

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
401578935
Date Issued:
03/19/2018
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: <u>10550</u>	Contact Name and Telephone:
Name of Operator: <u>MUSTANG RESOURCES LLC</u>	Name: <u>Deb Lemon</u>
Address: <u>1660 LINCOLN STREET SUITE 1450</u>	Phone: <u>(720) 550-7507x105</u> Fax: <u>()</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80264</u>	Email: <u>dlemon@mustangresourcesllc.com</u>

Well Location, or Facility Information (if applicable):

API Number: <u>05-045-06557-00</u>	Facility or Location ID: _____
Name: <u>MEAD</u>	Number: <u>24-14MV-6S-94W</u>
QtrQtr: <u>SWSW</u> Sec: <u>24</u>	Twp: <u>6S</u> Range: <u>94W</u> Meridian: <u>6</u>
County: <u>GARFIELD</u>	

ALLEGED VIOLATION

Rule: 210.b

Rule Description: Signs & Markers- Wells & Batteries

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 210.b, within 60 days after the completion of a well or installation of a battery, Mustang Resources LLC ("Operator") shall install a permanent sign at the wellhead and/or battery. This signage shall provide, among other required information, a phone number at which the operator can be reached at all times. Operator's Mead #24-14MV-6S-94W well (API No. 05-045-06557, the "Well") was completed prior to 1990. On August 10, 2017, COGCC Staff entered the Well location (Location ID 335234, the "Location") and observed gas venting out of a pressure relief valve on top of the produced water tank. COGCC Staff called the phone number listed on the tank as the 24 hour emergency contact six times in 23 minutes starting at 12:59 pm, leaving messages each time. COGCC Staff then called the Garfield County Non-emergency line to inform them of the venting and that COGCC Staff was on location. The Garfield County oil and gas liaison was able to reach Operator's representative. Operator's representative called COGCC Staff at 2:27 pm and discussed whether Operator's staff or COGCC Staff would shut the well in. With Operator's permission, COGCC Staff shut the well in at 2:50 pm. (Field Inspection Report No. 666803481) The telephone number on battery sign went unanswered for more than an hour during an emergency release caused by equipment failure. Operator's failure to provide a phone number at which they can be reached at all times violated Rule 210.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 05/04/2018

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

Operator shall update the permanent signage at the Location to provide a telephone number at which the operator can be reached at all times. Operator shall develop emergency response procedure to ensure equipment failures can be contained by Operator staff or contractor within a reasonable time frame.

By the corrective action due date, Operator shall submit an eForm 4 Sundry Notice which provides the appropriate phone number, the emergency response procedure, and photograph evidence of the up-to-date signage.

Rule: 210.d.

Rule Description: Signs and Markers Tanks and Containers

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 210.d., Mustang Resources LLC ("Operator") shall (1) label all tanks with a capacity of 10 barrels or greater with the following information: name of Operator, Operator's emergency contact telephone number, tank capacity, tank contents, and National Fire Protection Association (NFPA) Label; and (2) retain the markings, placards, and labels on all containers that are used to store, treat, or otherwise handle a hazardous material in accordance with the U.S. Department of Transportation's Hazardous Materials Regulations. On December 10, 2015, COGCC Staff conducted an inspection of the Mead #24-14MV-6S-94W well location (Location ID 335234, the "Location") and observed a 90 barrel tank that was missing the labels required by Rule 210.d. In the associated Field Inspection Report (Document No. 666803481 including Photograph Nos. 2 and 3), COGCC Staff instructed Operator to install compliant signage. COGCC Staff conducted subsequent inspections of the Location on June 30, 2016 (Field Inspection Report No. 666802322), and August 10, 2017 (Field Inspection Report No. 666803481), and observed that the 90 barrel tank was missing the labels required by Rule 210.d. Operator failed to post or label a 90 barrel tank with the name of Operator, Operator's emergency contact telephone number, tank capacity, tank contents, and NFPA Label, in violation of Rule 210.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 05/04/2018

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

Operator shall install signage on the 90 barrel tank that clearly indicates the name of Operator, Operator's emergency contact telephone number, tank capacity, and tank contents; as well as the appropriate NFPA Label.

By the corrective action due date, Operator shall submit an eForm 4 Sundry Notice which provides photograph evidence of the up-to-date signage.

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., Mustang Resources LLC ("Operator") shall keep all valves, pipes, and fittings securely fastened; inspected at regular intervals; and maintained in good mechanical condition. On August 10, 2017, COGCC Staff the Mead #24-14MV-6S-94W well location (API No. 05-045-06557, the "Well") (Location ID 335234, the "Location") and observed gas venting out of a pressure relief valve on top of the produced water tank. The gas venting was continuous and ongoing for at least the 1 hours 50 minutes between COGCC Staff's arrival and when COGCC Staff was able to close the master valve on the wellhead to stop the release. (Field Inspection Report No. 666803481) This release was caused by the produced water tank becoming overpressured and activating the pressure relief valve. Operator failed to maintain the valves, pipes, and/or fittings associated with this tank in good mechanical condition, allowing the tank to become overpressured. Operator's failure to maintain this equipment in good mechanical condition violated Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 05/04/2018

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

By the corrective action due date, Operator shall participate in a COGCC Engineering Integrity audit, and shall submit an eForm 4 Sundry Notice which provides a copy of Operator's maintenance and inspection program.

Operator shall reach out to the Engineering Integrity Supervisor at mark.schlagenhauf@state.co.us to schedule the audit.

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: <u>03/19/2018</u>	
COGCC Representative Signature: _____	
COGCC Representative: <u>Margaret Ash</u>	Title: <u>Field Inspection Unit Man</u>
Email: <u>margaret.ash@state.co.us</u>	Phone Num: <u>(303) 894-2100x5110</u>

CORRECTIVE ACTION COMPLETED

Rule: <u>210.b</u>	
Rule Description: <u>Signs & Markers- Wells & Batteries</u>	
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: <u>210.d.</u>	
Rule Description: <u>Signs and Markers Tanks and Containers</u>	
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: <u>605.d</u>	
Rule Description: <u>O&G Facilities - Mechanical Conditions</u>	
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>
401579102	NOAV CERTIFIED MAIL RECEIPT
401579104	NOAV COVER LETTER
401579323	NOAV ISSUED

Total Attach: 3 Files