

**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:

10/23/2019

Submitted Date:

10/24/2019

Document Number:

679705793**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:13 Number of Comments5 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
Dunham, Tyson	307-388-2290	tdunham@valkyrieoperating.com	All inspections
Kellerby, Shaun	970-712-1248	shaun.kellerby@state.co.us	
Arauza, Steven		steven.arauza@state.co.us	
Heil, John		john.heil@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 10-23-2019 at approximately 11:30, inspector Rick Moran, conducted a follow up inspection at Valkyrie Operating well Government Hayes 1 in Rio Blanco county of FIR document 679705385.

The following compliance issues were resolved:

- 1) Stained soil around well head covered with recent sand. Stained soil at crude oil tank valves. Stained soil at north corner of building.
- 2) "911" missing from well head & battery sign.
- 3) Chemical container label at pump jack not legible. Propane tank without label. Container at north corner of water building without label.
- 4) Battery sign incomplete.
- 5) Methanol tank without secondary containment.
- 6) Weeds on berms.

The following compliance issues are uncompleted:

- 1) Open top tank berm has a 3 foot wide section on the northeast that is inadequate. Photos 9 & 12. Complete by 10-11-2019.
- 2) Crude tank berm height inadequate on SE & SW side. Photos 8 & 12. Complete by 10-11-2019.
- 3) Water tank berm height inadequate on the north side. Photos 10 & 12. Complete by 10-11-2019.
- 4) All tank labels at battery incomplete. Photo 11. Complete by 11-11-2019.

Additional compliance issues:

- 1) Replacement tank installed since prior inspection is leaking fluid. Photos 6 & 7. Complete by 11-24-2019.

Note: A notable volume of gas is venting into the blow down tank.

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

This is a summary of inspection report 679705793.

LocationOverall Good: ☒

Signs/Marker:			
Type	BATTERY		
Comment:			
Corrective Action:		Date:	
Type	CONTAINERS		
Comment:			
Corrective Action:		Date:	
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:	10/11/2019
Type	WELLHEAD		
Comment:			
Corrective Action:		Date:	

Emergency Contact Number:

Comment: 911

Corrective Action:

Date: _____

Overall Good: ☒

Spills:				
Type	Area	Volume		

In Containment: No

Comment:

☐ Multiple Spills and Releases?

Equipment:			corrective date
Type: Ancillary equipment	# 6		
Comment:	At well container of corrosion inhibitor with secondary containment. At battery a container of propane. One container each of the following: industrial bactericide, combination inhibitor, scale inhibitor, demulsifier, and methanol all with secondary containment.		
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: Bird Protectors	# 2		
Comment:			
Corrective Action:		Date:	
Type: Pump Jack	# 1		

Comment:		
Corrective Action:		Date:
Type: Deadman # & Marked	# 4	
Comment:		
Corrective Action:		Date:
Type: Horizontal Heated Separator	# 2	
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:					
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	FIBERGLASS AST		40.119530,-108.790790
Comment:	Ruptured tank replaced since the last inspection. The replacement tank is leaking fluid. A 10 foot square area on the ground is wet.				
Corrective Action:	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.				
				Date: 11/24/2019	

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.			
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:
<u>Paint</u>						
Condition	Adequate					
Other (Content)						
Other (Capacity)						
Other (Type)						
<u>Berms</u>						
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance		
Earth	Inadequate			Inadequate		
Comment:		Berm on south corner has an inadequate height. Berm needs raised 1 feet in that area. The current capacity is ~300 bbl.				
Corrective Action:		Repair or install berms or other secondary containment devices per Rule 605.a.(4).				Date: 10/11/2019
<u>Venting:</u>						
Yes/No						
Comment:		A notable volume of gas is venting into the blow down tank.				
Corrective Action:						Date:
<u>Flaring:</u>						
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 producing 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	Pass	

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

At battery evidence of soil migration within location.

Corrective Action:

Date: _____

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
402221249	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4972347
679705794	inspection photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4972335