



6/17/2013 200381789

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 42950 Name of Operator: INDUSTRIAL GAS SERVICES INC Address: 4891 INDEPENDENCE ST STE 200 City: WHEATRIDGE State: CO Zip: 80033 Company Representative: STEVEN OXFORD

Date Notice Issued: 6/20/2013

Well Name: Behrinc Well Number: #1 Facility Number: 238354 Location (QtrQtr, Sec, Twp, Rng, Meridian): SESE 35 6N 61W 6 County: WELD API Number: 05 123 05198 Lease Number: 317496

COGCC Representative: ALLISON RICK Phone Number: 970 461-2970

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 6/17/2013 Approximate Time of Violation: Description of Alleged Violation: On 6/14/13 COGCC Staff discovered oil in an unlined, uncovered earthen pit on the location and verbally notified the Operator to remove within 24 hours. On 6/17/13 COGCC Staff conducted a followup inspection and discovered the following violations: the storage of oil in 2 unlined, earthen pits with no fence or net; less than 2 feet of freeboard in the earthen pit and no method of monitoring freeboard; 1 earthen pit has been enlarged and/or a second earthen pit has been added to the location since the original pit permit for a 14' x 14' x5' unlined earthen pit (Facility ID 118488; Document #658316) and pit inventory (Document #s 2229445 and 2145306); pits are used as skim or oil storage pits (not the original permitted use); oily waste is stockpiled on location with no stormwater controls; oil stained soils from leaking above ground storage tanks; oil stained soils around the wellhead and pump jack gas engine; overturned barrel of lubricating oil had spilled on ground; trash on location; inadequate secondary containment around the above ground storage tanks/insufficient capacity to hold the largest tank plus precipitation; inadequate permeability of the secondary containment berm to prevent the migration of spilled fluids; no labels on production tanks.

Act, Order, Regulation, Permit Conditions Cited: 210.d.; 323; 324A.a.; 603.j.; 604.a.; 902.a.; 902.b.; 902.c.; 902.d.; 902.h.; 903.a.; 904.c.; 906.a.; 906.b.; 906.e.; 907.a.(1); 907.e.

Abatement or Corrective Action Required to be Performed by Operator: Immediately remove oil from pits, provide fluid disposal documentation. Actions due by 7/31/13: submit Form 27 Site Investigation & Remediation Workplan for pre-approval with proposed sampling program for investigation of soil & groundwater impacts related to pit; plan shall address removal or remediation of impacted soil & oily waste from historic & ongoing spills around wellhead, gas engine, & storage tanks; remove & properly dispose of trash & unused equipment; restore secondary containment; & label tanks. If oily waste to be land treated on location, Form shall include plans for actively managing waste to reduce hydrocarbon concentrations, sampling plan demonstrating progress, and description of stormwater controls preventing runoff of oily waste. If production or skim pit is necessary for operation, & significant impacts aren't identified in pit assessment, pit can be returned to service by applying for produced water use

Abatement or Corrective Action to be Completed by (date): 7/31/2013 * Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Title: Signature: Date: Company Comments:

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a total of \$1,000,000 per day per violation. When proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed. The Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The Commission has final authority over the penalty amount assessed. BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 307, 311, 312, 313, 314A, 315, 403, 405, 803, 804 BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 302, 308, 309, 310, 316A, 321, 322, 328, 329, 330, 331, 332, 401 BASE FINE \$750.00 PER DAY PER VIOLATION: RULES 605, 606A, 606B, 607 BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 209, 301, 303, 305, 306, 316B, 317, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 333, 404, 602, 603, 604, 703, 704, 705, 706, 707, 708, 709, 711, 802, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103 In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: Allison Rick Date: 6/20/2013 Time: 8:30am Resolution Approved by: Date: