

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION FOR RENEWING) CAUSE NO. 1
THE PERMIT TO ALLOW CONTINUED DISCHARGE OF)
TREATED PRODUCTION WATER FROM THE WELLINGTON) DOCKET NO. ____
MUDDY UNIT INTO THE BOXELDER CREEK)
ALLUVIUM, LARIMER COUNTY, COLORADO)

APPLICATION

Wellington Operating Company, LLC ("Applicant"), an oil and gas operating company, by its consultants Telesto Solutions Inc., respectfully submits this application to the Oil and Gas Conservation Commission of the State of Colorado for renewing the existing pit permit (Pit Permit Nos.: 281818 and 281824) to allow continued discharge of treated production water from the Wellington Muddy Unit into the Boxelder Creek alluvium in Larimer County Colorado, and in support of the application states as follows:

1. Applicant operates a production water treatment plant ("Facility") classified as an Exploration and Production (E&P) Waste facility under COGCC pit permit numbers 281818 and 281824. The Facility is located at

1590 East Larimer County Road 70
Wellington, CO 80549

The Facility and legal contact information is provided below:

Bradley A. Pomeroy
Wellington Operating Company
6065 S. Quebec Street, Suite 201
Centennial, CO 80111
(303) 220-5399

2. Commission Order No. 1-1-08 applies to the application and establishes, among other things, approval to allow discharge of treated produced water from the Wellington Muddy unit into the Boxelder Creek alluvium.

3. Applicant was granted Pit Permit Numbers 281818 and 281824 (Exhibit A) on December 5, 2005 authorizing discharge of treated water from the Facility into the Boxelder Creek alluvium. The Facility has been discharging treated water through the Rapid Infiltration Basins (RIBs) since April 2006.

4. The current permit will expire on December 31, 2010. As specified in the permit, the Applicant communicated with COGCC, 180 days prior to permit expiration, seeking a permit renewal (See Exhibit B). Applicant was informed on September 24, 2010 by the COGCC to apply by October 8, 2010 so that the permit renewal request could be included in the docket for the November 29, 2010 hearing.

5. Applicant has obtained a classification from the Office of the State Engineer that produced water from the Wellington Muddy Unit is nontributary and the above referenced pit permit numbers only relate to water quality regulations pertaining to the treated produced water.

6. Applicant is the only entity that can withdraw produced water from the field and the renewal of the permit does not impact any existing water users in Northern Colorado.

7. The only wells between the infiltration basin and the point of compliance are irrigation wells owned by the family and entities of Mr. Richard Seaworth, the surface owner, who is a partner of the Wellington Operating Company and supports the Facility operation and discharge.

8. Monitoring data collected from the various outfall locations specified in the permit is provided in Exhibit C. A review of the data indicates that the Facility discharge (001A) has been in compliance with the discharge limitations, with the exception of benzene measured one time during the month of September 2006 at 8 parts per billion (ppb); the stipulated limit for the facility is 5 ppb. Sufficient controls were instituted in the Facility operation to avoid a recurrence of such an exceedance in the future. These controls included additional process monitoring and a more robust activated carbon unit change out schedule that swaps out activated carbon units prior to or at the detected breakthrough of 1 ppb benzene. The success of the control measures is evident in the fact that no additional exceedances of benzene or any other parameters stipulated by the permit have occurred.

9. Thallium has been the only other parameter that was measured at concentrations exceeding the discharge limit in the past, even in the well upgradient of the the RIBs (050A), but since January 2007, it has been measured well below the current discharge limit of 2 ppb. In a previous communication with the Commission (Exhibit B) it was stated that since operations do not impact the upgradient well, the Thallium concentration was probably influenced by natural activity. However, a subsequent review of the analytical data shows that for the time periods under consideration (June through December 2006), high Thallium was reported at all the monitoring locations simultaneously, indicating that the reported Thallium concentrations may be the result of erroneous analytical measurements. Adequate lab and field QA/QC procedures have been instituted to identify and correct erroneous analytical measurements.

10. Data collected over the course of last four years for the groundwater monitoring wells (050A, 050B, 050C, 050D and 050E) indicate that the concentration of most parameters fluctuates within a range but appear stable. The Applicant requests that the Commission modify the discharge permit to allow monitoring of wells only on a quarterly basis, instead of the current monthly monitoring requirement. If changes in the trends of any parameters are observed, the Applicant will revert back to the monthly sampling frequency.

11. Applicant requests that discharge limit for benzene be modified to 10 ppb. The current permit stipulates that the benzene in the treated discharge from the Facility be less than 5 ppb. The 5 ppb limit is based on the drinking water standards promulgated by the Water Quality Control Division (WQCD). Applicant believes that the current limit of 5 ppb is not applicable in this case as the Facility discharges into the Boxelder Creek alluvium, which is primarily used for agriculture. Additionally, benzene can biodegrade in the RIBs and be attenuated and degraded in the aquifer such that any excursion from discharge at the recommended concentration limit would not likely show up in the monitoring wells. Due to these processes, if benzene were to show up in the nearest monitoring well above drinking water standards, there would be sufficient time to

mitigate the discharge concentrations such that a potential user would not see concentrations above drinking water standards.

12. Applicant has observed that the rate of infiltration through the RIBs has decreased. Investigations are ongoing to better understand the process(es) at play and to consider solutions to mitigate this problem. An initial look and inspection of the RIBs suggest that the decrease in infiltration could potentially be due to plugging up of the basin bottoms with detritus or wind blown material or presence of dead biomass from algae activity. A potential solution may include covering the RIBs to eliminate light (to prevent algal growth) and offer protection from materials blown in by the wind. Applicant requests that if these initial observations are confirmed, the Commission allow the RIBs to be covered or be converted to leach fields. One of the reasons the RIBs were not covered initially was that the Commission wanted the water surface to be visible for inspection of any sheen associated with hydrocarbons. To date, no sheen has been visible in any of the outfall samples or at the RIBs. In the light of these observations and the current sampling and monitoring protocol, the Applicant feels that sufficient controls are in place to detect and report presence of any hydrocarbon compounds in the water treated by the Facility and hence the requirement of a visible water surface is not critical to ensuring compliance with the permit regulations.

13. In July 2010, Applicant entered into a contract with Telesto Solutions, Inc (Telesto) to provide technical services relating to Facility operation and management. Telesto assumed the responsibilities from Stewart Environmental Consultants, LLC in September 2010 after a transition period in August 2010.

14. Effective October 5, 2010 Steve Rogers, Supervising Environmental Engineer, Brown and Caldwell has assumed the role of Operator in Responsible Charge for the Facility from Randy Evans, Senior Project Engineer, Stewart Environmental Consultants, LLC. An operator in responsible charge form was filed with the WQCD and a copy provided to the COGCC. Steve Rogers holds a Class A Industrial Wastewater Operator License and will work with Telesto to ensure compliance of the Facility as specified in the permit.

15. The granting of this application will not cause significant adverse environmental impact to the waters of the State of Colorado, and is essential for the continued beneficial use of this resource.

16. All the monitoring wells are at least 1,000 feet away from the adjacent property. The names and addresses of the adjacent property holders (potential interested parties for this application) according to the information and belief of the applicant are set forth in Exhibit D attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in November 2010, that notice be given as required by law and upon such hearing this Commission enter its order consistent with Applicant's proposal as set forth above.

Dated: October 7, 2010

TELESTO SOLUTIONS, INC.

By: _____

Sriram Ananthanarayan
Telesto Solutions, Inc.
Consultants for Wellington Operating Company
2950 E. Harmony Rd, Suite 200
Fort Collins, CO-80528
970-484 7704

VERIFICATION

STATE OF COLORADO)
)ss.
COUNTY OF LARIMER)

Bradley A. Pomeroy, President of Wellington Operating Company, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

WELLINGTON OPERATING COMPANY

Bradley Pomeroy, President

Subscribed and sworn to before me this 11th day of October 2010, by Bradley A. Pomeroy, President, Wellington Operating Company.

Witness my hand and official seal.

My commission expires _____

Notary Public

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AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

Sriram Ananthanarayan, of lawful age, and being fist duly sown upon his oath, states and declares:

That he is a consulting engineer contracted by the Wellington Operating Company and that on or before October 8, 2010 he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit D to the application.

Sriram Ananthanarayan

Subscribed and sworn to before me this 8th day of October 2010.

Witness my hand and official seal.

My commission expires _____

Notary Public

EXHIBIT D

INTERESTED PARTIES

The Estate of Lorain Foster
106 S. Overland Trail
Ft. Collins CO 80521

Prairie Peak Retrievers
3217 East County Road 70
Wellington CO 80549

Applicant's Address

Bradley A. Pomeroy
Wellington Operating Company
6065 S. Quebec Street, Suite 201
Englewood, CO 80111

Applicant's Attorney Address

Steven Bushong
POZRACK BROWNING & BUSHONG LLP
929 Pearl Street, Suite 300
Boulder, CO 80302