

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES) CAUSE NO. 1V
AND REGULATIONS OF THE COLORADO OIL AND GAS)
CONSERVATION COMMISSION BY **BEREN CORPORATION**,) DOCKET NO. 1205-OV-04
WASHINGTON COUNTY, COLORADO)

NOTICE OF ORDER FINDING VIOLATION HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Pursuant to Rule 522.c., the Colorado Oil and Gas Conservation Commission ("Commission" or "COGCC") Staff will apply to the Commission on May 29, 2012 for an Order Finding Violation ("OFV") against Beren Corporation ("Beren").

Cook #1-X Well

On May 17, 1982, Okmar Oil Company spud the Cook #1-X Well (the "Well") located in the SE ¼ SE ¼, Section 12, Township 4 South, Range 54 West, 6th P.M., in Washington County. The Cook #1-X replaced the Cook #1 Well, which had been completed on December 4, 1961, and which was plugged and abandoned, as indicated on the April 8, 1982 Application for Permit to Drill, Deepen or Re-Enter and Operate, as well as on the September 2, 1982 Producer's Certificate of Clearance and Authorization to Transport Oil or Gas from a Well. (COGIS document nos. 406723 and 406728).

Berenenergy Corporation succeeded Okmar Oil Company as operator in December 1990, as indicated on the Certification of Clearance and/or Change of Operator, filed with the COGCC on December 27, 1990. Beren Corporation (Operator No. 7800) succeeded Berenenergy Corporation as operator in March 1997, as indicated on the Certification of Clearance and/or change of Operator filed with the COGCC on March 17, 1997.

On January 17, 2012 COGCC Staff issued Notice of Alleged Violation ("NOAV") #200337810 to Beren for the following alleged violations:

a. Rule 324A.a., which requires operators to 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.

b. Rule 902.a., which requires operators to construct and operate pits used for exploration and production of oil and gas in a manner to protect public health, safety and welfare and the environment, including soil, waters of the state, and wildlife, from significant adverse environmental, public health, or welfare impacts from E&P waste.

c. Rule 902.b. which requires operators to construct, monitor and operate pits to provide for a minimum of two feet of freeboard at all times between the top of the pit wall at its point of lowest elevation and the fluid level of the pit, and requires the employment of a method for monitoring and maintaining that freeboard. Rule 902.b. also requires any unauthorized release of fluids from a pit shall be subject to the reporting requirements of Rule 906.

d. Rule 904.a.(4) which requires skim pits to be lined.

e. Rule 906.a which requires operators to control and contain spills and releases of E&P waste, including produced fluids, immediately upon discovery to protect the environment, public health, safety and welfare, and wildlife resources. Impacts resulting from spills/releases shall be investigated and cleaned up as soon as practicable, and the Director may require additional activities to the extent necessary to ensure compliance with the concentration levels in Table 910-1.

f. Rule 906.b. which requires operators to report spills/releases that exceed 20 barrels of an E & P waste on COGCC Spill//Release Report Form 19 within 10 days of discovery, and also to verbally report the spill to the Director no more than 24 hours after discovery. This rule also requires the operators to include an 8 ½ x 11

inch topographic map showing the spill location, and any information related to initial mitigation, site investigation, and remediation. This Rule also allows the Director to require additional information.

g. Rule 906.d. which requires operators upon request to submit a Site Investigation and Remediation Workplan (Form 27), when there exists threatened or actual significant adverse environmental impacts on any air, water, soil or other environmental resource due to a spill/release or when necessary to ensure compliance with Table 910-1 standards. This Rule also requires spills/releases to be remediated in accordance with Rules 909 and 910.

h. Rule 907.a. which requires operators to ensure that E & P waste is properly stored, handled, transported, treated, recycled or disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, or to the extent necessary to ensure compliance with Table 910-1 concentrations and levels;

i. Rule 907.b. which requires operators to keep proper records of E & P waste that is transported off-site to facilities authorized and permitted by the appropriate regulatory agency in the receiving state;

j. Rule 907.e, which requires operators to properly dispose of oily waste generated by exploration or production either by disposal at a commercial solid waste disposal facility or onsite land treatment.

The NOAV required Beren to correct or abate the alleged rule violations by performing the following actions: 1) If oily waste was removed from the location and disposed, immediately provide all waste generator information required by COGCC Rule 907.b.(2).; 2) Remove all remaining oily waste at the location and properly treat or dispose in accordance with Rule 907.e.; 3) Clean residual oil from the equipment; 4) After removal of all oily waste collect a sufficient number of confirmation soil samples to verify compliance with Table 910-1; 5) Provide documentation of waste disposal and sampling results in a closure report referencing Spill Report # 22221914; 6) Provide a Form 27 for prior approval to properly close the unlined skim pit; 7) Once closure requirements are documented, the skim pit can be properly lined or replaced with alternative skimming equipment. The Form 27 shall be submitted within 90-days from the date of this notice (corrective actions to be completed by April 17, 2012). All other rule violations and corrective actions required by the inspection performed on November 30, 2011 shall be performed by the due date listed on the inspection [January 13, 2012].

Rule 523. specifies a base fine of One Thousand dollars (\$1,000) for each day of violation of Rules 324A.a., 902.a., 902.b., 904.a., 906.a., 906.b., 906.d., 907.a., 907.b and 907.e. Rule 523.a.(3) specifies that "the maximum penalty for any single violation shall not exceed Ten Thousand dollars (\$10,000) regardless of the number of days of such violation," unless the violation results in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety or welfare or the environment.

Although Beren provided updates through its attorney, staff asserts it failed to complete the required corrective actions in a timely manner including documentation of waste disposal and sampling results in a closure report referencing Spill Report #2221914. The required Form 27 to address impacts associated with the skim pit has not been submitted. In addition, the April 17, 2012, update indicated that the requirement to raise the skim pit cover and restore 2-feet of freeboard is still pending. The original deadline (per inspection #662000046) to meet that requirement was January 13, 2012.

COGCC staff requests that Beren be found in violation of Rules 324Aa., 902.a., 902.b., 904.a.(4), 906.a., 906.b., 906.d., 907.a., 907.b., and 907.e.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Tuesday, May 29, 2012

Wednesday, May 30, 2012

Time: 9:00 a.m.

Place: COGCC Offices
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than May 14, 2012, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of May 14, 2012 Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Peter J. Gowen, Acting Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
May 3, 2012

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