

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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03/01/2022

NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 523, 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 525, 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>95620</u>	Contact Name and Telephone:
Name of Operator: <u>WESTERN OPERATING COMPANY</u>	Name: <u>STEVEN D JAMES</u>
Address: <u>1165 DELAWARE STREET #200</u>	Phone: <u>(303) 893-2438</u> Fax: <u>()</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80204</u>	Email: <u>steve@westernoperating.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 480894
Name: King Pyles #4 Number: _____
QtrQtr: SWSE Sec: 8 Twp: 19S Range: 45W Meridian: 6
County: KIOWA

ALLEGED VIOLATION

Rule: 1002
Rule Description: Site Preparation and Stabilization
Initial Discovery Date: 06/07/2021 Was this violation self-reported by the operator? No
Date of Violation: 06/07/2021 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1002.a.(3), subsequent to drilling operations, where livestock is in the immediate area and is not fenced out by existing fences, the operator, at the request of the surface owner, will install a fence around the wellhead, pit, and production equipment to prevent livestock entry.

On October 4, 2021, Western Operating Company ("Operator") submitted an Initial Form 19, Spill/Release Report (document no. 402830414) for a spill (Spill/Release Point ID: 480894) discovered on June 7, 2021, at the King Pyles #4 tank battery ("Location"), of 98 bbls. of crude oil into unlined secondary containment, constructed of earthen berms, due to cattle rubbing against a 4 inch valve. Operator was required to resubmit the Form 19 due to inaccuracies within the initial submission, changing the document date to October 7, 2021.

The surface owner filed a complaint with the COGCC on October 12, 2021 (document no. 402839799), reporting multiple cows and calves covered in oil and one dead cow observed in the enclosure upon discovery of the spill, and also enough tracks to suggest more cattle were previously in the fenced enclosure. After a more complete investigation, the surface owner reported a loss of 6 cattle as a result of the incident. The complaint also indicates the surface owner requested, over a 10 year period, Operator to mend fences in disrepair and improve their efficiency.

Operator failed to install adequate fencing around production equipment to prevent livestock entry, violating Rule 1002.a.(3).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 03/31/2022

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

Install fencing adequate to prevent cattle from entering the tank battery and damaging equipment. Fencing shall be inspected and maintained on a regular basis to ensure cattle are not able to damage oil & gas equipment resulting in another spill. Remediate the spill area pursuant to all requirements of the Form 27 and provide documentation verifying that all remaining soil is in compliance with Table 915-1 standards and all E&P waste was properly disposed.

Rule: 902.

Rule Description: Pollution

Initial Discovery Date: 06/07/2021

Was this violation self-reported by the operator? Yes

Date of Violation: 06/07/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 902.a., Western Operating Company ("Operator") will prevent Pollution. Pursuant to Rule 902.b., Operator will prevent adverse environmental impacts on any air, water, soil, or biological resource resulting from Oil and Gas Operations and will protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources. Pursuant to Rule 902.c., Operator will prevent the unauthorized discharge or disposal of oil, condensate, gas, E&P Waste, Chemical substances, trash, discarded equipment, and other oil field waste.

On October 4, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402830414) for a spill (Spill/Release Point ID: 480894) discovered on June 7, 2021, at the King Pyles #4 tank battery ("Location"), of 98 bbls. of crude oil into unlined secondary containment, constructed of earthen berms, due to cattle rubbing against a 4 inch valve. Operator was required to resubmit the Form 19 due to inaccuracies within the initial submission, changing the document date to October 7, 2021.

The surface owner filed a complaint with the COGCC on October 12, 2021 (document no. 402839799), reporting 6 cows and calves covered in oil and one dead cow observed in the enclosure upon discovery of the spill, and also enough tracks to suggest more cattle were previously in the fenced enclosure. The surface owner reported a loss of 6 cattle, as a result of the incident.

On November 24, 2021, Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 402877979), reporting analytical results from soil samples collected from the spill area that documented residual Total Petroleum Hydrocarbons (TPH), electrical conductivity (EC), sodium adsorption ratio (SAR), and pH levels in exceedance of Table 915-1 standards.

Operator failed to prevent pollution and adverse environmental impacts on any air, water, soil, or biological resources resulting from Oil and Gas Operations and failed to protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources, and prevent the unauthorized discharge of oil, violating Rule 902.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 03/31/2022

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

Install fencing adequate to prevent cattle from entering the tank battery. Fencing shall be inspected and maintained on a regular basis to ensure cattle are not able to contact oil & gas equipment. Remediate the spill area pursuant to all requirements of the Form 19 and provide documentation verifying that all remaining soil is in compliance with Table 915-1 standards and all E&P waste was properly disposed.

Rule: 912.b.

Rule Description: Reporting Spills or Releases of E&P Waste, Gas, or Produced Fluids

Initial Discovery Date: 06/07/2021

Was this violation self-reported by the operator? Yes

Date of Violation: 06/07/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 912.b.(1), Western Operating Company ("Operator") will submit an initial report ("24 Hour Notification") of a Spill or Release of E&P Waste, natural gas, or produced Fluids to the Director verbally, via electronic mail, or on a Form 19, Spill/Release Report – Initial within 24 hours of discovery. Pursuant to Rule 912.b.(3), Operator will submit a Form 19 – Initial, if Operator did not submit the 24 Hour Notification through a Form 19 - Initial, no less than 72 hours after discovery of the Spill or Release unless the Director extends the timeframe in writing. Pursuant to Rule 912.b.(4), Operator will file a Form 19 – Supplemental not more than 10 days after the Spill or Release is discovered.

On October 4, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402830414) for a spill (Spill/Release Point ID: 480894) discovered on June 7, 2021, at the King Pyles #4 tank battery ("Location"), of 98 bbls. of crude oil into unlined secondary containment, constructed of earthen berms, due to cattle rubbing against a 4 inch valve. Operator was required to resubmit the Form 19 due to inaccuracies within the initial submission, changing the document date to October 7, 2021. This initial spill notification, submitted on the Initial Form 19, was 119 days after the discovery of the spill.

On October 7, 2021, Operator submitted a Supplemental Form 19 Spill/Release Report (document no. 402834312) documenting corrective actions taken by the Operator to prevent similar spills in the future, 122 days after the discovery of the spill.

Operator failed to report to the discovery of a reportable spill within 24 hours of discovery, submit a Form 19, Spill/Release Report – Initial within 72 hours of discovery of the spill, or file a Form 19, Spill/Release Report – Supplemental within 10 days of discovery of the spill, violating Rule 912.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 03/31/2022

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

Submit a detailed written plan that the company will use to train all employees or subcontractor personnel that have a responsibility for field operations or spill/release reporting to prevent violations of Rule 912 in the future. Include a schedule to perform employee training. Provide documentation of employee training of COGCC Rule 912.b. spill reporting timelines, spill reporting thresholds, and spill reporting form requirements within 30-days after COGCC approval of the written plan.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 525, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 523.c.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgment may be entered. Answers are filed by email to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 03/01/2022

COGCC Representative Signature:  _____

COGCC Representative: Trent Lindley Title: NOAV Specialist

Email: trent.lindley@state.co.us Phone Num: (303) 894-2100 x5143

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>

Total Attach: 0 Files