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REM 7985
NOAV 200382925
DOC 2141830

June 27, 2014

Matthew J. Lepore
Director
Colorado Oil and Gas Conversation
Commission
1120 Lincoln Street, Suite 801
Denver, CO 80202

Re: Order No. 1V-435; Beren Corporation
Update on remediation workplans
Request to clarify certain provisions contained in AOC/Order

Dear Mr. Lepore:

I represent Beren Corporation ("Beren") in the matter referenced above. Under the cover of this letter, Beren is providing an update on its remediation activities at those leases referenced in Order No. 1V-435, and a proposed amended Administrative Order By Consent, which corrects certain provisions of the existing Order by adding certain sites that were to be remediated but were not described sufficiently in the original order, and reflects the intent of the parties by clarifying the agreed-to work schedule at the Moyer Unit and Brewer Lease.

The attached *Update on Activities* report describes work performed by Beren as of June 30, 2014. Beren is "on schedule" with its commitments as outlined in Order No. 1V-435. It has become apparent to Beren that the Order did not sufficiently describe the work to be accomplished and associated realistic timeframes. In order to clarify the Order, please consider the attached *Amended Administrative Order By Consent* which more accurately describes what was agreed to as it relates to the timing of soil remediation and reclamation at the Moyer tank batteries and the Brewer skim pit. As it relates to planned work for the Moyer properties, the staff and Beren realized, prior to signing the Order, that land farming would be necessary for at least part of the soil remediation projects based on the amount of soil excavation required at the Cook, Scott and Wright leases. Beren would never have agreed that remediation and pit closure would be accomplished within eight months of signing the Order and staff should have understood this to be the case as well as land farming typically requires one to two years prior to successfully remediating contaminated soils for large land areas. The amendment also clarifies the sites to be remediated near the Moyer Unit battery.

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June 27, 2014
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On behalf of Beren, thank you for considering these requests. Beren looks forward to continuing to work with your staff as these matters are addressed in the field.

Very truly yours,

Robert Willis

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JUN 29 2014

COGCC

NOT APPROVED

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF)
THE RULES AND REGULATIONS OF THE)
COLORADO OIL AND GAS CONSERVATION)
COMMISSION BY BEREN CORPORATION,)
WELD COUNTY, COLORADO)

CAUSE NO.

DOCKET NO. 1310-OV-25

ORDER NO. 1V-435

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AMENDED ADMINISTRATIVE ORDER BY CONSENT

(Pursuant to Rule 522.b(3) of the Rules and Regulations of the
Colorado Oil and Gas Conservation Commission, 2 CCR 404-1)

FINDINGS and RECITALS

1. On January 10, 1997, Beren Corporation ("Beren") became the operator of the Moyer 16-30 Well ("Well") (API #05-123-05975).

2. On June 11 and 12, 2013, Colorado Oil and Gas Conservation Commission ("COGCC" or "Commission") staff conducted two inspections of the Well site (Document Nos. 667500201 and 664001050 respectively). Both inspections reported rule violations.

3. On July 12, 2013 COGCC staff issued Notice of Alleged Violation ("NOAV") # 200382925 to Beren. The NOAV cited violations of the following COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("Rule" or "Rules"):

- a. Rule 324A (Pollution);
- b. Rule 901. (E&P Waste Management – Rule 901.f. Sensitive Area Operations);
- c. Rule 902. (Pits) – General and Special Rules);
- d. Rule 904. (Pit Lining requirements – Rule 904.a.(4) Skim Pits);
- e. Rule 906. (Spills and Releases Rule 906.a. General; Rule 906.b. Spill Reporting; Rule 906.c. Surface Owner Notification);
- f. Rule 907. (E&P Waste Management Rule 907.a(1) General Requirements- Operator Obligations; Rule 907.c.(2) Produced Water Disposal; Rule 907.e. Oily Wastes);
- g. Rule 909. (Site Investigation, Remediation and Closure);

- h. Rule 910. (Concentrations and Sampling for Soil & Ground Water - Table 910-1);
- i. Rule 1002. (Site Preparation and Stabilization); and
- j. Rule 1003. (Interim Reclamation – Rule 1003f.).

The NOAV required Beren to correct, or abate the alleged rule violations by performing corrective actions. As of the date of this Administrative Order by Consent ("AOC"), Beren is in process of completing the required corrective actions.

4. Following a factual investigation and legal review of the violations alleged in the NOAV, the Commission Staff now asserts Beren has committed the following violations:

- a. One violation of Rule 324A because Beren failed to take precautions to prevent adverse environmental impacts to water, soil, or biological resources to prevent the unauthorized discharge or disposal of oil, gas, E&P waste, chemical substances, trash, discarded equipment or other oil field waste.
- b. One violation of Rule 901 because Beren failed to incorporate adequate measures and controls to prevent adverse environmental impacts and ensure compliance with the concentration levels in Table 910-1 at their operations in a sensitive area.
- c. One violation of Rule 902 because Beren failed to: 1) construct and operate its pits to protect public health, safety, and welfare and the environment, including soil, waters of the state, and wildlife, from significant adverse environmental, public health, or welfare impacts from E&P waste; 2) maintain a minimum of two feet of freeboard at all times between the top of the pit wall at its point of lowest elevation; 3) install appropriate netting or fencing to prevent wildlife, migratory birds, access to its pit; and 4) construct an unlined pit to avoid a pathway to contaminate ground water.
- d. One violation of Rule 906 because Beren failed to report a spill at the site as required.
- e. One violation of Rule 907.c and Rule 907.e because Beren failed to ensure that produced water and oily waste was properly stored, handled, transported, treated, recycled, or disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources to the extent necessary to ensure compliance with the concentration levels in Table 910-1

- f. One violation of Rule 909 because Beren failed to conduct a site investigation, undertake remediation and close its well in a manner outlined by the rule for pits other than drilling pits constructed pursuant to Rule 903.a.(3).
- g. One violation of Rule 910 because Beren failed to conduct concentration sampling for soil and ground water using approved regulatory methods and standards.
- h. One violation of Rule 1002 because Beren failed to minimize surface disturbances as required by the rule, and failed to use Best Management Practices for stormwater management.
- i. One violation of Rule 1003 because Beren failed to keep all drilling, production, reclamation operations and all disturbed areas as free of all undesirable plant species designated to be noxious weeds as practicable.

AGREEMENT

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.b.(3) and the Commission's Enforcement and Penalty Policy, the Director proposes and Beren agrees to settle the NOAV on the following terms and conditions:

- I. Beren will be assessed a penalty of \$100,000.
- II. Beren will pay \$50,000 within 30 days after this AOC is approved by the Commission. The remaining \$50,000 is suspended pending timely completion of the compliance schedule described below. If Beren fully performs the compliance schedule on time, the suspended portion of the penalty will be vacated by the Director. If Beren fails to fully perform the compliance plan and schedule, the suspended penalty will become due 30 days from written notice from the Director, without further action by the Commission.
- III. Beren will conform to the Compliance Plan/Schedule for its Colorado properties as listed below:
 - 1. Moyer Unit, Weld County.
 - a. Beren will perform the following actions related to the historic spill at the site:
 - Beren will remove all oily waste in the drainage and streambed.

- Beren will perform sampling and analysis to verify that all oily waste has been removed in accordance with Rules 909 and 910.
 - Beren will comply with the Form 27 submitted September 18, 2013 and approved on September 19, 2013.
- b. Beren will perform the following actions related to the Tank Batteries and Pit Complexes at the old Gerry, Moyer and Moyer B tank battery sites:
- Under the supervision of LT Enviromental Inc. ("LTE"), Beren will excavate all oily waste and submit a Form 27 and waste management plan by June 30, 2014. Once the Form 27 and waste management plan is approved, Beren will begin land farming the soils under the supervision of LTE and will close the sites within 36 months of the approval of this Order (by October 15, 2016).
2. Scott Lease, Washington County. Beren will install Rule 210 compliant signs by October 31, 2013.
3. Brewer Lease, Logan County. Under the supervision of LTE, Beren shall excavate the skim pit and submit a Form 27 and waste management plan by June 30, 2014. Once the Form 27 and waste management plan is approved, Beren will either begin land farming the soils under the supervision of LTE or will haul affected soils to an approved waste disposal site. Beren will close the skim pit within 36 months of the approval of this Order (by October 15, 2016).
4. Cook Lease, Washington County. The well on this lease has been plugged. Beren is in the process of land farming soils under the supervision of LTE, and has filed a Form 27 to close the underlying NOAV and is awaiting approval. Beren commits to completion of this reclamation project within 24 months of the approval of this Order (by October 15, 2015).
5. Wright Lease, Washington County. Beren is currently land farming soils under the supervision of LT Environmental and staff, and commits to completion of this reclamation project within 24 months of the approval of this Order (by October 15, 2015).
6. Additional leaseholds. Beren currently operates the below-listed leaseholds:

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- MacNeill Lease, Washington County
- Williams Lease, Washington County
- Segelke Lease, Logan County
- Thompson Lease, Logan County
- Klinginsmith Lease, Weld County

Beren will update signs, paint equipment, rebuild containment dikes, replace the few remaining skim pits with skimming equipment, and excavate and remediate skim pit soils. Beren will provide regular updates to staff as work progresses on the various leaseholds. Beren will complete non-skim pit related work within 6 months, while beginning work on the remaining skim pits within 90 days. Beren commits to final closure of the pits within 36 months of the approval of this Order (by October 15, 2016).

IV. Beren will provide training to employees regarding COGCC spill reporting requirements, spill remediation, E&P waste management and good housekeeping practices. Beren will provide the COGCC staff and subcontractors a copy of an outline of the written training program.

V. Compliance dates identified above may only be extended by the Director for good cause. Noncompliance with compliance dates will be considered a violation of this Order, and subject to additional enforcement action.

VI. Payment of the penalty pursuant to this AOC does not relieve the operator from its obligations to complete corrective actions set forth in the NOAVs, as may be amended or modified by COGCC Staff.

VII. Beren disputes the findings set forth in this AOC and would defend against them at a contested hearing, however, Beren recommends the Commission approve the AOC only for the purpose of expeditiously resolving the matter without a contested hearing.

RECOMMENDED this 15th day of October, 2013.

AMENDED this _____ day of July, 2014.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this _____ day of June, 2014.

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BEREN CORPORATION

By _____
Signature of Authorized Company Representative

Print Signatory Name

Title

ORDER

HAVING CONSIDERED the Agreement between the Director and Beren to resolve the NOAV, the COMMISSION ORDERS:

1. Beren is found in violation of Rules 324A.; 901.; 902.; 906.; 907.; 909; 910 – Table 910-1; 1002.; 1003.f. as described above.
2. Beren will be assessed a penalty of \$ 100,000.
3. Beren will pay \$50,000 within 30 days after this AOC is approved by the Commission. The remaining \$50,000 is suspended pending timely completion of the compliance schedule described in paragraph III above. If Beren fully performs the compliance schedule on time, the suspended portion of the penalty will be vacated by the Director. If Beren fails to fully perform the compliance schedule, the suspended penalty will become due 30 days from written notice from the Director, without further action by the Commission.
4. Beren will provide training to employees regarding COGCC spill reporting requirements, spill remediation, E&P waste management and good housekeeping practices. Beren will provide the COGCC Staff and subcontractors a copy of an outline of the written training program.
5. Compliance dates identified above may only be extended by the Director for good cause. Noncompliance with compliance dates will be considered a violation of this Order, and subject to additional enforcement action under the AOC.
6. Failure to perform the requirements of this Order may result in additional enforcement action and additional penalties.
7. This AOC does not relieve Beren from undertaking and completing abatement or corrective actions that may be required by the Notice of Alleged Violation described above.
8. Entry of this Order constitutes final agency action for purposes of judicial review 30 days after the date this order is mailed by the Commission.
9. The provisions contained in the above order are effective on the date this matter is heard and approved by the Commission.
10. Nothing in this Order shall modify the provisions of C.R.S. §34-60-108(2).

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The Commission heard and approved this matter on the 28th day of October, 2013.

ENTERED this _____ day of November 2013, as of the 28th day of October, 2013.

AMENDED this _____ day of July, 2014.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Robert J. Frick, Secretary