

State of Colorado
Oil and Gas Conservation Commission

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401262716
Date Issued:
04/19/2017
Date Resolved:

NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 522, the Director has reasonable cause to believe that a violation of the Act, or of any Commission rule, order, or permit has occurred, the Director will require the operator to remedy the violation and may commence an enforcement action seeking penalties by issuing a Notice of Alleged Violation (NOAV). Per Rule 523, an operator who violates the Act, or a Commission rule, order, or permit may be subject to a penalty imposed by Commission order.

OPERATOR INFORMATION

OGCC Operator Number: 10412
Name of Operator: AUS-TEX EXPLORATION INC
Address: 113 N SANTA FE
City: FLORENCE State: CO Zip: 81226
Contact Name and Telephone:
Name: Guy Goudy
Phone: (720) 454-8037 Fax: ()
Email: guyg@austinexploration.com

Well Location, or Facility Information (if applicable):

API Number: 05-043-06229-00 Facility or Location ID:
Name: Magellan Number: #1
QtrQtr: NWNE Sec: 18 Twp: 20S Range: 69W Meridian: 6
County: FREMONT

ALLEGED VIOLATION

Rule: 1002.f
Rule Description: Stormwater Management
Initial Discovery Date: Was this violation self-reported by the operator? No
Date of Violation: Approximate Time of Violation:
Was this a discrete violation of obvious duration? No
Description of Alleged Violation:
Pursuant to Rule 1002.f., Aus-Tex Exploration Inc (Operator) shall implement and maintain Best Management Practices (BMPs) at all oil and gas locations to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. During a November 8, 2016 inspection (Document #682600232), COGCC staff observed that stormwater BMPs were not installed at the soil stockpiles of the Magellan #1 well, API 043-06229, (Well). Document #682600232 required Operator to install or repair BMPs as required by Rule 1002.f. by December 8, 2016. During follow up inspections on February 1, 2017 (Document #682600260) and March 16, 2017 (Document #682600282), COGCC staff observed that the stormwater BMPs were not installed, violating Rule 1002.f.
Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 12/08/2016
Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.
Operator shall install or repair BMPs at the Well as required by Rule 1002.f.

Rule: 34-60-121(1)
CRS-b
Rule Description: Statutory Violation - Permit Violation
Initial Discovery Date: Was this violation self-reported by the operator? No
Date of Violation: Approximate Time of Violation:
Was this a discrete violation of obvious duration? No
Description of Alleged Violation:

On June 12, 2015, Aus-Tex Exploration Inc (Operator) submitted a Form 2A, Oil and Gas Location Assessment, for the Pathfinder C-18 location, Location #443255, (Document #400852031). On September 18, 2015, COGCC staff approved Document #400852031 with a Best Management Practice (BMP) requiring Operator to construct a berm and implement a containment plan to ensure the closest water stream was protected. Document #400852031 required the use of steel ring berms keyed into a synthetic liner around production facilities. On February 1, 2017, COGCC staff inspected the Magellan #1 well, API 043-06229, (Well) located at Location #443255 (Document #682600260) and observed that the berm around the tank did not have a steel ring keyed into a synthetic liner as required by Document #400852031. Document #682600260 required Operator to install steel ring berms keyed into a synthetic liner around production facilities by March 5, 2017. On March 16, 2017, COGCC conducted a follow up inspection of the Well (Document #682600282) and observed that the berm around the tank did not have a steel ring keyed into a synthetic liner as required, violating violating a COGCC permit condition and 34-60-121(1), C.R.S.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 03/05/2017

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall install steel ring berms keyed into a synthetic liner around production facilities as required by Document #400852031.

Rule: 912.b

Rule Description: Venting or Flaring Natural Gas - Notice and Prior Approval Required

Initial Discovery Date: _____ Was this violation self-reported by the operator? No

Date of Violation: _____ Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 912.b., except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, gas from a well shall be flared or vented only after notice has been given and approval obtained from the Director on a Form 4, Sundry Notice, stating the estimated volume and content of the gas. On February 1, 2017, COGCC staff inspected the Magellan #1 well, API 043-06229, (Well) (Document #682600260) and observed gas venting from the wellhead, but COGCC records do not reflect that Operator submitted a Form 4, Sundry Notice, requesting approval to vent. Document #682600260 required Operator to contact the COGCC Area Engineer by February 3, 2017. The area engineer has not been contacted to date. Operator vented gas from the Well without Director approval, violating Rule 912.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 05/19/2017

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit a Form 4, Sundry Notice, stating the estimated volume being vented, the reason for venting, description and economics of what would be required for gas infrastructure.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 522.d.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgement may be entered. Hard copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 04/19/2017

COGCC Representative Signature: _____

COGCC Representative: John Axelson Title: East Environmental Superv

Email: john.axelson@state.co.us Phone Num: (303) 894-2100x5115

CORRECTIVE ACTION COMPLETED

Rule: 1002.f
 Rule Description: Stormwater Management
 Corrective Action Start Date: _____ Corrective Action Complete Date: _____
 Has corrective action for this violation been performed as required? _____
 Description of Actual Corrective Action Performed by Operator

Rule: 34-60-121(1)
CRS-b
 Rule Description: Statutory Violation - Permit Violation
 Corrective Action Start Date: _____ Corrective Action Complete Date: _____
 Has corrective action for this violation been performed as required? _____
 Description of Actual Corrective Action Performed by Operator

Rule: 912.b
 Rule Description: Venting or Flaring Natural Gas - Notice and Prior Approval Required
 Corrective Action Start Date: _____ Corrective Action Complete Date: _____
 Has corrective action for this violation been performed as required? _____
 Description of Actual Corrective Action Performed by Operator

FINAL RESOLUTION

Cause #: _____ Order #: _____ Docket #: _____
 Enforcement Action: _____ Final Resolution Date: _____
 Final Resolution Comments:

ATTACHMENT LIST

View Attachments in Imaged Documents on COGCC website (<http://ogccweblink.state.co.us/>) - Search by Document Number.

Document Number	Description
401263157	NOAV CERTIFIED MAIL RECEIPT
401263210	NOAV COVER LETTER
401264881	NOAV ISSUED

Total Attach: 3 Files