

State of Colorado
Oil and Gas Conservation Commission

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



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Date Issued:
03/01/2019
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: 10633

Name of Operator: CRESTONE PEAK RESOURCES OPERATING LLC

Address: 1801 CALIFORNIA STREET #2500

City: DENVER State: CO Zip: 80202

Contact Name and Telephone:

Name: DAVID STEWART

Phone: (303) 774-3909 Fax: ()

Email: david.stewart@crestonepr.com

Well Location, or Facility Information (if applicable):

API Number: 05- -00

Facility or Location ID: 428577

Name: Ruegge Facility

Number: 4H-N165

QtrQtr: SWSW

Sec: 4

Twp: 1N

Range: 65W

Meridian: 6

County: WELD

ALLEGED VIOLATION

Rule: 1002.b

Rule Description: Soil Removal & Segregation

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.b.(1), as to all excavation operations undertaken on cropland, Crestone Peak Resources Operating LLC ("Operator") shall separate and store soil horizons separately from one another and mark or document stockpile locations to facilitate subsequent reclamation.

On March 23, 2018, Operator submitted a Form 42, Notice of Construction of a Major Change (Document No. 401584908), to notify COGCC of the March 25, 2018, start of construction to expand the former Stelling facility location, now the Ruegge Facility 4H-N165 (ID No. 428577, "Facility Location"), and the Ruegge 4H-N165 (ID No. 331527, "Well Location") which is located east of the Facility Location.

COGCC Staff inspected the Facility Location on April 25, 2018, (Field Inspection Report No. 682403506, with Photos Document No. 682403509), and observed that Operator had expanded the former Stelling facility by approximately 2.0 acres, totaling 3.28 acres of disturbance. Operator performed excavation operations by grubbing off vegetation from the approximate 2.0 acre expansion area. Operator claims topsoil was salvaged and stored at the Well Location. COGCC Staff also inspected Well Location on April 25, 2018, (Field Inspection Report No. 682403510, with Photos Document No. 682403511), and observed that Operator had not constructed the noticed expansion, and that the initial disturbance area of the Well Location was 6.95 acres.

Based on field measurements the day of these inspections, the topsoil layer was approximately 10 inches thick, indicating that there should be approximately 12,000 cubic yards of topsoil stockpiled for the combined disturbed areas of the Facility Location and Well Location.

Operator provided COGCC Staff with an estimated amount of topsoil stockpiled at the Well Location of 6200 cubic yards which would be for both the Facility Location and Well Location (Field Inspection Resolution Report No. 401633573). Comparing COGCC Staff's estimate of the amount of topsoil that should have been salvaged with Operator's estimate of how much is stockpiled for these two facilities, COGCC Staff believes the Operator failed to salvage the required topsoil from both the Facility Location and Well Location.

Operator undertook excavation operations and failed to adequately salvage and store the topsoil, violating Rule 1002.b(1).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/02/2019

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

The Operator will provide COGCC one of two options. The first ("Option 1") is to provide a topsoil plan; the second ("Option 2") is to provide financial assurance (a bond) for the topsoil replacement during interim and final reclamation.

Option 1 will include the submittal of a detailed topsoil plan which must be approved by COGCC, and will include an assessment of the cubic yards of soil not salvaged and of soil quality to be stockpiled on Location. Operator shall provide as part of the topsoil plan soil sample results from the reference topsoil and a separate soil sample results for the topsoil replacement soil. Locations of soil samples on a reference area and the topsoil replacement soil location shall be included on a figure depicting the soil sample locations overlaid on aerial imagery. The topsoil plan shall include agronomic soil properties of the existing reference topsoil and the soil properties of the replacement topsoil. Operator shall conduct soil analysis including, at a minimum, the following: pH Saturated Paste, electrical conductivity (ec), organic matter, nitrate nitrogen, phosphorus, potassium, zinc, iron, manganese, copper, and lime and texture estimates, percent calcium carbonate equivalency, SAR, and fertilizer or amendment suggestions for the soil to be added during reclamation. If topsoil will be brought in from a completely different location, then it shall be from a source that does not have weed infestation of any kind. The replacement soil should be of the same quality to the reference topsoil. Additionally, the topsoil plan shall include when the topsoil will be imported and how it will be stockpiled and protected on the location, or a nearby stockpile location, including weed management. At a minimum, the topsoil shall be stockpiled on or near the location no later than two months after the approval of the topsoil plan.

Option 2 will include the submittal of a Sundry Notice ("Form 4") with specific information, similar to the information required for Notice to Operators (NTO) Interim Reclamation Procedures for Delayed Operations variance. The complete Option 2 shall include:

1. Signed surface owner letter;
2. Assessment of the quantity of topsoil not salvaged per the rules;
3. Assessment of all 3rd party cost associated with topsoil replacement including transportation and topsoil spreading;
4. Signed Tolling agreement;
5. Once the bonding amount is reviewed and approved by the Reclamation staff, Operator shall submit financial assurance.

By the corrective action deadline, Operator shall indicate which Option it will take, and shall submit topsoil plan or bond Form 4.

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.(2), Crestone Peak Resources Operating 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. Best Management Practices indicate that Operator shall implement such protection upon commencement of construction.

On March 21, 2018, Operator received COGCC approval for a surface disturbance to expand the former Stelling facility location, now the Ruegge Facility 4H-N165 (ID No. 428577, "Facility Location"), based on information Operator provided in its Oil and Gas Location Assessment (Document No. 401471079, "Form 2A"). Pursuant to Form 2A Condition of Approval No. 11 ("COA"), Operator "will comply with COGCC Rule 1002.f.(2). by utilizing BMPs at the [Facility Location] to control stormwater runoff in a manner than minimizes erosion, transport of sediment offsite, site degradation and protects surface waters."

On March 23, 2018, Operator submitted a Form 42, Notice of Construction of a Major Change (Document No. 401584908), to notify COGCC of the March 25, 2018, start of construction at the Facility Location.

COGCC Staff inspected the Facility Location on April 25, 2018, (Field Inspection Report No. 682403506, with Photos Document No. 682403509), and observed that Operator was constructing the expansion without stormwater BMPs. Also, there were no stormwater BMPs along the flowline construction area.

Operator failed to install stormwater BMPs prior to, or at the start of construction, violating Operator's Form 2A COAs and § 34-60-121.(1)(a), C.R.S., and Rule 1002.f.(2).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/02/2019

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

Operator shall immediately 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, Operator shall implement BMPs in accordance with good engineering practices.

By the corrective action due date, Operator shall submit a Form 4 Sundry Notice which documents Operator's selection and implementation of appropriate BMPs at the Facility Location. Operator shall include an explanation of how Operator will ensure timely compliance in future with Rule 1002.f.(2) at the Facility Location and at its other oil and gas locations in Colorado.

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: 03/01/2019

COGCC Representative Signature: _____

COGCC Representative: Kira Gillette

Title: NOAV Specialist

Email: kira.gillette@state.co.us

Phone Num: (303) email

CORRECTIVE ACTION COMPLETED

Rule: 1002.b

Rule Description: Soil Removal & Segregation

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: 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

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>
401957081	NOAV COVER LETTER
401957082	NOAV CERTIFIED MAIL RECEIPT
401957085	NOAV ISSUED

Total Attach: 3 Files