

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



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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: 10633

Name of Operator: CRESTONE PEAK RESOURCES OPERATING LLC

Address: 1801 CALIFORNIA STREET #2500

City: DENVER State: CO Zip: 80202

Contact Name and Telephone:

Name: Jason Oates

Phone: (720) 410-8489 Fax: ()

Email: jason.oates@crestonepr.com

Well Location, or Facility Information (if applicable):

API Number: 05- -00

Facility or Location ID: 335664

Name: VESSELS MINERALS 'E'-61N68W

Number: 19NWSW

QtrQtr: NWSW

Sec: 19

Twp: 1N

Range: 68W

Meridian: 6

County: WELD

ALLEGED VIOLATION

Rule: 805

Rule Description: Odors and Dust

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 805.a., Crestone Peak Resources Operating LLC ("Operator") shall operate oil and gas facilities and equipment in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare. Following an odor complaint made on September 12, 2017 (Document No. 200443870), COGCC Staff inspected the Vessels Minerals 'E'-61 location ("Location") on September 13, 2017 (Document No. 674200214) and observed a well plugging operation. COGCC Staff also observed venting from open top tanks located on the west side of the Location approximately 25 yards from the playground of Aspen Ridge Preparatory School, the absence of temporary walls on the west side of the location, children playing in the playground and watching the rig crew's operation, and volatile organic compounds ("VOCs") visibly drifting toward the children in the playground. COGCC Staff recorded photographs of the site showing the proximity to the playground (Document No. 674200222) and optical gas imagery video showing VOCs venting out of the open top tank next to the playground (Document No. 674200229). Due to the proximity of the school playground and the VOCs observed venting from the open top tank, COGCC Staff requested, and the Operator performed, a safety shutdown to cease operations and venting at the Location until implementation of safer practices to better control the VOCs. On September 14, 2017, Operator directed gases from the well to a sealed 500 barrel flowback tank. The gas vent from the flowback tank was then piped to a flareless gas combustor. This system will remain in place until all seven wells on the pad are plugged and abandoned. Operator's venting of VOCs from the well in proximity to a school playground with children present allowed odors to constitute a hazard to public welfare, in violation of Rule 805.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/29/2017

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

Operator shall submit a written safety plan applicable to all location(s) undergoing plugging operations in Colorado, by email to Mike Leonard at mike.leonard@state.co.us. The safety plan(s) shall describe the measures Operator will implement at the location(s) to eliminate unnecessary and excessive venting or flaring of natural gas, to protect the health and safety of the public, and to ensure that odors from well plugging operations do not constitute a nuisance or hazard to public welfare.

This Corrective Action does not necessarily satisfy any Conditions of Approval that may be attached to a proposed Form 6, Well Abandonment Report - Notice of Intent to Abandon, requiring the submission of a site-specific written safety plan.

Rule: 912

Rule Description: Venting or Flaring Natural Gas

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 912.a., Crestone Peak Resources Operating LLC ("Operator") shall not unnecessarily or excessively vent or flare natural gas produced from a well. Following an odor complaint made on September 12, 2017 (Document No. 200443870), COGCC Staff inspected the Vessels Minerals 'E'-61 location ("Location") on September 13, 2017 (Document No. 674200214) and observed a well plugging operation. COGCC Staff also observed open top tanks located on the west side of the location receiving gas from the well, and volatile organic compounds ("VOCs") visibly being released from the open top tank. COGCC Staff recorded photographs of the site showing the proximity to a school playground (Document No. 674200222) and optical imagery video showing VOCs venting out of the open top tank next to the playground (Document No. 674200229). Due to the proximity to a school playground and the VOCs observed venting from the open top tank, COGCC Staff requested, and the Operator performed, a safety shutdown to cease operations and venting at the Location until implementation of safer practices to better control the VOCs. On September 14, 2017, Operator directed gases from the well to a sealed 500 barrel flowback tank. The gas vent from the flowback tank was then piped to a flareless gas combustor. This system will remain in place until all seven wells on the pad are plugged and abandoned. Operator's venting of VOCs from the well without taking reasonable precautions to reduce the amount of natural gas vented such as by routing tank emissions to a combustion device for control resulted in unnecessary and excess venting of natural gas, in violation of Rule 912.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/29/2017

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

Operator shall submit a written safety plan applicable to all location(s) undergoing plugging operations in Colorado, by email to Mike Leonard at mike.leonard@state.co.us. The safety plan(s) shall describe the measures Operator will implement at the location(s) to eliminate unnecessary and excessive venting or flaring of natural gas, to protect the health and safety of the public, and to ensure that odors from well plugging operations do not constitute a nuisance or hazard to public welfare.

This Corrective Action does not necessarily satisfy any Conditions of Approval that may be attached to a proposed Form 6, Well Abandonment Report - Notice of Intent to Abandon, requiring the submission of a site-specific written safety plan.

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: 10/25/2017

COGCC Representative Signature: _____



Revised: 12/15/2017 to correct typographic errors in dates of COGCC inspection and Operator use of sealed flowback tank. -KG

COGCC Representative: Kira Gillette

Title: NOAV Specialist

Email: kira.gillette@state.co.us

Phone Num: (303) 894-2100x5165

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>
401440431	NOAV COVER LETTER
401440434	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 2 Files