

FORM
INSPRev
X/15State of Colorado
Oil and Gas Conservation Commission1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

Inspection Date:

01/08/2021

Submitted Date:

01/11/2021

Document Number:

690102238

FIELD INSPECTION FORM

 Loc ID _____ Inspector Name: _____ On-Site Inspection
 _____ Maclaren, Joe _____ 2A Doc Num: _____
Operator Information:
 OGCC Operator Number: 94300
 Name of Operator: WARD & SON* ALFRED
 Address: P O BOX 737
 City: OGALLALLA State: NE Zip: 69153
Status Summary:

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED

Findings:

- 3 Number of Comments
- 1 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 |
|--------------------|----------------|-------------------------------|---------|
| Ward, Randy | (308) 280-0100 | randy@wardoil.com | |
| Young, Rob | | rob.young@state.co.us | |
| Schlagenhauf, Mark | | mark.schlagenhauf@state.co.us | |
| Sherman, Susan | | susan.sherman@state.co.us | |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------------------|--------|-------------|------------|-----------|---------------|-------------|
| 233588 | WELL | PR | | OW | 121-05641 | PIERCE 1 | EG |
| 478817 | SPILL OR RELEASE | AC | 12/11/2020 | | - | Pierce 1 | EG |

General Comment:

COGCC engineering integrity inspection performed on January 8th, 2020 in response to initial form 19 spill report Doc #402549028 received on 12/08/2020 that outlines: Flowline ruptured or broke nearing the tank battery. Well shut in, vacuum trucks figured they recovered about 2 bbl oil Saturday late. Waiting for location to dry before attempting other work.

Corrective Actions identified during this field inspection are outlined in the flowline section of report. Photos uploaded.

Inspected Facilities

Facility ID: 233588 Type: WELL API Number: 121-05641 Status: PR Insp. Status: EG

Facility ID: 478817 Type: SPILL OR API Number: - Status: AC Insp. Status: EG

Flowline

| | | |
|----|---------------------|------------|
| #1 | Type: Non-Well Site | 1 of Lines |
|----|---------------------|------------|

Flowline Description

Flowline Type: Non-Well Site Size: 2" Material: Carbon Steel
 Variance: No Age: 20+ Yrs Contents: Multiphase

Integrity Summary

Failures: External Corrosion Spills: Yes Repairs Made:
 Coatings: Yes External H2S: No Cathodic Protection: No

Pressure Testing

Witnessed: Test Result: Charted:

COGCC Rules(check all that apply)

1101. Installation and Reclamation 1102. Operations, Maintenance, and Repair 1103. Abandonment

Comment: COGCC Integrity Inspection (flowline only) conducted on 1/08/2021. No Ward and Son personnel were on location at the time of inspection. The Pierce 1 well was observed shut in at wellhead (no OOSLAT/ see comments). An open trench excavation (~ 40' long) was observed approximately 900' NE of the Pierce 1 wellhead; between the well (SI) and treater at facility/ battery. (1) 2" OD carbon steel off location flowline (yellow jacket pipe) was observed exposed in the excavation. Significant external coating damage (cracks, disbonded coating) was present along the length of the exposed flowline. External corrosion due to damaged coating may have resulted in the flowline failure. No flowline repairs (or line replacements) have been completed by the operator at this time.

Note: A larger (4"- 8") black (tape wrapped) flowline/ pipeline was observed exposed at the NE end of the trench. This line trends in a NW-SE direction and crosses over the top of the Pierce 1 flowline. No line markers were observed; it is unclear if this is an active oil and gas pipeline and if damage occurred during excavation.

Corrective Action: Provide information requested below to COGCC Integrity Inspector (via email) and add to Corrective Actions section of COGCC supplemental form 19 spill report (pertaining to compliance of COGCC series 1100 flowline regulations):

- 1) Outline root cause of failure resulting in spill (1104.k. Integrity Failure Investigation/ operator determination)
- 2) Measures taken to prevent a recurrence of failure (1102.I Corrosion Control)
- 3) Description of flowline repair/replacement work completed (1102.j. Repair)
- 4) Perform flowline pressure testing to verify integrity of repairs/ reconnections completed prior to returning the Pierce 1 OLF to service (1102.j.4 and 1102.O). Contact COGCC Inspector with schedule of repair work and followup pressure testing. Upload flowline pressure testing chart/ data to COGCC Form 19 subsequent.
- 5) Provide details regarding black 4"-8" CS flowline/ pipeline exposed at the NE end of the excavation; Ownership, current use/ status and one call (811) record (inspector only).

Date: 02/15/2021

COGCC Comments

| Comment | User | Date |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|
| <p>COGCC rule 1102.o. Requirements for shut-in or out of service off-location flowline or crude oil transfer line for inspection.</p> <p>(1) For an active status off-location flowline or crude oil transfer line that has been shut-in, meaning that the line contains fluids associated with oil and gas operations, but is not flowing fluids, for more than 90 days, the operator must:</p> <p>A. Apply a tag out device to each riser associated with the line;</p> <p>B. Continue to comply with the integrity management requirements of Rule 1104;</p> <p>C. Pressure test the off-location flowline or crude oil transfer line in accordance with Rule 1104.h. before returning the line to operation</p> <p>D. Not less than 48 hours prior to pressure testing, submit notice with a Field Operations Notice, Form 42 – Notice of Return to Service, to the Director of the scheduled date for the pressure test to allow the Commission to inspect during the pressure test.</p> | maclarej | 01/11/2021 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 690102242 | Photo Log | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5327209 |