

**FORM
INSP**

Rev
X/20

**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:

05/13/2022

Submitted Date:

05/17/2022

Document Number:

699804508

FIELD INSPECTION FORM

Loc ID 322369 Inspector Name: De Paolo, Corey On-Site Inspection 2A Doc Num: _____

Status Summary:

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

Operator Information:

OGCC Operator Number: 53255
 Name of Operator: MARALEX RESOURCES INC
 Address: P O BOX 338
 City: IGNACIO State: CO Zip: 81137

Findings:

- 20 Number of Comments
- 12 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 |
|-----------------|-------|----------------------------|---------|
| Kellerby, Shaun | | shaun.kellerby@state.co.us | |
| Burger, Craig | | craig.burger@state.co.us | |
| Jordan, Reid | | maralextechjr@gmail.com | |
| Graves, Jim | | mrinc20@maralexinc.com | |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|------|--------|-------------|------------|-----------|-----------------|-------------|
| 210371 | WELL | TA | 07/01/2021 | GW | 045-06127 | RIFLE-BOULTON 1 | TA |

General Comment:

COGCC Inspection Report Summary

On Friday 5/13/22 at approximately 11:00 hours, I, Inspector Corey De Paolo, Conducted an on-site inspection at MARALEX RESOURCES INC RIFLE-BOULTON-67S91W /23NWNW. Location #322369 in Garfield County Colorado.

While there, I observed normal production operations.

During this inspection the following compliance issues were observed:

- 1) Information on battery sign inaccurate with a corrective action date of 6/13/22.
- 2) No wellhead sign located at the well head with a corrective action date of 6/13/22.
- 3) Local emergency contact number not posted with a corrective action date of 6/13/22.
- 4) Multiple trailers parked on location with a corrective action date of 6/13/22.
- 5) Multiple places with undesirable plant species encroaching on equipment with a corrective action date of 5/27/22.
- 6) Gas meter out of calibration with a corrective action date of 6/13/22.
- 7) Flowline improperly abandon with a corrective action date of 6/13/22.
- 8) Vent pipe on tank open ended with a corrective action date of 5/20/22.
- 9) Loadline open ended with a corrective action date of 5/20/22.
- 10) Secondary containment is not sufficiently impervious to contain spilled or released materials with a corrective action date of 6/13/22.
- 11) Last MIT performed 10/9/2014. No form 4 on record.
- 12) Natural gas from the bradenhead is being vented from the top of the tank. with a corrective action date of 5/18/22.

- Location is located in a high priority habitat area. Additionally the location is located approximately 150 yards from East Divide Creek. The nearest residence is approximately 200 yards from location.

A follow up on this site inspection needs to be conducted to ensure the Compliance issues have been corrected to comply with COGCC rules. This is a summary of inspection report.

| Location | | | |
|--|---|-----------------|------------|
| Overall Good: <input checked="" type="checkbox"/> | | | |
| Signs/Marker: | | | |
| Type | WELLHEAD | | |
| Comment: | No wellhead sign located at the well head. | | |
| Corrective Action: | A permanent sign will be conspicuously located at the wellhead. | Date: | 06/13/2022 |
| Type | BATTERY | | |
| Comment: | Information on battery sign inaccurate. | | |
| Corrective Action: | Within 60 days after the installation of a Tank battery, a permanent, conspicuous sign will provide the name of the Operator. | Date: | 06/13/2022 |
| Type | TANK LABELS/PLACARDS | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Emergency Contact Number: | | | |
| Comment: | Local emergency contact number not posted. | | |
| Corrective Action: | A permanent sign will be conspicuously located at the wellhead and will identify telephone number for local emergency services (911 where available). | Date: | 06/13/2022 |
| Good Housekeeping: | | | |
| Type | WEEDS | | |
| Comment: | Multiple places with undesirable plant species encroaching on equipment. | | |
| Corrective Action: | Oil and Gas Locations will be kept free of all Undesirable Plant Species. | Date: | 05/27/2022 |
| Type | STORAGE OF SUPL | | |
| Comment: | Multiple trailers parked on location. | | |
| Corrective Action: | The storage, placement, or maintenance of equipment, vehicles, trailers, commercial products, Chemicals, drums, totes, Containers, materials, and all other supplies not necessary for use on an Oil and Gas Locations is prohibited. | Date: | 06/13/2022 |
| Overall Good: <input type="checkbox"/> | | | |
| Spills: | | | |
| Type | Area | Volume | |
| In Containment: No | | | |
| Comment: | | | |
| <input type="checkbox"/> Multiple Spills and Releases? | | | |
| Fencing/: | | | |
| Type | TANK BATTERY | | |
| Comment: | Hog panels | | |
| Corrective Action: | | Date: | |
| Type | LOCATION | | |
| Comment: | Barbed wire fence around location. | | |
| Corrective Action: | | Date: | |
| Equipment: | | | |
| Type: Other | # 1 | corrective date | |
| Comment: | Vent pipe on tank open ended. | | |

| | | | | |
|---------------------|--|--|-------|------------|
| Corrective Action: | Operators will prevent and minimize adverse impacts to wildlife resources. | | Date: | 05/20/2022 |
| Type: Bradenhead | # 1 | | | |
| Comment: | The Bradenhead is connected to the tank with a one inch line. There is an in line regulator which has supply gas to it. The bradenhead is being vented to the tank through the line. | | | |
| Corrective Action: | | | Date: | |
| Type: Plunger Lift | # 1 | | | |
| Comment: | Well on plunger lift | | | |
| Corrective Action: | | | Date: | |
| Type: Gas Meter Run | # 1 | | | |
| Comment: | Gas meter out of calibration. | | | |
| Corrective Action: | Meters will be calibrated annually. | | Date: | 06/13/2022 |
| Type: Flow Line | # 1 | | | |
| Comment: | Flowline improperly abandon. | | | |
| Corrective Action: | Flowline risers will be cut 3' below grade. | | Date: | 06/13/2022 |
| Type: Bradenhead | # 1 | | | |
| Comment: | | | | |
| Corrective Action: | | | Date: | |
| Type: Other | # 1 | | | |
| Comment: | Loadline open ended. | | | |
| Corrective Action: | All loadlines will be bullplugged or capped. | | Date: | 05/20/2022 |

Tanks and Berms:

| Contents | # | Capacity | Type | Tank ID | SE GPS |
|--------------------|---|----------|-----------|---------|--------|
| CONDENSATE | 1 | 300 BBLS | STEEL AST | | |
| Comment: | Due to the stair case appearing to be unstable and the large amount of VOC coming from the top of the tank. The fluid level of the tank had to be approximated using a GFX320 FLIR camera. Based on the difference in two spot temperatures the tank appears to be about 1/3 full of fluid. | | | | |
| Corrective Action: | | | | | Date: |

Paint

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

Berms

| Type | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|--------------------|--|---------------------|---------------------|-------------|
| Metal | Adequate | Walls Insufficient | Base Insufficient | Inadequate |
| Comment: | Secondary containment is not sufficiently impervious to contain spilled or released materials. | | | |
| Corrective Action: | Operators will design, construct, and maintain secondary containment. | | Date: | 06/13/2022 |

Venting:

| | | |
|----------|--|--|
| Yes/No | | |
| Comment: | | |

| | | | |
|--------------------|--|-------|--|
| Corrective Action: | | Date: | |
|--------------------|--|-------|--|

Flaring:

| | | |
|--------------------|--|-------|
| Type | | |
| Comment: | | |
| Corrective Action: | | Date: |

Inspected Facilities

Facility ID: 210371 Type: WELL API Number: 045-06127 Status: TA Insp. Status: TA

Idle Well

Purpose: Shut In Temporarily Abandoned Reminder: _____

Comment: Last MIT performed 10/9/2014. No form 4 on record.

Corrective Action: A mechanical integrity test will be performed on each Temporarily Abandoned Well on 5 year intervals from the date of the initial mechanical integrity test was performed.

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 | | | | | | |
| | | Gravel | | | | |
| | | Berms | | | | |
| Berms | | | | | | |
| | | Ditches | | | | |
| Ditches | | | | | | |

Comment: Location is over grown with vegetation. Little to no BMP implementation was visible.

Corrective Action:

Date: _____

Pits: NO SURFACE INDICATION OF PIT

Optical Gas Imaging Survey

Survey Type: Routine

Current Operations: Production Workover Flowback Referred to APCD

GPS(entrance of location): Lat: 39.437740 Long: -107.528630

Wind: Light Speed: 5 (mph) Direction From: West Weather: Clear Temperature: 70 (F)

Assisting Staff: _____ Camera #: 2

Visible Smoke Referred to CDPHE

Times Surveyed

Equipment Surveyed

| Time Survey Start | AM/PM | Time Survey End | AM/PM | Equipment |
|-------------------|-------|-----------------|-------|---------------|
| 12:30 | PM | 13:30 | PM | Water Tank(s) |

Comment: Natural gas from the bradenhead is being vented from the top of the tank.

Corrective Action: Venting of natural gas is prohibited. Submit Form 4 for review and approval to vent or flare.

Date: 05/18/2022

COGCC Comments

| Comment | User | Date |
|---|----------|------------|
| <u>Refer to Signs/Markers,Equipment,OGIS and Related Facility for corrective actions.</u> | depaoloc | 05/17/2022 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|-----------------------------|---|
| 403052866 | INSPECTION SUBMITTED | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5756646 |
| 699804509 | Photos for Insp. #699804508 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5756642 |
| 699804510 | OGIS of Location #322369 | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5756643 |