

State of Colorado
Oil and Gas Conservation Commission

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Date Issued:
10/25/2017
Date Resolved:
03/26/2019

NOTICE OF ALLEGED VIOLATION - RESOLVED

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: Jason Oates
Phone: (720) 410-8489 Fax: ()
Email: jason.oates@crestonepr.com

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 335664
Name: VESSELS MINERALS 'E'-61N68W Number: 19NWSW
QtrQtr: NWSW Sec: 19 Twp: 1N Range: 68W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 805
Rule Description: Odors and Dust
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 805.a., Crestone Peak Resources Operating LLC ("Operator") shall operate oil and gas facilities and equipment in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare. Following an odor complaint made on September 12, 2017 (Document No. 200443870), COGCC Staff inspected the Vessels Minerals 'E'-61 location ("Location") on September 12, 2017 (Document No. 674200214) and observed a well plugging operation. COGCC Staff also observed venting from open top tanks located on the west side of the Location approximately 25 yards from the playground of Aspen Ridge Preparatory School, the absence of temporary walls on the west side of the location, children playing in the playground and watching the rig crew's operation, and volatile organic compounds ("VOCs") visibly drifting toward the children in the playground.

COGCC Staff recorded photographs of the site showing the proximity to the playground (Document No. 674200222) and optical gas imagery video showing VOCs venting out of the open top tank next to the playground (Document No. 674200229). Due to the proximity of the school playground and the VOCs observed venting from the open top tank, COGCC Staff requested, and the Operator performed, a safety shutdown to cease operations and venting at the Location until implementation of safer practices to better control the VOCs. On September 13, 2017, Operator directed gases from the well to a sealed 500 barrel flowback tank. The gas vent from the flowback tank was then piped to a flareless gas combustor. This system will remain in place until all seven wells on the pad are plugged and abandoned.

Operator's venting of VOCs from the well in proximity to a school playground with children present allowed odors to constitute a hazard to public welfare, in violation of Rule 805.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/29/2017

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

Operator shall submit a written safety plan applicable to all location(s) undergoing plugging operations in Colorado, by email to Mike Leonard at mike.leonard@state.co.us. The safety plan(s) shall describe the measures Operator will implement at the location(s) to eliminate unnecessary and excessive venting or flaring of natural gas, to protect the health and safety of the public, and to ensure that odors from well plugging operations do not constitute a nuisance or hazard to public welfare.

This Corrective Action does not necessarily satisfy any Conditions of Approval that may be attached to a proposed Form 6, Well Abandonment Report - Notice of Intent to Abandon, requiring the submission of a site-specific written safety plan.

Rule: 912

Rule Description: Venting or Flaring Natural Gas

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 912.a., Crestone Peak Resources Operating LLC ("Operator") shall not unnecessarily or excessively vent or flare natural gas produced from a well. Following an odor complaint made on September 12, 2017 (Document No. 200443870), COGCC Staff inspected the Vessels Minerals 'E'-61 location ("Location") on September 12, 2017 (Document No. 674200214) and observed a well plugging operation. COGCC Staff also observed open top tanks located on the west side of the location receiving gas from the well, and volatile organic compounds ("VOCs") visibly being released from the open top tank.

COGCC Staff recorded photographs of the site showing the proximity to a school playground (Document No. 674200222) and optical imagery video showing VOCs venting out of the open top tank next to the playground (Document No. 674200229). Due to the proximity to a school playground and the VOCs observed venting from the open top tank, COGCC Staff requested, and the Operator performed, a safety shutdown to cease operations and venting at the Location until implementation of safer practices to better control the VOCs. On September 13, 2017, Operator directed gases from the well to a sealed 500 barrel flowback tank. The gas vent from the flowback tank was then piped to a flareless gas combustor. This system will remain in place until all seven wells on the pad are plugged and abandoned.

Operator's venting of VOCs from the well without taking reasonable precautions to reduce the amount of natural gas vented such as by routing tank emissions to a combustion device for control resulted in unnecessary and excess venting of natural gas, in violation of Rule 912.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/29/2017

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

Operator shall submit a written safety plan applicable to all location(s) undergoing plugging operations in Colorado, by email to Mike Leonard at mike.leonard@state.co.us. The safety plan(s) shall describe the measures Operator will implement at the location(s) to eliminate unnecessary and excessive venting or flaring of natural gas, to protect the health and safety of the public, and to ensure that odors from well plugging operations do not constitute a nuisance or hazard to public welfare.

This Corrective Action does not necessarily satisfy any Conditions of Approval that may be attached to a proposed Form 6, Well Abandonment Report - Notice of Intent to Abandon, requiring the submission of a site-specific written safety plan.

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>10/25/2017</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) 894-2100x5165</u>

CORRECTIVE ACTION COMPLETED

Rule: <u>805</u>	
Rule Description: <u>Odors and Dust</u>	
Corrective Action Start Date: _____	Corrective Action Complete Date: <u>08/01/2018</u>
Has corrective action for this violation been performed as required? <u>Yes</u>	
Description of Actual Corrective Action Performed by Operator	
<u>NOAV resolved by Order 1V-665. See Order for details regarding corrective actions performed or pending.</u>	

Rule: <u>912</u>	
Rule Description: <u>Venting or Flaring Natural Gas</u>	
Corrective Action Start Date: _____	Corrective Action Complete Date: <u>08/01/2018</u>
Has corrective action for this violation been performed as required? <u>Yes</u>	
Description of Actual Corrective Action Performed by Operator	
<u>NOAV resolved by Order 1V-665. See Order for details regarding corrective actions performed or pending.</u>	

FINAL RESOLUTION

Cause #: <u>1V</u>	Order #: <u>665</u>	Docket #: <u>180300017</u>
Enforcement Action: <u>Administrative Order of Consent</u>	Final Resolution Date: <u>08/01/2018</u>	
Final Resolution Comments:		
<u>NOAV resolved by Order 1V-665. See Order for details regarding corrective actions performed or pending.</u>		

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>
401440431	NOAV COVER LETTER
401440434	NOAV CERTIFIED MAIL RECEIPT
401440453	NOAV DOCUMENTATION
401440581	NOAV IN PROCESS
401486380	NOAV DOCUMENTATION
401486382	NOAV ISSUED
401487446	NOAV CORRESPONDENCE
401524494	NOAV CERTIFIED MAIL RETURN RECEIPT

Total Attach: 8 Files