



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources
1120 Lincoln Street, Suite 801
Denver, CO 80203

January 24, 2023

POC-I LLC
Attn: Wayne Neumiller
P.O. Box 51208
Casper, WY 82605

DIRECTOR'S ORDER PURSUANT TO RULE 901.a.

This Order is issued by the Director of the Colorado Oil and Gas Conservation Commission (“COGCC” or “Commission”) pursuant to Rule 901.a. of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission, 2 CCR 404-1 (“Rule” or “Rules”).

INTRODUCTION

1. POC-I LLC. (Operator No. 10386) (“POC-I LLC”) is the operator of the Iles Dome Unit, including the Locations, Wells, production facilities, and Pits described in Exhibit A, which are located in Moffat County (collectively, “the Iles Dome Location”). A map showing the Iles Dome Location is included as Exhibit B.
2. On January 9, 2023, an oil covered waterfowl (one goose) was observed by a citizen in the Seeping Spring Gulch. The Iles Dome Location discharges produced water into an artificial tributary to Seeping Spring Gulch pursuant to a permit granted by the Colorado Department of Public Health and Environment (CDPHE).
3. The citizen notified Colorado Parks and Wildlife (CPW) officers. Attempts to recover the goose were not successful and CPW officers destroyed the goose, photos in Exhibit C. CPW officers notified COGCC the afternoon of January 9th.
4. This incident is the second documented spill in the past 6 months at the Iles Dome Location and supports the Director’s determination that POC-I LLC has not timely taken the steps necessary to avoid, minimize, or mitigate the potential impacts to public health, safety, welfare, the environment, or wildlife resources at the Iles Dome Location as required by Rule 911.a and as required by Staff in conditions of approval on a Form 19 Spill Report submitted by POC-I LLC for a prior spill (Spill ID: 482343 from June 15, 2022).
5. The Director has reasonably ascertained the underlying facts on which this action is based.



6. Therefore, the Director has objective grounds and reasonable cause to determine that POC-I LLC, in the conduct of oil and gas operations, is impacting or threatening to impact public health, safety, welfare, the environment, and wildlife resources. The Director finds that the inaction by POC-I LLC requires immediate attention, and the Director enters this Order requiring POC-I LLC to immediately initiate measures to investigate, clean up, and document impacts from the January 9, 2023 Spill.

7. Further, because POC-I LLC has not successfully abated the conditions leading to the June 15, 2022 Spill, the Director orders POC-I LLC to immediately suspend production operations at all Iles Dome Unit oil and gas wells described in Exhibit A until all work ordered above is complete and approved by the Director.

8. Finally, return to production will not be authorized by the Director until POC-I LLC has installed engineered facilities, equipment, or controls that will prevent continued discharge of liquid phase and dissolved phase hydrocarbons.

BACKGROUND

9. POC-I LLC has owned and operated oil wells and production facilities in the Iles Dome Field since 2011. The Iles Dome Field is located in Moffat County approximately 15 miles south-southwest of Craig, Colorado, and approximately 2 miles south of Highway 13.

10. The Iles Dome Field oil wells produce to a central production facility consisting of 6 gunbarrel tanks, 2 oil storage tanks, a concrete separation trough, and 3 lined, earthen production pits.

11. Produced water is discharged via an artificial tributary to Seeping Spring Gulch as permitted by the Colorado Discharge Permit System, Permit Number CO0000051, as administered by the CDPHE, Water Quality Control Division ("WQCD"). The CDPHE, WQCD issued the prior discharge permit in 2011 which was replaced with the current discharge permit in 2020.

12. Citing numerous failures to monitor and meet discharge standards, and failures to timely submit regulatory reports, the CDPHE, WQCD issued POC-I LLC a Notice of Violation/Cease and Desist Order ("NOV/CDO"), related to Permit Number CO0000051, on January 9, 2018. The NOV/COD included numerous allegations of violations and required corrective actions, including a requirement to hire a qualified consultant to evaluate the ongoing efficacy of the Iles Dome Location treatment system.

13. On June 16, 2022 CDPHE notified the COGCC of a crude oil spill into Seeping Spring Gulch, allegedly from the Iles Dome processing facility.

14. On June 16, 2022, COGCC notified POC-I LLC of the incident. Subsequently, POC-I LLC submitted a Form 19, Initial Spill/Release Report (Document No.403083319), indicating the date of Spill/Release discovery as June 15, 2022. In response to the Spill, POC-I LLC deployed a vacuum truck and placed oil sorbent booms and pads along the artificial tributary and Seeping Spring Gulch.

15. On June 22, 2022, COGCC conducted an inspection (Doc #690900204) of the spill path and area. Staff observed oily matted vegetation, soil, and oil algae mats from the discharge of Pit Facility #116587 down the artificial tributary and along Seeping Spring Gulch for approximately 2,100 feet (0.4 mile).

16. On September 20, 2022, COGCC conducted an Inspection of the spill path and area (Doc #694500516) and observed oil on all pits. Staff also observed hydrocarbon sheen in the artificial tributary, and oil in vegetation and soil along the artificial tributary and Seeping Springs Gulch from the discharge point to the culvert at the access road, a distance of approximately 2,100 feet (0.4 mile). The September 2022 inspection documents that POC I LLC failed to take corrective actions to prevent a recurrence of the June spill; oil on the surface of the production pit is prohibited by rule and, if left unabated, it will continue to discharge out of the pit.

17. Since the June Spill, the Operator has not taken adequate action to prevent the discharge of liquid phase hydrocarbons into Seeping Spring Gulch. No spills other than the June Spill have been reported to COGCC, which makes it difficult for COGCC to ascertain whether the conditions observed in September indicated a new spill or whether they indicate a continuous spill beginning in June.

18. On December 6, 2022, CDPHE, WQCD issued a second NOV/CDO requiring POC-I LLC to “[c]ease and desist from all violations of the Act, §§25-8-101 through 25-8-803, C.R.S., its implementing regulations promulgated thereto, the Permit, and the 2018 NOV/CDO.” This order required POC-I LLC to take action to remediate the impacts along the artificial tributary and Seeping Springs Gulch and take actions to avoid future impacts.

19. As described above, on January 9, 2023, a second spill occurred resulting in impacts to wildlife and new impacts to Seeping Spring Gulch.

20. In 2018 and again in 2022, the CDPHE, WQCD demanded that POC I LLC cease and desist permit violations at the Iles Dome Location. In January 2023, even with discharge flow reduced to a minimum, it became evident that POC I LLC has not implemented changes necessary to protect public health, safety, welfare, the environment, and wildlife resources, and has made no substantive progress towards facility or process modifications that would ensure future operations can continue without future environmental impacts.

21. COGCC Rules require operators to investigate, clean up, and document impacts resulting from spills and releases as soon as the impacts are discovered. COGCC Rules require operators to identify the cause of a spill and implement measures to prevent the incident from reoccurring.

22. However, as described above, POC-I LLC has failed to comply with these critical requirements regarding spills, releases, and remediation. Operation of the discharge constitutes a continuing threat to public safety until the impacts are removed and excavations are backfilled.

23. Following a full investigation of these matters, the Director has objective grounds and reasonable cause to determine that POC-I LLC, in the conduct of Oil and Gas Operations, is impacting and threatening to impact public health, safety, welfare, the environment, or wildlife resources, by failing to investigate, clean up, and document impacts resulting from previous

spills and failing to implement measures to prevent the recurrence of spills from the “Iles Dome Discharge Point,” shown on Exhibit B.

24. Moreover, based on POC-I LLC’s actions and inactions described above, the Director has objective grounds and reasonable cause to determine that a suspension of operations is necessary at each of the related facilities described in Exhibit A to ensure that public health, safety, welfare, the environment, and wildlife resources are protected.

25. POC-I LLC’s actions and inactions are currently impacting or threatening to impact public health, safety, welfare, the environment, or wildlife resources requiring action by the Director to avoid, minimize, or mitigate those impacts or threatened impacts.

26. Therefore, the Director hereby requires POC-I LLC to take the following actions to avoid, minimize, or mitigate the potential impacts to public health, safety, welfare, the environment, or wildlife resources.

ORDER

In accordance with Rule 901.a., the Director ORDERS that POC-I LLC:

1. Suspend all discharge to Seeping Spring Gulch.
2. Commence, and diligently continue, work to investigate, clean up, and document impacts, at this spill location as required by Rule 912.
3. Engineer and install equipment, facilities, or controls to ensure that additional discharge of liquid phase and dissolved phase hydrocarbons into Seeping Spring Gulch will not continue or reoccur.

This Order will remain in effect until such time as POC-I LLC has completed the investigation, characterization, and disposal of all hydrocarbon-impacted soil from the discharge area and affected downstream area, collected and submitted cleanup confirmation soil samples from the impacted area and, submitted those analytical results to the COGCC for review and approval. Additionally, this Order will remain in effect until the COGCC, in consultation with the CDPHE, WQCD has authorized the controls necessary to prevent recurrence of discharge of oil from the Iles Dome Location. No wells or facilities described in Exhibit A or shown on Exhibit B will be returned to production until the COGCC has re-inspected this Spill and determined that the ongoing threat to public safety has been fully addressed.

All questions regarding the work POC-I LLC must immediately commence to investigate, clean up, and document impacts, as required by this Order, should be directed to Alex Fischer, Northwest Area Environmental Supervisor.

Mr. Wayne Neumiller

July 1, 2022


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The provisions contained in the above Order shall become effective immediately. If POC-I LLC does not comply with the Order, the Director may take action to assess and remediate the Locations and seek costs pursuant to C.R.S. § 34-60-124.

The Director expressly reserves the right to alter, amend, or repeal any and/or all of the above orders.

EXECUTED this 24th day of January, 2023.

IN THE NAME OF THE STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

A handwritten signature in black ink, appearing to read "Julie Murphy", written in a cursive style.

Julie Murphy

COGCC Director

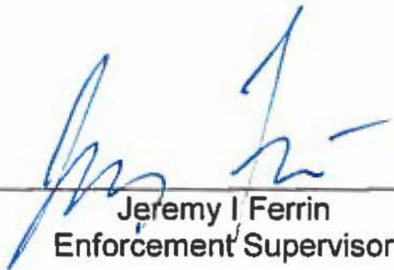
CERTIFICATE OF SERVICE

On January 24, 2023, a true and accurate copy of this **Director's Order Pursuant to Rule 901.a.** was served by certified U.S. Mail, return receipt, as follows:

POC-I LLC
Attn: Wayne Neumiller
P.O. Box 51208
Casper, WY 82605

On January 24, 2023, a true and accurate copy of this **Director's Order Pursuant to Rule 901.a.** was also emailed, as follows:

wayne@sunshinevalleypetroleum.com



Jeremy I Ferrin
Enforcement Supervisor

Exhibit A

Facility Type	Facility ID/ API	Facility Name/ Number	Operator Name/ Number	Status	Field Name/ Number	Location	Location ID	Well Class	Related Facilities
WELL	05-081-05108	ILES DOME UNIT 11	POC-I LLC 10386	PR 3/1/2021	ILES 39041	MOFFAT 081 NESE 22 4N92W 6	312755	Oil Well	
WELL	05-081-07660	ILES DOME UNIT 38	POC-I LLC 10386	AL 12/12/2017	ILES 39041	MOFFAT 081 NW SE 22 4N92W 6	423762	Permitted Well Location	
WELL	05-081-05106	ILES DOME UNIT 26	POC-I LLC 10386	PR 11/1/2022	ILES 39041	MOFFAT 081 NWSE 22 4N92W 6	312753	Oil Well	
WELL	05-081-05093	ILES DOME UNIT 22	POC-I LLC 10386	PR 3/1/2021	ILES 39041	MOFFAT 081 SESW 22 4N92W 6	312751	Oil Well	
WELL	05-081-05100	ILES DOME UNIT 14	POC-I LLC 10386	PA 5/29/2013	ILES 39041	MOFFAT 081 SWSE 22 4N92W 6	312752	Permitted Well Location	
WELL	05-081-05656	ILES DOME UNIT 24	POC-I LLC 10386	PR 7/1/2022	ILES 39041	MOFFAT 081 SWSE 22 4N92W 6	312848	Oil Well	
WELL	05-081-05090	ILES DOME UNIT 37	POC-I LLC 10386	PR 3/1/2021	ILES 39041	MOFFAT 081 SWSE 22 4N92W 6	312750	Oil Well	
PIT	119213	ILES DOME UNIT	POC-I LLC 10386	AC 9/23/1999	ILES 39041	MOFFAT 081 CNW 23 4N92W 6	312756	None	
PIT	116587	ILES GATHERIN FACILITIES	POC-I LLC 10386	AC 9/23/1999	ILES 39041	MOFFAT 081 NENW 23 4N92W 6	312756	None	
WELL	05-081-05124	ILES DOME UNIT 2	POC-I LLC 10386	PA 5/23/2013	ILES 39041	MOFFAT 081 NENW 23 4N92W 6	312757	Permitted Well Location	
WELL	05-081-05107	ILES DOME UNIT 6	POC-I LLC 10386	PA 10/1/2017	ILES 39041	MOFFAT 081 NWSW 23 4N92W 6	312754	Oil Well	
PIT	116589	ILES DOME SUNDANCE TANK BAT 2/PIT	POC-I LLC 10386	AC 9/23/1999	ILES 39041	MOFFAT 081 SWNW 23 4N92W 6	312756	None	
WELL	05-081-05119	ILES DOME UNIT 8	POC-I LLC 10386	SI 7/1/2017	ILES 39041	MOFFAT 081 SWNW 23 4N92W 6	312756	Oil Well	
WELL	05-081-05086	ILES DOME UNIT 25	POC-I LLC 10386	PR 11/1/2022	ILES 39041	MOFFAT 081 NENW 27 4N92W 6	312749	Oil Well	

Exhibit B

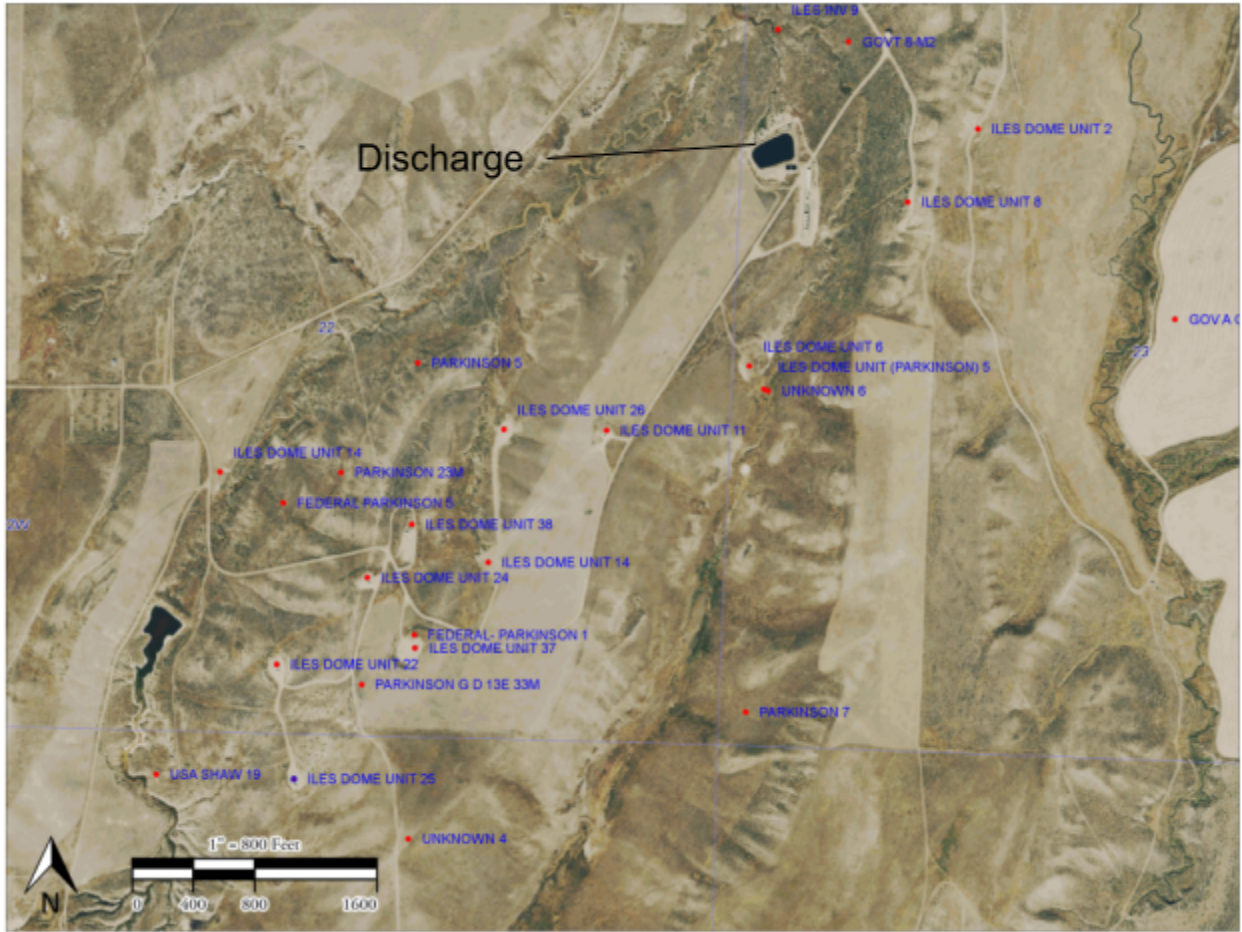


Exhibit C



Photo taken by
CPW Staff on
1/9/2023. Photo
was included in
CDPHE's
notification of
spill.

Photo #1

Exhibit C (con't)



Photos taken by
CPW Staff on
1/9/2023. Photo
was included in
CDPHE's
notification of
spill.

Photo #2



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Exhibit C (con't)



Photo #3

Photo taken by
CPW Staff on
1/9/2023. Photo
was included in
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notification of
spill.



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Exhibit C (con't)



Photo taken by
CPW Staff on
1/9/2023. Photo
was included in
CDPHE's
notification of
spill.

Photo #4