

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
401639999
Date Issued:
05/15/2018
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: 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: 321139

Name: KONKEL-632S44W

Number: 4E2

QtrQtr: E2 Sec: 4 Twp: 32S Range: 44W Meridian: 6

County: BACA

ALLEGED VIOLATION

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., Lorentz Oil & Gas 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.

During an inspection of Operator's Konkil 1-4 well location (API 05-009-06552) (Location ID 321139, "Location") on February 24, 2018, COGCC Staff observed that there was no labeling on the overhead storage tank and the label on the produced water tank was wearing off and not legible. COGCC Staff instructed Operator to install compliant signage. (Field Inspection Report No. 679904065)

Operator failed to maintain required tank labeling, in violation of Rule 210.d.

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.

On all tanks with a capacity of 10 barrels or greater on the Location, Operator shall install signage 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: 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 Konkel 1-4 well location (API 05-009-06552) (Location ID 321139, "Location") on February 24, 2018, COGCC Staff observed weeds all around the equipment and the Location, and an empty fiberglass open top water tank that was still plumbed into production. (Field Inspection Report No. 679904065, including Photo Nos. 1, 2, 3, 4, & 5)

Operator failed to keep the location free of weeds, 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 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 Konkel 1-4 well location (API 05-009-06552) (Location ID 321139, "Location") on February 24, 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. 679904065, including Photo Nos. 1 & 5)

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.

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) 894-2100x5165

CORRECTIVE ACTION COMPLETED

Rule: 210.d.

Rule Description: Signs and Markers Tanks and Containers

Corrective Action Start Date: _____

Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? No

Description of Actual Corrective Action Performed by Operator

NOAV resolved by Order 1V-686. See Order for details regarding corrective actions performed or pending.

Rule: 522.f

Rule Description: Failure to Comply with Commission Order

Corrective Action Start Date: _____

Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? No

Description of Actual Corrective Action Performed by Operator

NOAV resolved by Order 1V-686. See Order for details regarding corrective actions performed or pending.

Rule: 603.f

Rule Description: Statewide Equipment, Weeds, Waste, and Trash Requirements

Corrective Action Start Date: _____

Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? No

Description of Actual Corrective Action Performed by Operator

NOAV resolved by Order 1V-686. See Order for details regarding corrective actions performed or pending.

Rule: 605.a.(4)

Rule Description: Oil & Gas Facilities- Berms

Corrective Action Start Date: _____

Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? No

Description of Actual Corrective Action Performed by Operator

NOAV resolved by Order 1V-686. See Order for details regarding corrective actions performed or pending.

FINAL RESOLUTION

Cause #: 1V Order #: 686 Docket #: 181000657

Enforcement Action: Administrative Order of Consent

Final Resolution Date: 12/19/2018

Final Resolution Comments:

NOAV resolved by Order 1V-686. See Order for details regarding corrective actions performed or pending.

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>
401640131	NOAV CERTIFIED MAIL RECEIPT
401640200	NOAV COVER LETTER
401640206	NOAV ISSUED
401640311	NOAV IN PROCESS
401710678	NOAV CERTIFIED MAIL RETURN RECEIPT

Total Attach: 5 Files