

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:
401406173
Date Issued:
09/18/2017
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: 95520

Name of Operator: WESCO OPERATING INC

Address: 120 S DURBIN STREET

City: CASPER State: WY Zip: 82602

Contact Name and Telephone:

Name: Robert Kirkwood

Phone: (307) 577-5300 Fax: ()

Email: bobk@kirkwoodcompanies.com

| Additional Operator Contacts | Email |
|------------------------------|-------------------------------|
| Alex Fischer | Alex.Fischer@state.co.us |
| Mark Schlagenhauf | mark.schlagenhauf@state.co.us |
| Kris Neidel | kris.neidel@state.co.us |

Well Location, or Facility Information (if applicable):

API Number: 05- -00

Facility or Location ID: 451001

Name: SPILL/RELEASE POINT

Number:

QtrQtr: swnw Sec: 26

Twp: 4N

Range: 95W

Meridian: 6

County: MOFFAT

ALLEGED VIOLATION

Rule: 1101

Rule Description: Installation and Reclamation

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 1101, Wesco Operating Inc (Operator) is required to install pipelines with materials, design, and cover sufficient to maintain structural integrity and prevent failure. Operator is also required to pressure test flowline segments at the maximum anticipated operating pressure prior to operating that segment. On June 7, 2017 Operator discovered a produced water and oil release from a Flowline in SWNW Section 26 Township 4N Range 95W in Moffat County (Spill/Release Point ID 451001). Operator notified COGCC of the spill on June 8, 2017 through submission of a Form 19, Initial Spill/Release Report, (Document #401303428). In Document #401303428, Operator declared that the spill impacted waters of the state in Straight Gulch and described initial work to remove impacted soils and and clean up hydrocarbons from the spill path. On June 13, 2017, during an initial assessment of the release area (Document #677900240), COGCC staff observed that hydrocarbons had impacted Straight Gulch and observed Operator's cleanup activities. Operator failed to install pipeline with materials, design, and cover sufficient to maintain structural integrity and prevent failure, and/or failed to complete pressure testing prior to operating this segment of flowline, resulting in the June 7, 2017 release, violating Rule 1101.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/18/2017

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

Operator shall submit all pressure testing results for this segment of pipeline to COGCC including annual flowline testing results for the past three years, as required by Rule 1101.e. Operator shall submit documentation on flowline technical specifications, including

size, materials, and operating pressures. Operator shall determine root cause of the failure and develop a written plan that addresses how reoccurrence of this failure in this and other Operator facilities in Colorado will be avoided in the future, to include engineering, integrity management, pigging and inspection protocols, pressure testing, operations, maintenance, corrosion, cathodic protection, management, and training actions, as necessary.

Rule: 1102

Rule Description: Operations, Maintenance, and Repair

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 1102, Wesco Operating Inc (Operator) is required to take reasonable precautions to prevent failures, leakage and corrosion of pipelines. On June 7, 2017 Operator discovered a produced water and oil release from a Flowline in SWNW Section 26 Township 4N Range 95W in Moffat County (Spill/Release Point ID 451001). Operator notified COGCC of the spill on June 8, 2017 through submission of a Form 19, Initial Spill/Release Report, (Document #401303428). In Document #401303428, Operator declared that the spill impacted waters of the state in Straight Gulch and described initial work to remove impacted soils and and clean up hydrocarbons from the spill path. On June 13, 2017, during an initial assessment of the release area (Document #677900240), COGCC staff observed that hydrocarbons had impacted Straight Gulch and observed Operator's cleanup activities. Operator failed to take reasonable precautions to prevent failures, leakage and corrosion of pipelines resulting in the release discovered on June 7, 2017, violating Rules 1102.

Abatement or Corrective Action Required to be Performed by Operator: _____

Corrective Action Due Date: 10/18/2017

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

Operator shall determine root cause of the failure and develop a written plan that addresses how reoccurrence of this failure in this and other Operator facilities in Colorado will be avoided in the future, to include engineering, integrity management, pigging and inspection protocols, pressure testing, operations, maintenance, corrosion, cathodic protection, management, and training actions, as necessary.

Rule: 324A

Rule Description: Pollution

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 324A., Wesco Operating Inc (Operator) is required to take precautions to prevent significant adverse environmental impacts to air, water, soil, or biological resources to the extent necessary to protect public health, safety and welfare, including the environment and wildlife resources. On June 7, 2017 Operator discovered a produced water and oil release from a Flowline in SWNW Section 26 Township 4N Range 95W in Moffat County (Spill/Release Point ID 451001). Operator notified COGCC of the spill on June 8, 2017 through submission of a Form 19, Initial Spill/Release Report, (Document #401303428). In Document #401303428, Operator declared that the spill impacted waters of the state in Straight Gulch and described initial work to remove impacted soils and and clean up hydrocarbons from the spill path. On June 13, 2017, during an initial assessment of the release area (Document #677900240), COGCC staff observed that hydrocarbons had impacted Straight Gulch and observed Operator's cleanup activities. Operator failed to take precautions to prevent significant adverse environmental impacts to air, water, soil, or biological resources to the extent necessary to protect public health, safety and welfare, including the environment and wildlife resources, violating Rules 324A.

Abatement or Corrective Action Required to be Performed by Operator: _____

Corrective Action Due Date: 10/18/2017

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

Operator will continue to complete any necessary cleanup of impacted areas to meet the standards in Table 910-1, through soil investigation and remediation. A Form 27, Site Investigation and Remediation Workplan, was submitted on June 27, 2017, and was approved on July 12, 2017. Through the plan, the Operator commits to conduct visual monitoring for hydrocarbons on a weekly basis along the Spill/Release flow path, to collect surface water samples, and to collect soil samples along the Spill/Release path once the drainage is dry (Document #401317237). To address the E&P waste stockpiled as a result of the Spill/Release and E&P waste previously stockpiled at the Maudlin Gulch Tank Battery (Location ID 428531), Operator submitted several iterations of a Form 27, Site Investigation and Remediation Work Plan, to bioremediate the E&P waste with a commencement and completion date of July 1, 2017. The last iteration of the Form 27 was received on July 5, 2017 and approved by COGCC on July 18, 2017. It was COGCC's understanding was that the Operator would commence remedial activities upon COGCC approval. On August 18, 2017, COGCC (Document Number 2495970) requested a status of the remedial activities and Operator responded on August 23, 2017 that they had not begun remedial activities at Maudlin Gulch Tank Battery would will not be able to until early Spring of 2018. Operator shall submit a Supplemental Form 27, Site Investigation and Remediation Work Plan, to the COGCC with a detailed and aggressive timeline for remediation of the stockpiled E&P waste. The Form 27 shall also describe the process that will be used to close the "Lined Soil Reclamation Site" (Document #1706339). The "Lined Soil Reclamation Site" shall no longer be used as a collection point for E&P waste. In Operator's Rule 522.d.(2) NOAV answer, it shall provide a description of what steps Operator has taken to ensure that in the future all valves, pipes, and fittings are securely fastened, inspected at regular intervals, and maintained in good

mechanical condition. Beginning October 1, 2017, Operator shall submit monthly Supplemental Form 27 Site Investigation and Remediation Work Plan status reports to the COGCC until all impacted area(s) have been remediated and meet standards in Table 910-1.

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

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 605.d., Wesco Operating Inc (Operator) shall keep all valves, pipes, and fittings securely fastened; inspected at regular intervals; and maintained in good mechanical condition. On June 7, 2017 Operator discovered a produced water and oil release from a Flowline in SWNW Section 26 Township 4N Range 95W in Moffat County (Spill/Release Point ID 451001). Operator notified COGCC of the spill on June 8, 2017 through submission of a Form 19, Initial Spill/Release Report, (Document #401303428). The Spill/Release was from the Maudlin Gulch #18 Flowline in the near proximity of Spill/Release Point ID 449608 (NOAV #401297902). In Document #401303428, Operator declared that the spill impacted waters of the state in Straight Gulch and described initial work to remove impacted soils and and clean up hydrocarbons from the spill path. On June 13, 2017, during an initial assessment of the release area (Document #677900240), COGCC staff observed that hydrocarbons had impacted Straight Gulch and observed Operator's cleanup activities. The Form 19, Supplemental Spill/Release Report, (Document #401310315), submitted on June 21, 2017, indicated that Operator discovered a pinhole leak on the bottom side of the Flowline piping. Operator failed to keep all valves, pipes, and fittings securely fastened, inspected at regular intervals, and maintained in good mechanical condition at the Well, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/18/2017

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

In Operator's Rule 522.d.(2) NOAV Answer, Operator shall determine root cause of the failure and develop a written plan that addresses how reoccurrence of this type of failure, in this and other Operator facilities in Colorado, will be avoided in the future, to include engineering, integrity management, pigging and inspection protocols, pressure testing, operations, maintenance, corrosion, cathodic protection, management, and training actions, as necessary.

Rule: 907.a

Rule Description: General E&P Waste management Requirements

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 907.a.(2), Wesco Operating Inc (Operator) is required to conduct E&P waste management activities in a manner that protects the waters of the state from significant adverse environmental impacts from E&P waste. On June 7, 2017 Operator discovered a produced water and oil release from a Flowline in SWNW Section 26 Township 4N Range 95W in Moffat County (Spill/Release Point ID 451001). Operator notified COGCC of the spill on June 8, 2017 through submission of a Form 19, Initial Spill/Release Report, (Document #401303428). In Document #401303428, Operator declared that the spill impacted waters of the state in Straight Gulch and described initial work to remove impacted soils and and clean up hydrocarbons from the spill path. On June 13, 2017, during an initial assessment of the release area (Document #677900240), COGCC staff observed that hydrocarbons had impacted Straight Gulch and observed Operator's cleanup activities. Operator failed to manage E&P Waste in a manner to protect waters of the state from significant adverse impacts, violating Rule 907.a.(2).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/18/2017

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

Operator will continue cleanup of impacted areas to meet the standards in Table 910-1, through soil investigation and remediation. In Operator's Rule 522.d.(2) NOAV Answer, it shall provide a description of what steps Operator has taken to ensure that in the future E&P waste is managed in a manner that protects waters of the state from significant adverse impacts.

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: 09/18/2017

COGCC Representative Signature: _____

COGCC Representative: Steven Mah

Title: Enforcement Officer

Email: steven.mah@state.co.us

Phone Num: (303) 894-2100x5172

CORRECTIVE ACTION COMPLETED

Rule: 1101

Rule Description: Installation and Reclamation

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: 1102

Rule Description: Operations, Maintenance, and Repair

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: 324A

Rule Description: Pollution

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: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

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: 907.a

Rule Description: General E&P Waste management Requirements

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.

| <u>Document Number</u> | <u>Description</u> |
|------------------------|-----------------------------|
| 401406545 | NOAV COVER LETTER |
| 401406553 | NOAV CERTIFIED MAIL RECEIPT |
| 401406574 | NOAV ISSUED |

Total Attach: 3 Files