

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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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: <u>10496</u>	Contact Name and Telephone:
Name of Operator: <u>CRAZY 8 ENERGY LLC</u>	Name: <u>Joe Spitz</u>
Address: <u>9122 COUNTY ROAD HH</u>	Phone: <u>(719) 699-5466</u> Fax: <u>()</u>
City: <u>LAMAR</u> State: <u>CO</u> Zip: <u>81052</u>	Email: <u>joespitz1@hotmail.com</u>

Additional Operator Contacts	Email
Joe Mazotti	ogp-co@comcast.net

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 436290
 Name: Padilla Number: 1
 QtrQtr: NENE Sec: 9 Twp: 22S Range: 58W Meridian: 6
 County: CROWLEY

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.e(1), in order to reasonably minimize land disturbances and facilitate future reclamation, Crazy 8 Energy LLC ("Operator") is required to 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 March 11, 2019 COGCC staff inspected the Padilla #1 (ID No. 436291, "Location") and observed insufficient BMPs installed; soil stockpiles on Location were loose material not protected or stabilized and at risk to erosion (Field Inspection Report No. 689900462, including attached photographs).

On May 15, 2019, COGCC staff conducted a follow up inspection on the Location and observed insufficient BMPs installed; soil stockpiles on Location remained loose material not protected or stabilized and at risk to erosion (Field Inspection Report No. 689900687, including attached photographs).

Operator failed to employ best management practices to ensure stockpiled soils are stabilized; Violating Rule 1002.e(1), Rule 1002.c and Rule 1002.f

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 07/26/2014

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

Comply with corrective actions, Rule 1002.e, Rule 1002.c, Rule 1002.f and Rule 1004

Rule: 1003.d

Rule Description: Interim Reclamation - Drilling Pit Closure

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 1003.d.(1), Crazy 8 Energy LLC ("Operator") shall close and reclaim drilling pits no later than three (3) months after drilling and completion activities conclude.

On October 30th, 2014, Operator submitted a Drilling Completion Report (No. 400659494, "Form 5") stating "Final Completion" with a "Rig Release Date" of April 26th, 2014, for the Padilla #1 (ID No. 436291, "Location").

On March 11, 2019, COGCC Staff inspected the Location and observed two (2) drilling pits remained open; pits are collecting stormwater; and one (1) deceased cow within one (1) of the drilling pits (Field Inspection Report No. 689900462, including attached photographs).

On May 15th, 2019, COGCC Staff conducted a follow up inspection on the Location and observed that the two drilling pits have been backfilled, but not reclaimed (Field Inspection Report No. 689900687, including attached photographs).

On June 5th, 2019, Operator submitted a Site Investigation and Remediation Workplan (No. 402065414, "Form 27", approved 6/6/2019) for the drilling pits on Location.

Operator failed to conduct drilling pit closure no later than three (3) months after drilling a completion activities conclude; Violating Rule 1003.d.(1)

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 07/26/2014

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

Comply with corrective actions, Rule 1003.d, and Rule 1004

Rule: 1004.a

Rule Description: Final Reclamation - Well Sites Reclamation

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 1004.a, Crazy 8 Energy LLC ("Operator") shall, upon the plugging and abandonment of a well, all pits, mouse and rat holes and cellars shall be backfilled. All debris, abandoned gathering line risers and flowline risers, and surface equipment shall be removed within three (3) months of plugging a well. All access roads to plugged and abandoned wells and associated production facilities shall be closed, graded and recontoured. Culverts and any other obstructions that were part of the access road(s) shall be removed. Well locations, access roads and associated facilities shall be reclaimed. As applicable, compaction alleviation, restoration, and revegetation of well sites, associated production facilities, and access roads shall be performed to the same standards as established for interim reclamation under Rule 1003. All other equipment, supplies, weeds, rubbish, and other waste material shall be removed. The burning or burial of such material on the premises shall be performed in accordance with applicable local, state, or federal solid waste disposal regulations and in accordance with the 900-Series Rules. In addition, material may be burned or buried on the premises only with the prior written consent of the surface owner. All such reclamation work shall be completed within three (3) months on crop land and twelve (12) months on non-crop land after plugging a well or final closure of associated production facilities. The Director may grant an extension where unusual circumstances are encountered, but every reasonable effort shall be made to complete reclamation before the next local growing season.

On March 11th and 12th, 2019, COGCC Staff received a complaint (Form 18 No. 200447053) that drill pits remained open on the Padilla #1 (ID No. 436291, "Location"). COGCC Staff met with Complainant on the Location and observed that reclamation of the Location has not been conducted; two drilling pits remain open collecting stormwater, and groundwater (per the Complainant); stormwater diversion ditches remain open; trash debris remain; soils remain compacted. COGCC Staff required Operator to perform

the following corrective actions: Comply with COGCC 1004 Rules (Field Inspection Report No. 689900462, including attached photographs).

On May 15th, 2019, COGCC Staff conducted a follow up inspection on the Location and observed that two drilling pits have been backfilled; stormwater diversion ditches have not been reclaimed; soil stockpiles have not been reclaimed; trash debris remains; soils remain compacted; soils have not been re-contoured; weed establishment throughout Location. COGCC Staff required Operator to perform the following corrective actions: Comply with COGCC 1004 Rules (Field Inspection Report No. 689900687, including attached photographs).

Operator failed to conduct Final Reclamation of the Location; Violating Rule 1004.a

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 07/26/2014

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

Comply with corrective actions and conduct reclamation in accordance with 1004 Rules.

Rule: 34-60-121(1) CRS-b

Rule Description: Statutory Violation - Permit Violation

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 COGCC Conditions of Approval ("COAs") in Crazy 8 Energy LLC ("Operator")'s Oil and Gas Location Assessment ("Form 2A"), (Document No. 400546059, approved 2/28/2014), for the Padilla #1 (ID No. 436291, "Location"), Operator was required to implement site-specific best management practices, pursuant to Rule 1002.f, in accordance with good engineering practices to protect the intermittent stream located 220 feet west of the oil and gas location from a release of drilling, completion, produced fluids, and chemical products. Operator was provided this information on the Form 2A, however, based on COGIS aerial imagery, the drilling pits and soil stockpiles were constructed within the intermittent stream corridor.

On March 11, 2019, and May 15th, 2019, COGCC Staff inspected the Location and observed insufficient BMPs installed to minimize erosion, transport of sediment offsite, site degradation, and to prevent discharges causing pollution to surface waters (Field Inspection Report No. 689900462, including attached photographs, for March 11, 2019; Field Inspection Report No. 689900687, including attached photographs, for May 15, 2019).

Operator failed to employ best management practices to minimize erosion, transport of sediment offsite, site degradation, and to prevent discharges causing pollution to surface waters in violation of Operator's Form 2A 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: 07/26/2014

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

Comply with corrective actions, Rule 1002.e, Rule 1002.c, Rule 1002.f and Rule 1004

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: 10/25/2019

COGCC Representative Signature: _____



COGCC Representative: Kira Gillette

Title: NOAV Specialist

Email: kira.gillette@state.co.us

Phone Num: () _____

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>
402221358	NOAV CERTIFIED MAIL RECEIPT
402221363	NOAV COVER LETTER

Total Attach: 2 Files