

State of Colorado
Oil and Gas Conservation Commission

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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: 10654

Name of Operator: LASSO OIL & GAS LLC

Address: 3021 RIDGE RD #156

City: ROCKWALL State: TX Zip: 75032

Contact Name and Telephone:

Name: KRIS FREEMAN

Phone: (254) 717-0435 Fax: ()

Email: kfreeman@31operating.com

Well Location, or Facility Information (if applicable):

API Number: 05-103-05500-00

Facility or Location ID:

Name: MCLAUGHLIN SR

Number: 6

QtrQtr: NWSW Sec: 33

Twp: 2N

Range: 102W

Meridian: 6

County: RIO BLANCO

ALLEGED VIOLATION

Rule: 210.b

Rule Description: Signs & Markers- Wells & Batteries

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 210.b., Lasso Oil & Gas, LLC ("Operator") shall locate a permanent sign located at the wellhead which shall identify the well and provide, among other required information, the name of Operator, a phone number at which Operator can be reached at all times, and a phone number for local emergency services (911 where available).

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well and venting gas from the open casing. COGCC staff called the posted emergency number on the sign on December 18, 2020 at 16:25, 17:20, and 20:00 with no one answering each time a call was made.

During a follow-up inspection on December 21, 2020 (document no. 700404676) COGCC staff attempted to call the posted emergency number on the sign at the wellhead at 11:12, with no one answering.

Operator failed to locate a permanent sign at the wellhead that included a phone number at which the Operator could be reached at all times, violating Rule 210.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 03/25/2021

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

No Corrective Action required. Operator has updated the sign information.

Rule: 309

Rule Description: Operator's Monthly Report of Operations

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 07/15/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 309, Lasso Oil & Gas, LLC ("Operator") shall report every existing oil and gas well that is not plugged and abandoned on the Operator's Monthly Report of Operations ("Form 7"), within 45 days after the end of each month. Operator shall report each well every month from the month it is spud until it has been reported for one month as abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment.

COGCC staff conducted an audit of COGCC records for Operator's McLaughlin SR 6 ("Well") well and found the Form 7 reporting for the Well is missing for the months of June through December of 2020 and the month of January 2021, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall audit its Form 7 reporting and the COGCC records for the Well and shall submit complete and accurate Form 7 reports for the Well.

Rule: 324A.a

Rule Description: General Environmental Protection

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 324A.a, Lasso Oil & Gas, LLC ("Operator") shall 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, including the environment and wildlife resources, taking into consideration cost-effectiveness and technical feasibility to prevent the unauthorized discharge or disposal of oil, gas, E&P waste, chemical substances, trash, discarded equipment, or other field waste.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator failed to protect public health, safety and welfare, including the environment and wildlife resources by preventing the unauthorized discharge of oil from the cellar of the well, violating Rule 324A.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall immediately investigate, clean up, and document impacts resulting from the oil spilled or released from the cellar of the well.

Rule: 906.a.

Rule Description: Spills and Releases - General

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.a., Lasso Oil & Gas, LLC ("Operator") shall, immediately upon discovery, control and contain all spills/releases of Exploration and Production ("E&P") waste or produced fluids to protect the environment, public health, safety, and welfare, and wildlife resources. Operator shall investigate, clean up, and document impacts resulting from spills/releases as soon as practicable.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator failed to, immediately upon discovery, control and contain all spills/releases, and clean up and document impacts resulting from spills/releases as soon as practicable, violating Rule 906.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall immediately investigate, clean up, and document impacts resulting from the oil spilled or released from the cellar of the well.

Rule: 906.b

Rule Description: Spill Reporting

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.b.(6) and (7), Lasso Oil & Gas, LLC ("Operator") shall, within 24 hours after discovery of a spill/release of E&P Waste, gas, or produced fluids reportable under Rule 906.b.(1) A or B, Operator shall provide verbal or written notification to the entity with jurisdiction over emergency response within the local municipality and provide verbal notification to the affected Surface Owner.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator submitted an Initial Spill/Release Report ("Form19") (document no. 402571920) on January 11, 2021, indicating the date of discovery for the oil, which had overflowed from the cellar of the well, in amounts greater than or equal to one (1) barrel, but less than five (5) barrels, was December 24, 2020, even though Operator received notice of the spill on December 18, 2020, when Inspection No. 700404645 was emailed to Operator.

Conditions of Approval ("COA") on the Form 19, required Operator to submit a supplemental spill report, Form 19, reporting the notices to the local municipality and Surface Owner and with a status update for the spill/release.

Operator failed to provide notice of a spill/release within 24 hours after discovery, to the local municipality and affected Surface Owner.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall notify the local municipality and Surface Owner of the information in the initial spill/release report, Form 19.

Rule: 906.b

Rule Description: Spill Reporting

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.b., Lasso Oil & Gas, LLC ("Operator") shall report to COGCC a spill or release of E&P Waste, gas, or produced fluids in which one (1) barrel or more of E&P Waste or produced fluids is spilled or released outside of berms or other secondary containment, in writing as soon as practicable, but no more than twenty-four (24) hours after discovery.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator submitted an Initial Spill/Release Report ("Form19") (document no. 402571920) on January 11, 2021, indicating the date of discovery for the oil, which had overflowed from the cellar of the well, in amounts greater than or equal to one (1) barrel, but less than five (5) barrels, was December 24, 2020, even though Operator received notice of the spill on December 18, 2020, when Inspection No. 700404645 was emailed to Operator.

Operator failed to report a spill or release of E&P Waste, gas, or produced fluids of greater than one (1) barrel within twenty-four (24) hours after discovery, violating Rule 906.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall immediately investigate, clean up, and document impacts resulting from the oil spilled or released from the cellar of the well.

Rule: 906.b.(4)

Rule Description: Supplemental Spill Report - Form 19

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.b.(4), Lasso Oil & Gas, LLC ("Operator") shall make a supplemental report on Form 19 not more than ten (10) calendar days after the spill/release is discovered that includes an 8 ½ x 11 inch topographic map showing the governmental section and location of the spill or an aerial photograph showing the location of the spill; all pertinent information about the spill/release known to the Operator that has not been reported previously; and information relating to the initial mitigation, site investigation, and remediation measure conducted by the Operator.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator submitted an Initial Spill/Release Report ("Form19") (document no. 402571920) on January 11, 2021, indicating the date of discovery for the oil, which had overflowed from the cellar of the well, in amounts greater than or equal to one (1) barrel, but less than five (5) barrels, was December 24, 2020, even though Operator received notice of the spill on December 18, 2020, when Inspection No. 700404645 was emailed to Operator.

Conditions of Approval ("COA") on the Form 19, required Operator to submit a supplemental spill report, Form 19, within 10 days of the approval of the initial Form 19, with a status update for the spill/release.

As of March 24, 2021, the supplemental Form 19 has not been submitted. Operator failed to submit a supplemental report on Form 19 within ten (10) calendar days after the spill/release was discovered, violating Rule 906.b.(4).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall submit a supplemental Form 19, addressing the COA on the Form 19 (document no. 402571920) and fulfilling the requirements of 906.b.(4).

Rule: 906.c

Rule Description: Remediation of spills/releases

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.c., Lasso Oil & Gas, LLC ("Operator") shall prepare and submit for approval a Site Investigation and Remediation Workplan ("Form 27") for remediation of spills/releases.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator submitted an Initial Spill/Release Report ("Form19") (document no. 402571920) on January 11, 2021, indicating the date of discovery for the oil, which had overflowed from the cellar of the well, in amounts greater than or equal to one (1) barrel, but less than five (5) barrels, was December 24, 2020, even though Operator received notice of the spill on December 18, 2020, when Inspection No. 700404645 was emailed to Operator.

Conditions of Approval ("COA") on the Form 19, required Operator to submit a Form 27, if the spill/release was not cleaned up immediately.

As of March 24, 2021, the Form 27 has not been submitted. Operator failed to submit a Form 27 for the spill/release of oil overflowed from the cellar of the well, violating Rule 906.c.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall prepare and submit for approval, a Site Investigation and Remediation Workplan, Form 27.

Rule: 907.a

Rule Description: General E&P Waste management Requirements

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 907.a., Lasso Oil & Gas, LLC ("Operator") shall 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 the concentration levels in Table 910-1, with consideration to WQCC groundwater standards and classifications

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff observed oil which had overflowed from the cellar of the well, running downhill away from the well.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff observed that the oil remained on location and had not been cleaned up.

Operator submitted an Initial Spill/Release Report ("Form19") (document no. 402571920) on January 11, 2021, indicating the date of discovery for the oil, which had overflowed from the cellar of the well was December 24, 2020, even though Operator received notice of the spill on December 18, 2020, when Inspection No. 700404645 was emailed to Operator.

Operator failed to ensure E&P Waste was properly disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil, or biological resources, violating Rule 907.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 04/24/2021

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

Operator shall immediately investigate, clean up, and document impacts resulting from the oil spilled or released from the cellar of the well.

Rule: 912.b

Rule Description: Venting or Flaring Natural Gas - Notice and Prior Approval Required

Initial Discovery Date: 12/18/2020

Was this violation self-reported by the operator? No

Date of Violation: 12/18/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 912.b., except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, Lasso Oil & Gas, LLC ("Operator") shall flare or vent gas from a well only after Operator has given notice to and obtained approval from COGCC on a Sundry Notice ("Form 4") stating the estimated volume and content of the gas.

During an inspection on December 18, 2020 (document no. 700404645), COGCC staff detected a gas odor from the well and confirmed, using a Forward-looking Infrared ("FLIR") camera, gas venting from the open casing. Staff notified Operator of the venting gas coming from the well casing the same day.

During subsequent inspections on December 21, 2020 (document no. 700404676), December 23, 2020 (document no. 699700239), December 28, 2020 (document no. 700404795), and February 17, 2021 (document no. 700405446), COGCC staff detected a gas odor from the well and confirmed, using an FLIR camera, gas venting from the open casing.

Operator vented gas from the well's open casing without COGCC approval, violating Rule 912.b.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 03/25/2021

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

Operator shall immediately cease venting and flaring at the well location.

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. An answer will, at a minimum, discuss the allegations contained in the NOAV, responding to each; identify corrective actions taken in response to the NOAV, if any; and identify facts known to the operator at the time that are relevant to the operator's response to the alleged violations. 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: 03/25/2021

COGCC Representative Signature:



COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100x5143

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>

Total Attach: 0 Files