

----- Forwarded message -----

From: **Guy, Kerry** <Guy.Kerry@epa.gov>

Date: Wed, May 29, 2013 at 4:36 PM

Subject: RE: Lone Pine final report draft

To: Steven Shute <pipeline@rof.net>

Cc: "Fischer - DNR, Alex" <alex.fischer@state.co.us>, "Morris, Brenda" <Morris.Brenda@epa.gov>

Steve:

Please find attached an inspection report regarding an inspection I completed on May 17th on the stockpiled petroleum contaminated soils located on the Lone Pine battery and treatment pad. I have included measures in the report which need to be carried out to prevent run-off from the piles entering Spring Gulch Creek. If you have any issues in completing the necessary actions outlined in the report, please contact me. These measures may already have been communicated to you by Alex Fischer from the COGCC. If you have any questions, please do not hesitate to give me a call. The actions outlined in the attached inspection report should be carried out as early as possible. These actions are necessary to prevent further release from the site from storm run-off and to ensure proper management of wastes derived from the response per the 311 (c) Order. As you have conferred to me, you expect that the waste piles will be addressed within several weeks by agreements with a purchaser in which the first actions of the purchase will involve bids for proper remediation (treatment or off-site disposal) of the stockpiles.

Kerry Guy

Emergency Response Program (8EPR-SA)

US EPA Region 8

1595 Wynkoop Street

Denver, CO 80202-1129

Cell: 303-808-3831

Office: 303-312-7288

From: Steven Shute [mailto:pipeline@rof.net]

Sent: Friday, April 26, 2013 8:54 AM

To: Guy, Kerry

Cc: Vernetta Mickey

Subject: Lone Pine final report draft

Kerry,

Clipped below is my first draft of the final report. Think I got all the elements in the 311.c. and as discussed.

Working on some photos and will run the final draft by our atty, but

is this roughly the form & content you're looking for? Any other topics to cover?

S

Steven Shute

970-928-9208

April 25, 2013

Kerry Guy,

Emergency Response Program (8EPR-SA)

US EPA Region 8

1595 Wynkoop Street
Denver, CO 80202-1129

Re: Lone Pine Oil Spill to Spring Gulch Creek

Dear Kerry,

Lone Pine submits its Final Report on the above-captioned spill as documented by US EPA's Order under CWA Section 311(c), executed May 5, 2012.

In the Order at Section V.16. titled Immediate Stabilization and Mitigation Actions, EPA compels Lone Pine to do 6 specific tasks. Lone Pine hereby details how it fulfilled those actions a. through d.

V.16.a. Contact Person was immediately identified as myself, Steven Shute.

V.16.b. Remediate oil and contaminated soils in the immediate vicinity. The oil spill was reported to us on December 23, 2011 by letter from Colorado Oil & Gas Conservation Commission. We responded within 2 hours and determined that oil was no longer spilling from the outlet weir of the production processing plant. There were oil-stained rocks below the weir and sheen visible at the first culvert on Spring Creek, but no visible evidence downstream of a major spill.

On March 31, 2012 as the snow cover was melting out, a local landowner reported that he could see oil sheen on Hell Creek through his property. COGCC and EPA inspected the riparian areas on April 5 and flagged several places with oily silt caught on creekside vegetation. Lone Pine removed all contaminated vegetation practical in these place on April 7-8.

EPA and COGCC returned on April 25-27 to walk the creeks and investigate in detail, and met with the Lone Pine operator and environmental associate. EPA followed this up May 4 with a detailed listing and maps of more contaminated areas. Lone Pine mobilized next day May 5 and cleaned these areas to the extent practical. EPA returned June 11 for further investigation.

Lone Pine responded in each case immediately, and remediated oil and vegetation and soils to the extent practical.

V.16.c. Notify USEPA of the amount of oil discharged. Upon notification of the apparent spill in December 2011, Lone Pine immediately checked road culverts downstream and found no evidence of a significant spill. We estimated about 1 bbl was released, but there was no way to determine the volume with heavy snow cover on the creeks and the passage of a week or more since the actual event.

After a meeting onsite with COGCC on January 7, 2012, Lone Pine filed a Form 19 for the December spill, and estimated 1 bbl. COGCC representatives did not believe the release exceeded its 5 bbl threshold for enhanced reporting and mitigation.

Lone Pine was notified by EPA on March 7 that the release was reportable to NRC. Lone Pine filed NRC report 1005125 the next day on March 8 and estimated the volume at 1 bbl.

As the snow cover melted and the oily vegetation and silt was found March 31, there was no evidence that the release was significantly more than 1 bbl. In a conference call April 27, the COGCC representative estimated the release could be 1 bbl or less, but was almost certainly not more than 5-10 bbl.

As detailed in an email to EPA dated 4/08/13, Lone Pine has no way to determine the amount released, but there is no evidence that the spill was significantly more than 1 bbl.

V.16.d. Perform water, soil and sediment samples. EPA and COGCC took extensive water, soil and sediment samples along Spring Creek and Hell Creek, as documented in the EPA Field Report dated Jul12.

Lone Pine takes numerous monthly samples on the effluent of the processing plant at the outlet weir below the 5 settling ponds. Lone Pine reports the results of these tests to Colorado Dept of Public Health & Environment (CDPHE) as required under the Surface Discharge Permit. Various tests are required, including monthly tests for Oil-Grease-Benzene hydrocarbons, sodium and other salts, iron and other metals, pH and quarterly live fish WET tests. The Lone Pine effluent did not exceed the CDPHE parameter for Oil & Grease or Benzene for any test taken after the Dec11 incident.

Unrelated to the Spring Creek incident, Lone Pine closed 3 pits in 2012 at the insistence of COGCC. Two of these pits were inconsequential, but the large Pit near the Plant had been the source of friction with COGCC over 40 years of use by 4 different operators. Excavation of this Pit revealed its liner was compromised in many places and made of permeable geotextile. Waste petroleum had seeped into the soil for several feet beyond the liner. More than 90% of the contamination was removed, but a small "donut" of contaminated soil could not be removed due to ground water.

Lone Pine stockpiled onsite about 2000 cubic yards of soil with varying levels of HC contamination from several cleanup projects. Most of the soil has low-level contamination and is not obviously oil-soaked or gives off the odor of petroleum. There are no pools of oil or water on the pile for wildlife to be affected. The pile was completely encircled with a berm or several lines of berms, with straw wattles on the last berm for secondary containment. Lone Pine has investigated several methods of soil remediation: land farming is not effective in the severe climate at 8200 ft elevation; thermal elimination may be feasible, but the decision may be made for expediency to landfill the material in one of two locations either 100 or 250 miles away. In any case, the soil will be removed in 2013.

At the direction of COGCC, Lone Pine drilled 4 monitor wells around the Pit and upper 3 settling Ponds, with 2 wells far up-gradient as ambient control wells. The 6 monitor wells will be sampled quarterly. The well nearest and down-

gradient from the Pit shows a few ppm of DRO and GRO; but no other wells have any sign of contamination.

V.16.e. Provide a plan with corrective actions to prevent future oil discharges. Lone Pine shut down the field in March-April 2012 and made extensive changes and improvements to the plant, as detailed in correspondence to COGCC and EPA ca May 1.

Lone Pine replaced the contract Operator with employees directly under our control. When the field started back up in April, we ran fewer wells (4 vs 15) and about 30-40% of the water production allowed under the surface discharge permit. Oil production was significantly reduced, but the Plant ran better and there were no further incidents of oil out the weir.

In addition to the changes made to the plant and operations, Lone Pine has worked through 2012 to find a suitable buyer for the field. Lone Pine has signed a Letter of Intent and is in final negotiations on a Purchase and Sale Agreement (PSA) to sell the Spaulding field. Closing is expected by June 1.

The Buyer is an experienced Colorado producer that plans to cease surface discharge of produced water into Spring Creek, and instead to inject the water back into the producing formation. The CDPHE parameters for surface discharge changed on April 1, 2013 to several criteria that Lone Pine cannot likely meet without major processes added to the plant, so reinjection is the best solution.

Some of the existing production wells will be converted to re-injection, and pipelines built to deliver produced water to those wells. Pumping facilities will be built and powerlines reconfigured. When reinjection starts, the 5 water settling ponds will be drained and dried out. The pond bottoms and sides will be tested for contamination and remediated as necessary before restoration as negotiated with the surface owner. This work will occur in 2014.

Reinjection is planned for startup in 2013, and will nearly eliminate the possibility for releases of oil from the separation process.

V.16.f. Submit a final report. In accordance with Section VII.19 of the Order, Lone Pine made weekly, then monthly-quarterly progress reports to EPA on cleanup and improvement efforts. This is intended to be the Final Report in this action.

Steven Shute, PE

Lone Pine Gas, Inc.

—
Alex Fischer, P.G.

Environmental Supervisor, Western Colorado

State of Colorado, Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801

Denver, Colorado 80203

office: [303.894-2100](tel:303.894-2100) ext. 5138 | fax: [303.894-2109](tel:303.894-2109)

email: alex.fischer@state.co.us



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