

State of Colorado
Oil and Gas Conservation Commission

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Date Issued:
01/16/2020
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: 10602
Name of Operator: MCCLANE ENERGY INC
Address: 1412 103 RD AVE
City: NORTHGLENN State: CO Zip: 80260
Contact Name and Telephone:
Name: GENE MCCLANE
Phone: (303) 255-5610 Fax: ()
Email: genemcclane@hotmail.com

Well Location, or Facility Information (if applicable):

API Number: 05-001-08191-00 Facility or Location ID: 202786
Name: VAN SCOYK Number: 1
QtrQtr: SWSW Sec: 23 Twp: 1S Range: 67W Meridian: 6
County: ADAMS

ALLEGED VIOLATION

Rule: 210.b
Rule Description: Signs & Markers- Wells & Batteries
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.b., within 60 days after the completion of a well or the installation of a battery, McClane Energy Inc ("Operator") shall install permanent signage at the wellhead and/or battery. This signage shall provide, among other required information, the name of Operator, a phone number at which Operator can be reached at all times, and a phone number for local emergency services (911 where available).

On 09/12/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 facility (API#05-001-08191) and noted emergency contact numbers at battery and wellhead both not operational in document #693501393.

On 10/17/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501663.

Operator failed to install permanent signage with the required information, violating Rule 210.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020
Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall install signage that provides emergency contact information, including a phone number at which the Operator can be reached at all times and a phone number for local emergency services.

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., McClane Energy Inc("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.

On 10/05/2018 COGCC staff performed an inspection of McClane Energy Inc's Van Scoyk #1 facility (API#05-001-08191) and noted inaccurate flammability rating for produced water tank in document #691401135.

On 09/12/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501393.

On 10/17/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501663.

Operator failed to post or label the tank with an accurate NFPA Label, violating Rule 210.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020

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

Operator shall install signage on the tank including an accurate NFPA label.

Rule: 309

Rule Description: Operator's Monthly Report of Operations

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 309.a., McClane Energy Inc ("Operator") shall report all existing oil and gas wells that are not plugged and abandoned on the Operator's Monthly Report of Operations, Form 7, within 45 days after the end of each month.

As of 10/23/2019, Operator's last submitted production report is for August 2017.

Operator failed to report production of existing oil and gas well within 45 days of the end of the month, violating rule 309.a.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020

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

Operator shall submit a Form 7 reporting status of facility and production from facility.

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., McClane Energy Inc ("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.

On 10/05/2018 COGCC staff performed an inspection of McClane Energy Inc's Van Scoyk #1 facility (API#05-001-08191) and noted unused pumping unit engine and trash in document #691401135.

On 09/12/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed with additional corrective action for weeds on location in document #693501393.

On 10/17/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501663.

Operator's failed to remove unused equipment, weeds, and trash, violating Rule 603.f.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020

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

Control or remove all weeds and remove all unused equipment and trash to comply with rule 603.f.

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

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.d., McClane Energy Inc ("Operator") shall keep all valves, pipes, and fittings securely fastened; inspected at regular intervals; and maintained in good mechanical condition.

On 09/12/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 facility (API#05-001-08191) and noted mechanical condition issues at wellhead and pumping unit in document #693501393.

On 10/17/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501663.

Operator failed to ensure mechanical condition of equipment, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020

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

Operator shall maintain all equipment and inspect at regular intervals to ensure mechanical condition of valves, pipes, and fittings.

Rule: 907.e

Rule Description: Oily Waste

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 907.e., McClane Energy Inc ("Operator") shall treat or dispose of oily waste in accordance with options listed under 907.e.(1), such as disposal at a commercial solid waste disposal facility, or land treatment onsite, or at a permitted centralized E&P waste management facility.

On 10/05/2018 COGCC staff performed an inspection of McClane Energy Inc's Van Scoyk #1 facility (API#05-001-08191) and noted stained soil at wellhead in document #691401135.

On 09/12/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501393.

On 10/17/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501663.

Operator's failure to appropriately treat or dispose of releases and accumulations of oily waste associated with production equipment

constitutes violation of Rule 907.e.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020

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

Operator shall remove any accumulation of oil or condensate from the wellhead within 24 hours, and shall remove or remediate any stained soil in accordance with Rule 907.e. Submit waste manifests documenting the disposal of oily waste. Onsite land treatment of oily waste is not permitted without prior approval of a Form 27 Site Investigation and Remediation Workplan for the onsite treatment of oily waste.

Rule: 907A

Rule Description: Management of Non-E&P Waste

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 907A.a. and c., McClane Energy Inc ("Operator") shall properly identify and dispose of non-E&P wastes in accordance with state and federal regulations, including storing, treating, and disposing of hazardous waste in accordance with 6 C.C.R. 1007-3.

On 10/05/2018 COGCC staff performed an inspection of McClane Energy Inc's Van Scoyk #1 facility (API#05-001-08191) and noted stained soil at pumping unit and engine in document #691401135.

On 09/12/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501393.

On 10/17/2019 COGCC staff performed a followup inspection of McClane Energy Inc's Van Scoyk #1 (API#05-001-08191) facility and noted corrective actions not completed in document #693501663.

Operator failed to properly identify and dispose of non-E&P wastes, violating Rule 907A.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 02/17/2020

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

Operator shall remove or remediate the stained soil in accordance with applicable solid and/or hazardous waste regulations.

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: 01/16/2020

COGCC Representative Signature: _____

COGCC Representative: Conor Pesicka

Title: Quality Assurance Profess

Email: conor.pesicka@state.co.us

Phone Num: (303) 894-2100x5164

CORRECTIVE ACTION COMPLETED

Rule: 210.b

Rule Description: Signs & Markers- Wells & Batteries

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 pursuant to Order 1V-830.

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 pursuant to Order 1V-830.

Rule: 309

Rule Description: Operator's Monthly Report of Operations

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 pursuant to Order 1V-830.

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 pursuant to Order 1V-830.

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

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 pursuant to Order 1V-830.

Rule: 907.e

Rule Description: Oily Waste

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 pursuant to Order 1V-830.

Rule: 907A

Rule Description: Management of Non-E&P Waste

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 pursuant to Order 1V-830.

FINAL RESOLUTION

Cause #: 1V Order #: 830 Docket #: 220500116

Enforcement Action: Order Finding Violation

Final Resolution Date: _____

Final Resolution Comments:

NOAV resolved pursuant to Order 1V-830.

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> |
|------------------------|-----------------------------|
| 402288078 | NOAV CERTIFIED MAIL RECEIPT |
| 402288079 | NOAV COVER LETTER |
| 402288334 | NOAV ISSUED |
| 402288338 | NOAV IN PROCESS |

Total Attach: 4 Files