

State of Colorado
Oil and Gas Conservation Commission

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Date Issued:
05/30/2018

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: 10673
Name of Operator: GADECO LLC
Address: 3600 SOUTH YOSEMITE STREET SUITE 900
City: DENVER State: CO Zip: 80237

Contact Name and Telephone:
Name: John Morgan
Phone: (303) 850-7490 Fax: ()
Email: jmorgan@sierra-hamilton.com

Well Location, or Facility Information (if applicable):

API Number: 05- -00 Facility or Location ID: 441995
Name: Grynberg Stataline Federal Number: 24-12-65-4 Pad
QtrQtr: NWNW Sec: 24 Twp: 12N Range: 65W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 1002.e
Rule Description: Surface Disturbance Minimization
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.(2), Gadeco LLC ("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; and shall maintain BMPs until the facility is abandoned and final reclamation is achieved pursuant to Rule 1004. Operator shall employ BMPs, as necessary to comply with this rule, at all oil and gas locations, including, but not limited to, well pads, soil stockpiles, access roads, tank batteries, compressor stations, and pipeline rights of way. BMPs shall be selected based on site-specific conditions, such as slope, vegetation cover, and proximity to water bodies, and may include maintaining in-place some or all of the BMPs installed during the construction phase of the facility. Where applicable based on site-specific conditions, operators shall implement BMPs in accordance with good engineering practices, including measures such as: erosion controls designed to minimize erosion from unpaved areas, including operational well pads, road surfaces and associated culverts, stream crossings, and cut/fill slopes. Best Management Practices indicate that Operator shall implement such protection upon commencement of construction. On October 10, 2017, Operator submitted a Form 42, Notice of Construction of a New Location (Document No. 401425452), to notify COGCC of the October 12, 2017, start of construction for the Grynberg Stataline Federal 24-12-65-4-NH Pad, (ID 441995, "Location"). COGCC Staff ("Staff") conducted an inspection on October 24, 2017, (Field Inspection Report No. 682402931), and observed that Operator was in the process of constructing the Location. Staff observed wind erosion resulting in soil particle deposition off Location to the northeast, east, and southeast of the Location. Staff observed Operator was beginning to install temporary stormwater BMPs (straw wattles) on the date of the inspection, two weeks after the noticed start of construction. Staff notes that straw wattle BMPs are temporary BMPs, unsuitable to be used alone without other BMPS, and not functional for preventing wind erosion. Staff observed Operator installing the straw wattles along the southeast of the Location, and did not observe any other BMPs installed or being implemented during the time of the October 24, 2017, inspection. Due to wind erosion, exposed soil particles are vulnerable to possible movement by stormwater. Additionally, established vegetation was being buried and likely damaged by the wind erosion soil particle deposition. Between November 2017 and April 2018, Operator submitted two responses to COGCC inspections, in which it stated it had completed the required corrective actions; and COGCC conducted three follow up inspections, in which it observed that the corrective actions had not been adequately completed (Field Inspection Report Response Nos. 401464651, 401594057; Field Inspection Report Nos. 682403162, 682403410, 682403487). In these

inspections, Staff observed that wind erosion continued to result in soil particle deposition off Location to the northeast, east, southeast, and south of the Location; and that this erosion and deposition were worse in each successive inspection. The soil particle deposition off Location from wind erosion of the Location was easily observed over one hundred feet east of the Location perimeter. The wind erosion of the Location was the result of the Operator failing to stabilize the northern and southern well pad areas. Staff observed that the northern and southern portions of the well pad remains unconsolidated, even after the Operator applied the soil binding tacking agent of "Gorilla Snot". Staff also observed that, although Operator had implemented stormwater BMPs in addition to the straw wattles, Operator failed to implement the BMPs in accordance with good engineering practices. The ditch BMP was not properly implemented or maintained given the soil particle accumulation from wind erosion observed by Staff. The sediment trap BMP was not properly implemented given that it was not a sufficient size or constructed in accordance with good engineering practices. Operator failed to install stormwater BMPs prior to, or at, the start of construction; and failed to implement BMPs in accordance with good engineering practices, including measures such as erosion controls designed to minimize erosion from unpaved areas, including operational well pads; in violation of Rule 1002.f.(2).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 05/30/2018

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

Operator shall immediately implement BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Operator shall use appropriate materials and implementation strategies to achieve compliance.

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.e.(1), in order to reasonably minimize land disturbances and facilitate future reclamation, Gadeco LLC ("Operator") shall ensure well sites, production facilities, gathering pipelines and access roads are located, adequately sized, constructed, and maintained so as to reasonably control dust and minimize erosion, alteration of natural features, removal of surface materials, and degradation due to contamination. On October 10, 2017, Operator submitted a Form 42, Notice of Construction of a New Location (Document No. 401425452), to notify COGCC of the October 12, 2017, start of construction for the Grynberg Stateline Federal 24-12-65-4-NH Pad, (ID 441995, "Location"). COGCC Staff ("Staff") inspected the Location on October 24, 2017 (Field Inspection Report No. 682402931), and observed the Operator built the location to 9.29 acres for one permitted well. Staff conducted three follow up inspections of the Location between January and April 2018 (Field Inspection Report Nos. 682403162, 682403410, 682403487), and observed unconsolidated soil material along the southern and northern well pad area that was not stabilized adequately to control dust and prevent wind erosion. Staff observed soil particle deposition as a result of wind erosion off Location along the northeast, east, southeast, and southern areas of the Location. Soil particle deposition has impacted approximately 4.0 acres of previously undisturbed, intact native perennial plant community. As of April 16, 2018, the approximate total disturbance area, which includes impacted areas from soil particle deposition was approximately 13.0 acres. Operator failed to reasonably minimize land disturbances and facilitate future reclamation at the well site by failing to maintain the Location in a manner to minimize erosion, minimize alteration of natural features, minimize removal of surface materials, and minimize degradation due to contamination; in violation of Rule 1002.e.(1) and in violation of COGCC conditions of approval for Operator's Oil & Gas Location Assessment for the Location (Form 2A Document No. 401005112).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 05/30/2018

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

Operator shall immediately implement site construction and maintenance and interim reclamation practices to abide by the 1002 e.(1) rules. Operator shall maintain the Location to reasonably minimize land disturbances and facilitate future reclamation at the well site. Such measures may include compaction, placement of gravel, or immediate interim reclamation.

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_cogccenforecment@state.co.us.

NOAV ISSUED

NOAV Issue Date: <u>05/30/2018</u>	
COGCC Representative Signature: _____	_____
COGCC Representative: <u>Kira Gillette</u>	Title: <u>NOAV Specialist</u>
Email: <u>kira.gillette@state.co.us</u>	Phone Num: <u>(303) 894-2100x</u>

ATTACHMENT LIST

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

Document Number	Description
401655883	NOAV CERTIFIED MAIL RECEIPT
401655884	NOAV COVER LETTER

Total Attach: 2 Files