



DEPARTMENT OF NATURAL RESOURCES
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Notice of Alleged Violation Document # 200389384

MAGPIE OPERATING, INC – Operator # 52530
WARNECKE #1, API # 05-075-05621
SESE Section 30 T8N R53W 6 PM
Logan County

Date Notice Issued: 11/14/13
Date of Alleged Violation: 11/6/13

Description of Alleged Violation:

COGCC NE Environmental Protection Specialist, John Noto performed an inspection at the above referenced facility on 11/6/13 (document #670600030). COGCC Field Inspector Kym Schure had previously performed inspections at the location on 8/29/12 and 9/11/13 (document #s 663300499 and 664001245). Magpie Operating has been the operator of record since 6/22/2011.

COGCC conducted the 9/11/13 inspection in response to a verbal complaint from the surface owner to COGCC on 9/10/13. The issues addressed in the complaint included; insufficient free-board in the produced water pit, debris, weeds and crude oil surfacing on soil at the former skim pit location.

The 9/11/13 inspection (document# 664001245) identified numerous violations and unsatisfactory items that had required corrective actions to be performed by specific deadlines.. The 11/6/13 follow up inspection documented that most of the corrective actions specified in the 9/11/13 inspection were not completed.

Skim pit closure compliance issues and COGCC Rule violations/unsatisfactory conditions are summarized below;

Skim Pit Closure Compliance Issues

The operator addressed the unlined skim pit in response to the 8/29/12 COGCC field inspection by submitting a Site Investigation and Remediation Workplan, Form 27. COGCC conditionally approved the Form 27 on 3/26/13 and assigned Remediation Project #7677. Magpie agreed to perform the pit closure by an anticipated completion date of 6/4/13.

The evidence that the skim pit was not properly closed in accordance with COGCC Rule 905, included surface owner and COGCC observations of percolating oil at the former pit location.

Additional evidence that the pit was not properly remediated per COGCC Rules include the failure of the operator to comply with COGCC's request for soil sample results from the excavation, and failure to obtain COGCC approval prior to backfilling the excavation. The operator also failed to comply with the request by COGCC (in the 9/11/13 inspection) to provide the E&P waste tracking documents that are required under Rule 907 b(2).

COGCC Rule Violations

1. As noted on the 8/29/13 inspection, tanks and other vessels were not labeled in accordance with Rule 210.d. The operator failed to adhere to the corrective action date of 12/1/12 to provide appropriate labels.
2. As noted on the 9/11/13 and 11/6/13 inspections, the emergency contact phone number, required under Rule 210.b on the wellhead and tank battery sign was out of service. The operator failed to adhere to the corrective action date of 9/13/13 to update the emergency contact phone number.
3. As noted on the 9/11/13 and 11/6/13 inspections, the skim pit frame and netting had not been removed from the location as required in Rule 603.j. The operator failed to adhere to the corrective action date of 9/13/13.
4. As noted on the 9/11/13 and 11/6/13 inspections, the operator failed to control weeds as required by Rules 603.j. and 1003.f. The operator failed to comply with the Colorado Noxious Weed Act and failed to adhere to the corrective action date of 9/13/13.
5. As noted on the 9/11/13 and 11/6/13 inspections, the operator failed to remove/remediate the oily waste at the former skim pit, tank load-out valve and pumping unit in accordance with Rule 907.e.. The operator failed to adhere to the completion date submitted on the Form 27 of 6/4/13.
6. As noted on the 9/11/13 and 11/6/13 inspections, containment berms around tanks, the separator and skim tank were not in compliance with 906 e(1). Berms were worn/eroded, uneven, and generally inadequate. The operator failed to adhere to the corrective action date of 9/13/13.
7. As noted on the 11/6/13 inspection, noncompliance with Rule 1002 f(2) was evidenced by the eroded soil from the produced water pit berm had migrated into the adjacent field.
8. As noted on the 9/11/13 and 11/6/13 inspections, the unpainted tanks are visible from Colorado State Highway 14 and are thus out of compliance with Rule 804. The operator failed to adhere to the corrective action date specified on the 9/11/13 inspection document.

Act, Order, Regulation, Permit Conditions Cited:

Rule 210.b; Rule 210.d; Rule 603.j.); Rule 804; Rule 905; Rule 906.a; Rule 906 e(1); Rule 907 b(2); Rule 910, Table 910-1; Rule 1002 f(2); and Rule 1003.f.

Abatement or Corrective Action Required to be Performed by Operator:*Corrective Actions Specific to the Skim Pit Removal*

1. Immediately submit all closure documentation required by the Conditions of Approval on the Form 27 (below), Remediation #7677;

Following the removal of all oily soils and excavation of the skim pit, a minimum of five confirmation soil samples -one from the pit bottom and one from each sidewall- shall be collected. All soils shall be analyzed for Total Petroleum Hydrocarbons (Diesel Range Organics and Gasoline Range Organics), Benzene, Toluene, Ethylbenzene, Total Xylenes, Electrical Conductivity, pH, and Sodium Adsorption Ratio to verify compliance with Table 910-1 parameters. The soil sampling results must be submitted for prior approval before backfilling the pit. To that end, provide an analytical summary sheet/table comparing soil confirmation sample results to Table 910-1 Standards, accurate GPS coordinates for the pit, a sample location diagram indicating the dimensions of the pit and final excavation dimensions, as well as and the full laboratory analytical report, at minimum.

2. Immediately provide COGCC with E&P waste tracking documentation required by Rule 907.b(2) documenting transport and disposal of all E&P waste including oily waste and produced water removed from the location to restore two feet of freeboard in the produced water pit.

Corrective Actions Specific to COGCC Rule Violations/Unsatisfactory Conditions

All corrective actions below are to be completed immediately.

1. Label tanks and other vessels in accordance with Rule 210.d.
2. Place an operating emergency contact phone number, as required under Rule 210.b on the wellhead and tank
3. Remove the skim pit frame, netting and other unused equipment and other debris from the location as required in Rule 603.j..
4. Control weeds and comply with the Colorado Noxious Weed Act as required by Rules 603.f. and 1003.f.
5. Remove/remediate the oily waste at the former skim pit location and dispose of it properly, in accordance with Rules 907.e.
6. Improve/repair secondary containment berms around tanks, the separator and skim tank to be in compliance with Rules 605 a(4) and 906 e(1).
7. Stabilize produced water berms to prevent erosion from stormwater runoff in accordance with Rule 1002 f(2). Address and repair damage caused by eroded soil, including restoration of vegetation and runoff controls.
8. Paint the tanks that are visible from Colorado State Highway 14 to comply with Rule 804.