETROLEUM RESOURCE MANAGEMENT CORP. Company Number: 10421
Address: 1580 LINCOLN ST., STE 635
City: DENVER State: CO Zip: 80203

LOCATION - Location ID: 436485

Location Name: Duncan Ranch Number: 11-89-36 #3-4 County: _____
Qtrqtr: Lot 19 Sec: 36 Twp: 11N Range: 89W Meridian: 6
Latitude: 40.860331 Longitude: -107.325012

FACILITY - API Number: 05-081-00 Facility ID: 436485

Facility Name: Duncan Ranch Number: 11-89-36 #3-4
Qtrqtr: Lot 19 Sec: 36 Twp: 11N Range: 89W Meridian: 6
Latitude: 40.860331 Longitude: -107.325012

CORRECTIVE ACTIIONS:

1 CA# 130613

Corrective Action: Comply with Rule 603.f.; removing unused equipment within 30 days; Tanks have 90 days to be removed. Date: 10/16/2019

Response: FACTUAL REVIEW REQUEST

Basis for Review: Action requested was already completed prior to the inspection

Unfortunately there is no "Basis for Review" category to fit our situation and the recommendation by Margaret Ash was to choose the option statina "Action requested was alreadyv completed prior to the inspection." The facility

Operator Comment: is being constructed and there is no unused or discarded equipment on the location. Packing material (pallets, plastic and cardboard materials, etc.) and the old secondary containment liners are being accumulated for disposal at a permitted disposal facility. Once the remainder of the secondary containment liners are removed all of this liner material will be disposed at a permitted disposal facility. Construction started on August 8, 2019 and completion is planned for September 27, 2019. Bolton Construction, LLC is the contractor. The equipment is being stacked and unpacked on site as it arrives. It is being assembled following standard setup procedures for production of the WPU-36-1V-H2 well (05-081-07799-02).
Discussion of the photographs submitted by the COGCC inspector: Photograph #1 shows the well site sign and the overall layout of the temporary storage areas - tanks and equipment. Photographs #2 & 3 show the stabilized topsoil stockpile and vegetated slopes around the well pad. Photograph #4 shows some of the stored equipment with the stack of pallets and old tank battery lines that will be hauled away once construction is complete. Photo #5 shows some of the old storage tank liner that has been removed so far. It will be hauled to a permitted disposal facility at the end of construction. The catwalk and equipment in the background will be used in the new facility. Photo #6 shows more of the stockpiled equipment with the plastic wrap and containers that housed some of it which will be hauled to a permitted disposal facility. Photo#7 shows the tubing that was used in the old tank battery and will be used again for the overhead tank vent lines. Photo#8 shows the wellhead; please note the lack of any visible oil sheen. All oil drippings are cleaned up and disposed at a permitted disposal facility as a part of the operator's regular housekeeping efforts. Photo #9 shows the old tank battery used for testing the well earlier this year. The oil staining is contained by an impermeable barrier and has been cleaned up since the inspection. Photos # 10 and 11 show some rutting on the well pad surface caused by the heavy machinery moving the equipment around.
There are 8 new storage tanks and 3 existing storage tanks on site for the new production facility. Additional production equipment includes an enclosed flare/combustor stack, a gas meter, a scrubber separator, a heater-treater, fluid-water knock out unit, tubing for overhead vapor recovery lines, valves and controls, and the equipment pallets and packing materials. A facilities layout plat has been attached to this FIRR for reference.

COGCC Decision: **Not Approved**

COGCC Representative: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

COGCC Supervisor: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

2  CA# 130614

Corrective Action: Comply with Rule 603.f .

Date: 09/26/2019

Response: FACTUAL REVIEW REQUEST

Basis for Review: Action requested was already completed prior to the inspection

Operator Comment: The facility is being constructed; please see comments for CA#1. There is no unused, discarded equipment on the location. Construction started on August 8, 2019 and completion is planned for September 27, 2019. Bolton Construction, LLC is the contractor. The equipment is being stacked on site as it arrives and is being assembled following standard setup procedures for production of the WPU-36-1V-H2 well (05-081-07799-02).

COGCC Decision: **Not Approved**

COGCC Representative: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

COGCC Supervisor: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

3  CA# 130615

Corrective Action: Comply with Rule 603.f.
Securely fasten all valves, pipes, and fittings to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 605.d. Control and contain spills/releases and clean up per Rule 906.a. Properly treat or dispose of oily waste in accordance with 907.e.

Date: 10/16/2019

Response: FACTUAL REVIEW REQUEST

Basis for Review: Action requested was already completed prior to the inspection

What appears to be stained soil at the wellhead does not contain an oil sheen. The surface around the wellhead is actually a dark gray subsoil. Any stained soils are regularly removed by the operator and disposed at a

Operator Comment: permitted facility. All valves, pipes, and fittings have been secured and inspected at regular intervals and maintained in good mechanical condition per Rule 605.d. Minor leaks/spills are contained, cleaned up, and oily wastes are properly disposed in accordance with 907.e as they occur.

COGCC Decision: **Not Approved**

COGCC Representative: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

COGCC Supervisor: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

4  CA# 130616

Corrective Action: Comply with Rule 603.f .
Securely fasten all valves, pipes, and fittings to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 605.d. Control and contain spills/releases and clean up per Rule 906.a. Properly treat or dispose of oily waste in accordance with 907.e

Date: 09/26/2019

Response: FACTUAL REVIEW REQUEST

Basis for Review: Action requested was already completed prior to the inspection

Operator Comment: The facility is being constructed; please see comments for CA#1. There are no decommissioned tanks or equipment on the site. The site is undergoing extensive construction. The tanks and equipment are being gathered and assembled on the well pad as they are received for construction of the production facilities. The staining as seen in photo #9 is contained and is being cleaned up as a normal part of the housekeeping measures as these three existing tanks are transitioned from the old facility and readied for the new facility.

COGCC Decision: **Not Approved**

COGCC Representative: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

COGCC Supervisor: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

5  CA# 130617

Corrective Action: Reclaim Location for Interim Reclamation per COGCC 1003 Series Rules; installing Reclamation in areas no longer needed for Use, Production. Install appropriate BMPs to Stabilize Areas until Vegetation establishes.

Date: 06/01/2020

Response: FACTUAL REVIEW REQUEST

Basis for Review: Action requested was already completed prior to the inspection

Operator Comment: The facility is being constructed; please see comments for CA#1. COGCC Rule 1003b states that interim reclamation of areas not needed for production operations must be commenced within 12 months. The well pad is currently undergoing construction for installation of the production facilities. No disturbance has occurred outside of the Form 2A disturbance limits. The cut and fill slopes are vegetated, remain stabilized, and have erosion control features that are regularly inspected and repaired as needed. The annual weed control program consists of an early summer/late spring herbicide application (done in June after the snow melt) and a late summer/early fall herbicide application (applied after the first freeze for maximum effect). The early application is responsible for the dead/stressed weeds observed in the photographs.

COGCC Decision: **Not Approved**

COGCC Representative: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

COGCC Supervisor: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

6  CA# 130618

Corrective Action: Monitor Pad Conditions; installing or repairing required BMPs per Rule 1002 f.

Date: 09/30/2019

Response: FACTUAL REVIEW REQUEST

Basis for Review: Action requested was already completed prior to the inspection

Operator Comment: The facility is being constructed; please see comments for CA#1. The production facility is being constructed and equipment/supplies are arriving almost daily. The heavy equipment is preparing the location of the tank batteries and moving the vessels and tanks to their temporary storage location on the well pad. All "degradation" is limited to the interior surface of the well pad within the intact storm water containment structures as seen in photos #1-3 and 10-11. The well site is inspected and monitored regularly by local field personnel and all potential issues are addressed immediately.

COGCC Decision: **Not Approved**

COGCC Representative: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

COGCC Supervisor: Staff has reviewed the Inspection and determined that the corrective actions given were legitimate and require the completion of corrective actions to bring the location into compliance.

OPERATOR COMMENT AND SUBMITTAL

Comment: A proposed facility layout diagram is attached to this FIRR. An as-built facility plat will be prepared and submitted once the facility construction is complete.

Thank you for this opportunity to discuss the inspection report and to present our explanation of the perceived corrective actions.

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name: Rick Obernolte

Signed: _____

Title: Agent

Date: 9/18/2019 4:50:12 PM

ATTACHMENT LIST

View Attachments in Imaged Documents on COGCC website (<http://ogccweblink.state.co.us/>) - Search by Document Number.

<u>Document Number</u>	<u>Description</u>
402180002	FIR RESOLUTION SUBMITTED
402181470	Proposed facility layout diagram

Total Attach: 2 Files