

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
402409058
Date Issued:
06/03/2020
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: 81490
Name of Operator: ST CROIX OPERATING INC
Address: P O BOX 13799
City: DENVER State: CO Zip: 80201
Contact Name and Telephone:
Name: PAUL MELNYCHENKO
Phone: (303) 489-9298 Fax: ()
Email: stcroixexp@aol.com

Well Location, or Facility Information (if applicable):

API Number: 05-121-08871-00 Facility or Location ID: 236381
Name: STATE Number: 2-16
QtrQtr: SESE Sec: 16 Twp: 3S Range: 52W Meridian: 6
County: WASHINGTON

ALLEGED VIOLATION

Rule: 324A.a
Rule Description: General Environmental Protection
Initial Discovery Date: 01/08/2020 Was this violation self-reported by the operator? No
Date of Violation: 01/08/2020 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 324A.a., St. Croix Operating, Inc. ("Operator") shall take precautions to prevent significant adverse environmental impacts to air, water, soil, or biological resources to the extent necessary to protect public health, safety, and welfare, including the environment and wildlife resources, taking into consideration cost-effectiveness and technical feasibility to prevent the unauthorized discharge or disposal of oil, gas, E&P waste, and chemical substances, or other oilfield waste.

During a routine inspection on January 8, 2020 (document # 688306730) of the State #2-16 well ("Well"), COGCC Staff observed holes and gaps in the wildlife protection cover over the skim tank. COGCC Staff required repairs to the wildlife protection cover over the skim tank to be completed by January 31, 2020.

COGCC Staff re-inspected the Well on May 8, 2020 (document # 688307820), and observed that the wildlife protection cover over the skim tank had not been repaired. Staff also observed two deceased song birds in the skim tank.

During an inspection of the Well on May 15, 2020 (document # 688307854), COGCC Staff observed corrective actions were taken to repair the holes and gaps in the wildlife protection cover over the skim tank.

Operator failed to take precautions to prevent significant adverse impacts to wildlife resources, resulting in wildlife mortality at Operator's skim tank, violating Rule 324A.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/03/2020

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

Operator shall install and maintain precautions to prevent significant adverse environmental impacts to biological resources to protect wildlife resources. Operator shall provide documentation of procedures, policies and practices implemented to prevent adverse impacts to wildlife resources in the future.

Rule: 605.a.(4)

Rule Description: Oil & Gas Facilities- Berms

Initial Discovery Date: 01/08/2020

Was this violation self-reported by the operator? No

Date of Violation: 01/08/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 605.a.(4), St. Croix Operating, Inc. ("Operator") shall construct, inspect at regular intervals, and maintain in good condition: berms or other secondary containment devices around crude oil, condensate, and produced water tanks (collectively: "ASTs") to provide secondary containment for the largest single tank and sufficient freeboard to contain precipitation.

During an inspection on January 8, 2020 (document # 688306730) of the State #2-16 well ("Well"), COGCC Staff observed burrowed animal holes on the northwest corner of the production tank secondary containment berms. COGCC Staff required repairs to the secondary containment berms to be completed by January 31, 2020.

COGCC Staff re-inspected the Well on May 8, 2020 (document # 688307820), and observed the burrowed animals holes in the secondary containment for the production tank were not repaired.

During an inspection of the Well on May 15, 2020 (document # 688307854), COGCC Staff observed an additional animal hole in the secondary containment berm.

Operator failed to maintain adequate earthen berms or other secondary containment surrounding the production tank, violating Rule 604.a.(4).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 07/03/2020

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

Operator shall immediately repair earthen berms surrounding crude oil and produced water ASTs . Operator shall provide documentation of procedures, policies and practices implemented to maintain and inspect berms and other secondary containment devices in regular intervals.

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. An answer will, at a minimum, discuss the allegations contained in the NOAV, responding to each; identify corrective actions taken in response to the NOAV, if any; and identify facts known to the operator at the time that are relevant to the operator's response to the alleged violations. 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>06/03/2020</u> | | |
| COGCC Representative Signature: | _____ | | |
| COGCC Representative: | <u>Trent Lindley</u> | Title: | <u>NOAV Specialist</u> |
| Email: | <u>trent.lindley@state.co.us</u> | Phone Num: | <u>(303) 894-2100x</u> |

CORRECTIVE ACTION COMPLETED

| | | | |
|--|---|----------------------------------|-------|
| Rule: | <u>324A.a</u> | | |
| Rule Description: | <u>General Environmental Protection</u> | | |
| Corrective Action Start Date: | _____ | Corrective Action Complete Date: | _____ |
| Has corrective action for this violation been performed as required? | <u>No</u> | | |
| Description of Actual Corrective Action Performed by Operator | <u>Closed pursuant to AOC 1v-781.</u> | | |

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|--|--|----------------------------------|-------|
| Rule: | <u>605.a.(4)</u> | | |
| Rule Description: | <u>Oil & Gas Facilities- Berms</u> | | |
| Corrective Action Start Date: | _____ | Corrective Action Complete Date: | _____ |
| Has corrective action for this violation been performed as required? | <u>No</u> | | |
| Description of Actual Corrective Action Performed by Operator | <u>Closed pursuant to AOC 1v-781.</u> | | |

FINAL RESOLUTION

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|----------------------------|--|------------------------|-------------------|-----------|------------------|
| Cause #: | <u>1V</u> | Order #: | <u>781</u> | Docket #: | <u>220200026</u> |
| Enforcement Action: | <u>Administrative Order of Consent</u> | Final Resolution Date: | <u>05/25/2022</u> | | |
| Final Resolution Comments: | <u>Closed pursuant to AOC 1v-781.</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> |
|------------------------|-----------------------------|
| 402412495 | NOAV CERTIFIED MAIL RECEIPT |
| 402412557 | NOAV ISSUED |
| 402412561 | NOAV IN PROCESS |

Total Attach: 3 Files