

State of Colorado
Oil and Gas Conservation Commission

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Document Number:

401497449

Date Issued:

12/29/2017

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: 12400
Name of Operator: BYRON OIL INDUSTRIES INC
Address: 154 CLARKSON EXECUTIVE PARK
City: BALLWIN State: MO Zip: 63011

Contact Name and Telephone:

Name: Richard Byron
Phone: (636) 391-8770 Fax: ()
Email: byronoil@aol.com

Well Location, or Facility Information (if applicable):

API Number: 05-001-07346-00 Facility or Location ID: _____
Name: PRICE-DEGENHART Number: 1
QtrQtr: SESE Sec: 34 Twp: 2S Range: 58W Meridian: 6
County: ADAMS

ALLEGED VIOLATION

Rule: 1002.f

Rule Description: Stormwater Management

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 1002.f.(2), operators shall implement and maintain best management practices (BMPs) at all oil and gas location to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. During an inspection of the Price-Degenhart #1 well, API 001-07346 ("Well") on July 12, 2017, Field Inspection Report #681700645, Staff observed evidence of sediment erosion from pit berms and transport onto pasture land to the west and south of pit. Operator was instructed to implement stormwater BMPs with a corrective action date of August 14, 2017. During a follow-up inspection conducted on August 16, 2017, Field Inspection Report #681700809, Staff confirmed that the operator had not implemented the BMPs, violating Rule 1002.f.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 08/14/2017

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

Immediately implement stormwater BMPs in accordance with good engineering practices to prevent issues associated with stormwater.

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., all locations shall be kept free of equipment not necessary for use on that lease. During a January 3, 2017 inspection of the Price-Degenhart #1 well, API 001-07346 ("Well"), Field Inspection Report #685501649, Staff observed unused equipment on the location. The report included a corrective action requirement to remove unused equipment by February 3, 2017. During a follow-up inspection on June 22, 2017, Field Inspection Report #681700582, Staff observed the continued presence of unused equipment. During a second follow-up inspection on July 12, 2017, Field Inspection Report #681700645, Staff observed the continued presence of unused equipment at the location. During a July 13, 2017 phone call, Operator confirmed that modular steel tanks documented in the above referenced Field Inspection Reports were inoperable and not in use. Operator was instructed to immediately remove unused tanks per Rule 603.f. and the 603.f. guidance document with the Corrective action date of July 7, 2017; this date was retained from previous Field Inspection Report #681700582 citation to Rule 603.f. During a third follow-up inspection conducted on August 16, 2017, Field Inspection Report #681700809, Staff observed the continued presence of unused equipment at the location. In the report, Operator was again instructed to remove unused tanks per Rule 603.f. and the 603.f. guidance document. Operator failed to keep the location free of modular steel tanks, and other unused equipment, at the Well location, violating Rule 603.f. On December 19, 2017, Staff observed that the unused tanks had been removed from the location but other unused equipment still remains.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 07/07/2017

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

Operator shall remove unused equipment cited above referenced Field Inspection Reports.

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 all production equipment shall be inspected at regular intervals and maintained in good mechanical condition. During a January 3, 2017 inspection of the Price-Degenhart #1 well, API 001-07346 ("Well"), Field Inspection Report #685501649, Staff observed oil-stained soil underlying the treater and prime mover. Staff also observed a leaking load line at the modular tanks. During a follow-up inspection on June 22, 2017, Field Inspection Report #681700582, Staff observed the continued presence of oily waste underlying the prime mover and cited oily waste underlying crude oil ASTs. This inspection also documented a puddle of water indicating a possible integrity issue at wellhead. During a second follow-up inspection on July 12, 2017, Field Inspection Report #681700645, Staff observed the continued presence of oily waste underlying production equipment and the presence of water puddle surrounding the wellhead. In this report, historical accumulations beneath modular tanks were given a corrective action date of August 14, 2017. During a third follow-up inspection conducted on August 16, 2017, Field Inspection Report #681700809, Staff observed the continued presence of oily waste underlying production equipment and presence of water puddle surrounding wellhead. New citations of oil-stained soil underlying pump jack and its exhaust also indicated integrity issues. The ongoing oily waste accumulations beneath production equipment and puddle of water surrounding wellhead indicate that equipment is not being maintained in good mechanical condition, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 08/14/2017

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

Operator shall repair or replace all leaking equipment in the above referenced Field Inspection Reports to prevent additional releases and shall document all repairs. If there are integrity issues associated with the well, Operator shall obtain COGCC approval for repairs, complete the repairs, and timely submit documentation to COGCC Staff.

Rule: 902.b

Rule Description: Pits - General and Special Rules

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 902.b, a method of monitoring and maintaining freeboard shall be employed at produced water pits. During an inspection of the Price-Degenhart #1 well, API 001-07346 ("Well") on July 12, 2017, Field Inspection Report #681700645, Staff observed that the Operator had no apparent method of monitoring and maintaining the freeboard. The report required the Operator to install a method of monitoring and maintaining freeboard by August 14, 2017. During a follow-up inspection on August 16, 2017, Staff observed that the Operator had not implemented any method of monitoring freeboard, violating Rule 902.b.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 08/14/2017

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

Operator shall install a method to monitor freeboard at produced water pit.

Rule: 902.c

Rule Description: Pits - Pit Maintenance

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 902.c., Byron Oil Industries (Operator) is required to prevent accumulation of oil or condensate in its pits above de minimis amounts. During a January 3, 2017 inspection of the Price-Degenhart #1 well, API 001-07346 ("Well"), Inspection Report #685501649, Staff observed that oil was inside of the produced water pit at the Price-Degenhart #1 location, Location ID 319937. Based on inspection photos, estimated oil coverage was approximately 50% of the produced water pit. The report instructed Operator to control and contain spills and clean up per Rule 906.a and to contact EPS Staff by the corrective action date of February 3, 2017. A follow-up inspection was conducted on June 22, 2017, Inspection Report #681700582, and Staff observed the continued presence of oil approximately 50% of the produced water pit. Operator was instructed to remove oil from the surface of the pit by June 23, 2017. A second follow-up inspection was conducted on July 12, 2017, Inspection Report #681700645, and Staff observed the continued presence of oil on approximately 50% of the produced water pit and documented wildlife mortality (two dead birds) inside of the produced water pit. A third follow-up inspection was conducted on August 16, 2017, Inspection Report #681700809, and Staff observed the continued presence of oil on approximately 5-10% of the produced water pit. Although, a reduction in amount of hydrocarbons was documented during in the August 2017 inspection, the Operator continued to operate the produced water pit with hydrocarbons present in greater than de minimis amounts, violating Rule 902.c.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 06/23/2017

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

Operator shall immediately remove all free oil from the produced water pit and also remove any oil impacted soils from the banks or berms of the produced water pit that may be contributing free product to the surface of the pit. Any oily waste removed from the produced water pit shall be properly disposed in accordance with Rule 907.e. In addition, if oil accumulations on the pit are the result from ineffective treatment of produced water prior to placement in the production pit, then make appropriate repairs or modification to separation or skimming equipment to prevent future occurrences per Rule 907.c.(1).

Rule: 907

Rule Description: Management of 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 907.a.(1), Operators shall ensure that E&P waste is properly stored, treated, or disposed to prevent threatened or actual significant adverse environmental impacts. Rule 907.e. describes proper means of disposal for oily waste, including oil-stained soil. Pursuant to Rule 907.f, operators shall remove and properly dispose of 'other E&P' waste, including tank bottoms. During a January 3, 2017 inspection of the Price-Degenhart #1 well, API 001-07346 ("Well"), Field Inspection Report #685501649, Staff observed oil-stained soil underlying the treater and prime mover. The report contained corrective actions for the operator to remove and dispose of oily waste by February 3, 2017. Staff's photos also document the presence of historical accumulations of oily waste underlying modular tanks. During a follow-up inspection was conducted on June 22, 2017, Field Inspection Report #681700582, Staff observed the continued presence of oily waste underlying prime mover and cited oily waste underlying crude oil ASTs. During a second follow-up inspection conducted on July 12, 2017, Field Inspection Report #681700645, Staff observed the continued presence of oily waste underlying production equipment and, based on the Operators' confirmation that the modular steel tanks were not in use, Staff required Operator to provide proof of proper disposal of other E&P waste and/or tank bottoms. In this report, removal of historical accumulations beneath modular tanks was given a corrective action deadline of August 14, 2017. Operator was instructed to dispose of any tank bottoms prior to removing the unused tanks by July 31, 2017. During a third follow-up inspection conducted on August 16, 2017, Field Inspection Report #681700809, Staff observed the continued presence of oily waste underlying production equipment and the steel tanks. Citations of oily waste beneath pump jack and its muffler were added with a corrective action date of September 22, 2017. To date the Operator has not provided disposal documentation for any tank bottoms to Staff. Inspections from January 2017 to August 2017 document the presence of current and historical accumulations of oily waste beneath leaking production equipment and the presence of unused tanks with tank bottoms. The Operator has failed to properly treat or dispose of E&P waste as described above, violating Rule 907. On December 19, 2017, Staff observed that the unused tanks had been removed from the location but other unused equipment still remains.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 09/22/2017

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

Operator shall immediately remove and properly dispose of all accumulations of oily waste cited in above referenced Field Inspection Reports in accordance with 907.e. and shall remit disposal documentation, including documentation of the disposal of any tank bottoms previously at the Well location, required by Rule 907.b.(2). Operator shall complete the skim pit closure in accordance with the approved Form 27 (Remediation Project #10531) no later than April 30, 2018. This includes removal of all impacted material, confirmation soil sampling, waste disposal, backfill, surface grading and submittal of all supporting documentation. Operator shall submit confirmation soil sample results via supplemental eForm 27 to COGCC for approval prior to backfill of the pit.

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_cogccenforecment@state.co.us.

NOAV ISSUED

NOAV Issue Date: 12/29/2017

COGCC Representative Signature: _____

COGCC Representative: John Axelson

Title: East Environmental Superv

Email: john.axelson@state.co.us

Phone Num: (303) 894-2100x5115

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>
401497467	NOAV CERTIFIED MAIL RECEIPT
401497473	NOAV COVER LETTER

Total Attach: 2 Files