

State of Colorado
Oil and Gas Conservation Commission

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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: 10117

Name of Operator: LORENTZ OIL & GAS LLC

Address: 3330 FRENCH PARK DR

City: EDMOND State: OK Zip: 73034

Contact Name and Telephone:

Name: Brian Lorentz

Phone: (405) 844-3750 Fax: ()

Email: lorentz@coxinet.net

Well Location, or Facility Information (if applicable):

API Number: 05- -00

Facility or Location ID: 321140

Name: LIPPOLDT-632S44W

Number: 14N2SE

QtrQtr: N2SE Sec: 14

Twp: 32S Range: 44W

Meridian: 6

County: BACA

ALLEGED VIOLATION

Rule: 522.f

Rule Description: Failure to Comply with Commission Order

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 522.f. and § 34-60-121(1)(c), the failure of Lorentz Oil & Gas LLC ("Operator") to diligently implement corrective action pursuant to an Administrative Order by Consent constitutes an independent violation. Pursuant to Rule 309., Operator shall report every existing oil and gas well that is not plugged and abandoned on the Operator's Monthly Report of Operations ("Form 7"), within 45 days after the end of each month. Operator shall report such well every month from the month it is spud until it has been reported for one month as abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment. On April 28, 2014, the Commission entered Administrative Order by Consent 1V-456 ("Order 1V-456") for Operator's violations at the Cogburn 1-1 well (API No. 009-06551), the Hume 1-29 well (API No. 009-06555), the Konkel 1-4 well (API No. 009-06552), the Lippoldt 1-14 well (API No. 009-06553), and the Lippoldt 1-23 well (API No. 009-06554). In Order 1V-456, Operator agreed to "ensure that its Form 7, Operator's Monthly Report of Operations, are filed timely and with the COGCC Production Department according to the directions on the Form 7 and COGCC website (<http://www.cogcc.state.co.us>) under "Forms". On April 25, 2018, COGCC Staff conducted an audit of Operator's records for the above listed Wells. As of this audit date, Operator should have submitted Form 7 reporting at least through February 2018. Form 7 reporting is missing for these Wells for all months after July 2017. Operator failed to comply with the requirement of Order 1V-456 to timely submit Form 7 for August 2017 through February 2018 production reporting for the Well indicated Operator Information section of this NOAV, violating Rule 309, and Rule 522.f. and § 34-60-121(1)(c).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 06/14/2018

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

Operator shall perform an audit of its production reporting, submit all delinquent Form 7 reports for the Well, and submit revised Form 7 reports with the correct information for any months identified as incomplete or inaccurate.

Rule: 603.f

Rule Description: Statewide Equipment, Weeds, Waste, and Trash 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 603.f., Lorentz Oil & Gas LLC ("Operator") shall keep free of the following at all locations, including wells and surface production facilities: equipment, vehicles, and supplies not necessary for use on that lease; weeds; rubbish, and other waste material. During an inspection of Operator's Lippoldt 1-14 well location (API 05-009-06553) (Location ID 321140, "Location") on March 28, 2018, COGCC Staff observed weeds across the Location, miscellaneous debris laying around, lube oil spilled on the ground next to the booster compressor, and an empty fiberglass open top water tank that was still plumbed into production. (Field Inspection Report No. 679904189, including Photo Nos. 1 & 2) Operator failed to keep the location free of unused equipment, weeds, debris, and other waste material, violating Rule 603.f.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 06/14/2018

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

Operator shall implement Best Management Practices per Rule 603.f. to control and manage weeds, and shall remove any unused equipment and debris from the Location. Operator shall remove contaminated soil and remediate the lube oil spill. Operator shall remove the water tank if not in use, otherwise Operator shall add labeling per Rule 210.d. and berms per Rule 605.a.(4) around the tank.

By the corrective action due date, Operator shall submit an eForm 4 Sundry Notice which provides photograph evidence that the Location is in compliance with Rule 603.f.

Rule: 605.a.(4)

Rule Description: Oil & Gas Facilities- Berms

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.a.(4), Lorentz Oil & Gas LLC ("Operator") shall construct, inspect at regular intervals, and maintain in good condition: berms or other secondary containment devices around produced water tanks to provide secondary containment for the largest single tank and sufficient freeboard to contain precipitation. During an inspection of Operator's Lippoldt 1-14 well location (API 05-009-06553) (Location ID 321140, "Location") on March 28, 2018, COGCC Staff observed there were no berms or secondary containment around the 100 barrel fiberglass open top water tank that was still plumbed into production. (Field Inspection Report No. 679904189, including Photo Nos. 1 & 2) Operator failed to maintain earthen berms or other secondary containment surrounding the produced water tank, in violation of Rule 605.a.(4).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 06/14/2018

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

Operator shall clean up any contaminated soil, and shall either:

- 1) Repair or install earthen berms or secondary containment devices around the produced water tank; or
- 2) Remove the tank, and reclaim per Rule 1003.a. the area where the tank was.

By the corrective action due date, Operator shall submit an eForm 4 Sundry Notice which provides photograph evidence of the berms or the reclaimed area after the tank and any contaminated soils are removed.

Rule: 907A

Rule Description: Management of Non-E&P Waste

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 907A.a. and c., Lorentz Oil & Gas LLC ("Operator") shall properly identify and dispose of non-E&P wastes in accordance with state and federal regulations, including storing, treating, and disposing of hazardous waste in accordance with 6 C.C.R. 1007-3. During an inspection of Operator's Lippoldt 1-14 well location (API 05-009-06553) (Location ID 321140, "Location") on March 3, 2017, COGCC Staff observed a lube oil stain on the ground next to the booster compressor. COGCC Staff instructed Operator to remove the stained soil around the compressor and install a blowdown tank. (Field Inspection Report No.

679902322, including Photo No. 1) On March 28, 2018, COGCC Staff conducted a follow up inspection of the Location and observed the lube oil stain persisted. (Field Inspection Report No. 679904189, including Photo Nos. 1 & 2) State and federal regulations do not permit disposing of lube oil non-E&P waste by allowing it to seep into the ground and remain as stained soil. Operator failed to properly identify and dispose of non-E&P wastes, violating Rule 603.f.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 06/14/2018

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

Operator shall remove the stained soil documented in Field Inspection Report No. 679904189 and remediate the area in accordance with Rules 907A. and 1003.a.

By the corrective action due date, Operator shall submit an eForm 4 Sundry Notice which provides photograph evidence that the lube oil stained soil has been disposed of properly.

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: 05/15/2018

COGCC Representative Signature:



COGCC Representative: Kira Gillette

Title: NOAV Specialist

Email: kira.gillette@state.co.us

Phone Num: (303) 894-2100

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>
401640136	NOAV CERTIFIED MAIL RECEIPT
401640223	NOAV COVER LETTER

Total Attach: 2 Files