

**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:

05/17/2019

Submitted Date:

05/22/2019

Document Number:

687904796

FIELD INSPECTION FORM
 Loc ID 333566 Inspector Name: Stewart, Joseph On-Site Inspection ☐ 2A Doc Num:
Operator Information:

OGCC Operator Number: 53255

Name of Operator: MARALEX RESOURCES INC

Address: P O BOX 338

City: IGNACIO State: CO Zip: 81137

Status Summary:☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**

24 Number of Comments

18 Number of Corrective Actions

☒ Corrective Action Response Requested**ANY CORRECTIVE ACTION(S) FROM
PREVIOUS INSPECTIONS THAT HAVE NOT
BEEN ADDRESSED ARE STILL APPLICABLE****Contact Information:**

Contact Name	Phone	Email	Comment
Hughes, Jim		jimo.hughes@state.co.us	
,	970-563-4000	maralextech@gmail.com	All Inspections
Labowskie, Steve		steve.labowskie@state.co.us	
Ferrin, Jeremy		jeremy.ferrin@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
429650	GAS COMPRESSO R STATION	AC	07/23/2012		-	SHELHAMMER COMPRESSOR	IO

General Comment:

This is an inspection of the gathering compression facility located at the SHELHAMMER 1 location (API: 05-067-06537) This inspection does not alleviate prior corrective actions that have not been completed according to prior inspection document# 667700035 and also document# 674901102. Please see attached and numbered photo documentation of facility and equipment. Site was also visited on 5/14/19 with operator representative and other COGCC staff. Also see reclamation inspection. Operator stated compressor was removed and gathering is now operated by Red Cedar. Tank battery will remain. Former compressor operating area is required to be remediated and reclaimed.

Location				
Overall Good: <input type="checkbox"/>				
Signs/Marker:				
Type	TANK LABELS/PLACARDS			
Comment:	Placards posted, tank information hand written on tank wall.			
Corrective Action:			Date:	
Type	OTHER			
Comment:	Missing facility identification sign for tank battery.			
Corrective Action:	Install sign for tank battery per Rule 210.b.			Date: 06/22/2019
Emergency Contact Number:				
Comment:	Remote tank battery requires contact information.			
Corrective Action:				Date: _____
Good Housekeeping:				
Type	TRASH			
Comment:	PVC tubing by steel barrels, used CGI gaskets underneath equipment, used soaker pads around equipment, 5 gallon plastic buckets, used process filters on separator pit, hose laying by dehydrator, unservicable parts. See photo# 1,3,8,9,11,12,14,15,			
Corrective Action:	Remove trash and dispose of properly per Rule 603.f.			Date: 06/01/2019
Type	UNUSED EQUIPMENT			
Comment:	Disconnected piping from dehydrator,separator and process filter, disconnected gas cooler and hoses, unused catwalks and stairs, unused lube oil storage tank, unused glycol pump and unused filters in meter house, unused 55 gallon barrels with no labeling and not sitting on spill prevention, unused drip pans, unused bulk lube oil storage tank and unused chemical injection pump and tank, are all not in use. See photo # 1,2,4,6,7,8,9,10,11,17,20,21,22,23,24			
Corrective Action:	Remove unused equipment from location per Rule 603.f.			Date: 06/22/2019
Type	UNUSED EQUIPMENT			
Comment:	Catch pans under dehydrator have oily waste and trash in them. Equipment is unused and does not appear to be needed for future operations and has CA for removal. See photo #5,13			
Corrective Action:	Remove unused equipment per Rule 603.f.			Date: 06/01/2019
Type	WEEDS			
Comment:	Weeds have become overgrown along interior walls of compressor sound panels, also overgrown with dead foliage that has been caught up in used equipment around outside of sound walls and weeds are growing around fired separator equipment. See photo # 3,4,15,22,23,24			
Corrective Action:	Control weeds per Rule 603.f.			Date: 06/01/2019
Overall Good: <input type="checkbox"/>				
Spills:				
Type	Area	Volume		
Other	Tank	<= 1 bbl		
Comment:	Approx. 4' x 8' spill around separator buried vessel. See photo #14			
Corrective Action:	Clean up spill/release and dispose of properly per Rule 906.a. Contact COGCC EPS staff.			Date: 06/01/2019
Glycol	Separator	<= 1 bbl		
Comment:	Approx. 8' x 10' area underneath glycol process filters with disconnected piping that is leaking. Area has stained soil and gravel with slight pooling of liquids. See photo # 7,8,9,			

Corrective Action:	Control, contain and clean up spill/release per Rule 907.a. Remove free fluids and contact COGCC EPS staff.			Date:	05/24/2019
Other		<= 1 bbl			
Comment:	Approx 2' x 2' area below lube oil storage tank that is currently unused equipment. Tank valve is leaking to ground and not into secondary containment. Approx. 4' x 4' below dehydrator with stained gravel/soil under catch pans. See photo #5,13				
Corrective Action:	Clean up spill/release per Rule 906.a. Contact COGCC EPS staff.			Date:	06/01/2019
In Containment:	No				
Comment:	Multiple spills and releases. Open ended piping with rags stuffed in them to prevent leakage is inadequate. See photo # 9,8				
<input checked="" type="checkbox"/> Multiple Spills and Releases?					
Equipment:					corrective date
Type: Horizontal Heated Separator	# 1				
Comment:	Separator is disconnected from process equipment and piping and is unused equipment. See photo # 1,7,10,11				
Corrective Action:	Remove unused equipment per Rule 603.f.			Date:	06/22/2019
Type: Flow Line	# 12				
Comment:	Station inlet flowline is closed and bypassed. Disconnected piping between station inlet and outlet shows facility cannot operate in current condition. Station outlet piping is closed. No LOTO on any valves or equipment. This is a safety hazard if valves accidentally get opened.				
Corrective Action:	LOTO unused flowline risers and remove unused flowline risers per Rule 603.f.			Date:	06/22/2019
Type: Dehydrator	# 1				
Comment:	Dehydrator unit is disconnected from process equipment and piping and is unused equipment. See photo #1,7,10,11				
Corrective Action:	Remove unused equipment per Rule 603.f.			Date:	06/22/2019
Type: Vertical Heated Separator	# 1				
Comment:	Heated separator on north side of facility has leaking valve on east side of separator. See photo #18				
Corrective Action:	Repair and maintain valves and fittings in good mechanical condition per Rule 605.d. Respond and investigate immediately and resolve leak within one week.			Date:	05/29/2019
Type: Bird Protectors	# 2				
Comment:	On separator and dehydrator stack.				
Corrective Action:				Date:	
Type: Gas Meter Run	# 1				
Comment:	Gas meter run is closed.				
Corrective Action:				Date:	
Type: Compressor	# 0				
Comment:	Compressor has been removed from facility. Inlet and outlet piping is not plugged or blinded with no current LOTO. Additionally, fuel gas supply valve has an audible leak and was also detected using FLIR camera. See photo #19 and additional FLIR camera data.				
Corrective Action:	Repair or replace valve to comply with Rule 605.d. and Maintain equipment to prevent failure or leakage per Rule 1102.i. Remove flowlines or portions of flowlines that will not be used in future operations. Respond and investigate immediately and resolve leak within one week.			Date:	05/29/2019
Tanks and Berms:					
Contents	#	Capacity	Type	Tank ID	SE GPS
PRODUCED WATER	1	<100 BBLS	PBV FIBERGLASS		,

Comment:	Dehydrator removed from service. Buried vessel no longer in use.				
Corrective Action:	Contact area EPS about removal and closure.				Date: 06/01/2019
Paint					
Condition					
Other (Content)					
Other (Capacity)					
Other (Type)					
Berms					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Earth	Adequate	Walls Sufficient	Base Sufficient	Inadequate	
Comment:	See comment is spill tab for Corrective Action.				
Corrective Action:	Spill in secondary containment. See comment in spill tab for Corrective Action.				Date: 06/01/2019
Contents	#	Capacity	Type	Tank ID	SE GPS
PRODUCED WATER	3	400 BBLs	STEEL AST		
Comment:	Tanks are not matching and poorly painted and can be seen from the road. See photo #25				
Corrective Action:	Paint tanks appropriate color per Rule 804.				Date: 06/22/2019
Paint					
Condition	Inadequate				
Other (Content)					
Other (Capacity)					
Other (Type)					
Berms					
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Earth	Inadequate	Walls Insufficient	Base Insufficient	Inadequate	
Comment:	Secondary containment capacity is inadequate. $50' \times 20' \times 1.5' = 1500 \text{sqft} \times 7.48 \text{gal/ft} = 11,220 \text{gal} / 42 \text{bbl} = 267.14 \text{bbl}$ This does not take into account additional volumes for stormwater event and does not include area of volume lost from the footprint of the other 2 tanks in the containment. Containment volume appears to be insufficient, increase containment volume, or demonstrate current volume is adequate. Weeds also growing on berms and within containment. See photo # 16,25,26				
Corrective Action:	Install or repair berm to comply with Rule 906.d.(1) and control weeds to comply with Rule 603.f.				Date: 06/22/2019
Venting:					
Yes/No	NO				
Comment:					
Corrective Action:					Date:
Flaring:					
Type					
Comment:					
Corrective Action:					Date:

Reclamation - Storm Water - Pit**Storm Water:**

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Compaction	Pass					
				Self Inspection	Fail	
Gravel	Pass					
				Material Handling And Spill Prevention	Fail	

Comment: Inadequate spill prevention for stored drums, buckets and barrels at facility with no MSDS or labeling. Open ended piping with rags stuffed in them to prevent leakage in inadequate. See summary and location tab under unused equipment for additional corrective action.

Corrective Action: Employ adequate spill response and self inspection BMP's.

Date: 06/01/2019

Pits: ☒ NO SURFACE INDICATION OF PIT

Attached Documents

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

Document Num	Description	URL
687904799	SHELHAMMER INSPECTION PHOTOS	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4829591
687904800	FLIR VIDEO OF GAS LEAK.	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4829592