

**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:

09/09/2019

Submitted Date:

09/09/2019

Document Number:

679705385**FIELD INSPECTION FORM**

Loc ID 314738 Inspector Name: Moran, Rick On-Site Inspection ☐ 2A Doc Num: _____

Operator Information:OGCC Operator Number: 10725Name of Operator: VALKYRIE OPERATING LLCAddress: 1600 STOUT STREET SUITE 1000City: DENVER State: CO Zip: 80202**Status Summary:**☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**17 Number of Comments10 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
Arauz, Steven		steven.arauza@state.co.us	
Dunham, Tyson	307-388-2290	tdunham@valkyrieoperating.com	All inspections
Kellerby, Shaun	970-712-1248	shaun.kellerby@state.co.us	
COGCC, Engineering	303-894-2100	dnr_cogccEngineering@state.co.us	
Heil, John		john.heil@state.co.us	
Pesicka, Conor	970-415-0789	conor.pesicka@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
229453	WELL	PR	10/01/2017	OW	103-07109	GOVT 1	PR

General Comment:

COGCC Inspection Report Summary.

On 9-9-2019 & 9-10-2019, inspector Rick Moran, conducted a routine inspection at Valkyrie Resouces well Government Hayes 1 in Rio Blanco county.

During this inspection the following compliance issues were observed:

- 1) Stained soil around well head covered with recent sand. Stained soil at crude oil tank valves. Stained soil at north corner of building. Photos 2, 3, 15, 16, 17. Complete by 10-11-2019.
- 2) "911" missing from well head & battery sign. Photos 4 & 14. Complete by 10-11-2019.
- 3) Chemical container label at pump jack not legible. Propane tank without label. Container at north corner of water building without label. Photos 5, 12, 23. Complete by 11-11-2019.
- 4) Open top tank berm has a 3 foot wide section on the northeast that is inadequate. Photo 8 & 9. Complete by 10-11-2019.
- 5) Crude tank berm height inadequate on SE & SW side. Photos 8 & 10. Complete by 10-11-2019.
- 6) Water tank berm height inadequate on the north side. Photos 8 & 11. Complete by 10-11-2019.
- 7) All tank labels at battery incomplete. Photo 13. Complete by 11-11-2019.
- 8) Battery sign incomplete. Photo 14. Complete by 10-11-2019.
- 9) Methanol tank without secondary containment. Photo 18. Complete by 10-11-2019.
- 10) Weeds on berms. Photo 11. Complete by 10-11-2019.

A follow up on this site inspection will be conducted to ensure the compliance issues have been corrected to comply with COGCC rules.

Note: One active produced water tank is breached on top with a net over the opening. The bermed areas are on slopes limiting the area for which fluid containment could occur.

This is a summary of inspection report 679705385.

Location

Overall Good: ☒

Signs/Marker:			
Type	BATTERY		
Comment:	Battery sign missing operator phone number & "911".		
Corrective Action:	Install sign to comply with Rule 210.b.	Date:	10/11/2019
Type	CONTAINERS		
Comment:	Container chemical label not legible. Propane tank without label.		
Corrective Action:	Install sign to comply with Rule 210.d.	Date:	11/11/2019
Type	TANK LABELS/PLACARDS		
Comment:	Each tanks label needs: name of operator, operators emergency contact telephone number, tank capacity, tank contents, and the NFPA label.		
Corrective Action:	Install sign to comply with Rule 210.d.	Date:	11/11/2019
Type	WELLHEAD		
Comment:			
Corrective Action:		Date:	

Emergency Contact Number:

Comment: "911" missing from well head sign and battery sign. (The central battery is located 0.2 miles from the pump jack.)

Corrective Action: Install sign to comply with Rule 210.b.

Date: 10/11/2019

Good Housekeeping:

Type	OTHER		
Comment:	Complete removal of weeds on berms. Some of the weeds were removed recently.		
Corrective Action:	Comply with Rule 603.f .	Date:	10/11/2019
Type	OTHER		
Comment:	Stained soil around well head covered with recent sand. Stained soil at crude oil tank valves. Stained soil at north side of water tank building.		
Corrective Action:	Properly treat or dispose of oily waste in accordance with 907.e.	Date:	10/11/2019

Overall Good: ☐**Spills:**

Type	Area	Volume		
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In Containment: No

Comment:

☐ Multiple Spills and Releases?**Equipment:**

Type: Horizontal Heated Separator	# 2		corrective date
Comment:			
Corrective Action:		Date:	

Type: Pump Jack	# 1	
Comment:		
Corrective Action:		Date:
Type: Bird Protectors	# 2	
Comment:		
Corrective Action:		Date:
Type: Other	# 3	
Comment:	Two equipment buildings. One header with 13 flow lines. Three of the flow lines are disconnected.	
Corrective Action:		Date:
Type: Ancillary equipment	# 6	
Comment:	At well a container of a chemical with secondary containment. At battery a container of propane. One container each of the following: industrial bactericide, combination inhibitor, scale inhibitor, and demulsifier all with secondary containment. At battery empty container of Methanol without secondary containment.	
Corrective Action:		Date:
Type: Deadman # & Marked	# 4	
Comment:		
Corrective Action:		Date:

Tanks and Berms:

Contents	#	Capacity	Type	Tank ID	SE GPS
CRUDE OIL	1	500 BBLs	Open Top		40.119000,-108.789810
Comment:	Blow down tank. Gas observed venting into the tank at the time of inspection.				
Corrective Action:					Date:

Paint

Condition	Adequate
Other (Content)	
Other (Capacity)	
Other (Type)	

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Earth	Inadequate			Inadequate	
Comment:	The northeast corner of berm located down the slope has an inadequate 3 foot wide low point.				
Corrective Action:	Repair or install berms or other secondary containment devices per Rule 605.a.(4).			Date: 10/11/2019	
Contents	#	Capacity	Type	Tank ID	SE GPS
PRODUCED WATER	2	300 BBLs	STEEL AST		40.119530,-108.790790

Comment:	<p>Tank on the south side has no visible continuous piping leading to it and appears to be out of service.</p> <p>Tank on the north side has a ruptured top with the opening covered with netting. Audible water movement is coming from the tank.</p> <p>Hydrocarbon odor detected coming from the ruptured tank.</p>	
Corrective Action:		Date:

Paint

Condition	Adequate
Other (Content)	
Other (Capacity)	
Other (Type)	

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Inadequate			Inadequate
Comment:	Berm on north side has an inadequate height. Berm needs raised 2 feet in that area. The current capacity is ~100 bbl. Photos 8 & 11.			
Corrective Action:	Repair or install berms or other secondary containment devices per Rule 605.a.(4).			Date: 10/11/2019

Contents	#	Capacity	Type	Tank ID	SE GPS
CRUDE OIL	3	500 BBLS	STEEL AST		40.118770,-108.790010
Comment:					
Corrective Action:					Date:

Paint

Condition	Adequate
Other (Content)	
Other (Capacity)	
Other (Type)	

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Inadequate			Inadequate
Comment:	Berm on south corner has an inadequate height. Berm needs raised 1 foot in that area. The current capacity is ~300 bbl. Photos 8 & 10.			
Corrective Action:	Repair or install berms or other secondary containment devices per Rule 605.a.(4).			Date: 10/11/2019

Venting:

Yes/No	NO
Comment:	
Corrective Action:	Date:

Flaring:

Type	
Comment:	
Corrective Action:	Date:

Inspected Facilities				
Facility ID: 229453	Type: WELL	API Number: 103-07109	Status: PR	Insp. Status: PR
Producing Well				
Comment:	Pump jack active at time of inspection.			
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
				Material Handling And Spill Prevention	Fail	

Comment: No apparent significant soil migration, erosion, or soil movement at well head.

At battery evidence of soil migration within location.

Methanol steel container without secondary containment.

Corrective Action: Install secondary containment devices per Rule 906.d.(1) for the Methanol steel barrel.

Date: 10/11/2019

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
679705388	inspection photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4934258