

COLORADO OIL AND GAS
CONSERVATION COMMISSION

IN THE MATTER OF:

PANHANDLE EASTERN PIPE LINE
COMPANY

No.

CONSENT ORDER

The Colorado Oil and Gas Conservation Commission ("COGCC") and Panhandle Eastern Pipe Line Company ("Panhandle") (collectively "Parties") desire to resolve issues of compliance with the COGCC regulations involving Exploration and Production releases at certain facilities, without the necessity for formal administrative or judicial proceedings and hereby agree to this Consent Order.

FINDINGS OF FACT

1. Panhandle, a division of the Panhandle Eastern Corporation, operates the Wattenberg Natural Gas Gathering System ("Wattenberg System") for the gathering of natural gas production from over 1600 well sites in Weld and Adams Counties, Colorado.

2. The Wattenberg System consists primarily of wellhead natural gas gathering, interconnecting lines, seven compressor station sites and one former liquids terminal. The eight sites include liquid separation facilities for removing natural gas liquids and produced water prior to natural gas compression. The name and location of each facility is attached as Exhibit "A", and incorporated herein for reference.

3. Recent remedial investigations indicate that soils and ground water at each station have been impacted principally by releases related to the liquids separation process.

4. Panhandle has submitted, to the COGCC, remediation plans for two of the facilities, namely Vollmar and Hambert stations. The COGCC has given approval to these plans by letter dated November 25, 1992, attached as Exhibit "B". The Parties agree that

upon submittal by Panhandle and approval by the COGCC of the additional six sites' remediation plans, such plans will also be subject to this Consent Order.

5. Approval of each remediation plan by the COGCC acknowledges that the proposed remediation will be protective of human health and the environment.

6. The Parties agree that it is in their mutual interest to resolve these matters expeditiously and without the need for formal proceedings, and that this Consent Order is intended to cover all facilities listed in Exhibit "A".

7. The Parties waive the filing of a petition as predicate for this Consent Order.

CONCLUSIONS OF LAW

1. The Resource Conservation and Recovery Act ("RCRA") provides an exemption for natural gas exploration, development and production operation wastes and releases related to those activities, such as produced-water separation, dehydration, storage and gathering line pigging. 53 Fed. Reg. 25453 (1988). The field gas gathering waste generation activities and releases relating to the production and separation of natural gas for each of the Wattenberg System facilities listed in Exhibit "A" are covered by the exemption.

2. The COGCC is the delegated regulatory authority and has primary jurisdiction in Colorado for exploration and production matters including gas gathering activities for the Wattenberg System. The eight facilities listed in Exhibit "A" are subject to COGCC Rules for pollution prevention and remediation including but not limited to Rules 324A and 504 and Proposed Rule 907 (proposed Aug. 4, 1992).

3. For each of the facilities Panhandle must comply with the pollution prevention and remediation requirements of the COGCC. Panhandle shall submit within six (6) months of this Consent Order, remediation plans for the remaining six facilities. Following COGCC approval, Panhandle shall implement each approved remediation plan

in a reasonable manner and time period. The COGCC shall require written approval of any material change in a remediation plan. Panhandle shall file a written status report for each facility with the COGCC every three (3) months until remediation has been implemented. These reports may be combined for all the facilities and filed as a single report.

4. The Director of the COGCC may enforce this Consent Order of the COGCC pursuant to 34-60-106 (11).

ORDER

Based upon the foregoing, the Parties agree, and IT IS ORDERED, as follows:

1. Following submittal by Panhandle, COGCC shall review the additional six remediation plans and will identify any errors, deficiencies or other regulatory requirements revealed by the review. Panhandle shall respond to any such errors, deficiencies or other regulatory requirements identified by COGCC within a reasonable time and submit a final negotiated remediation plan.

2. Upon the COGCC approval and acceptance of the remediation plan for each site listed in Exhibit "A", such plans will become part of this Consent Order and enforced under the terms and obligations as set out herein.

3. Following approval of the remediation plans, Panhandle shall implement each remediation plan within a reasonable time period. Panhandle shall submit quarterly status reports for each facility until implementation of each plan is completed. The reports from the multiple facilities may be combined into a single report. Thereafter, monitoring reports shall be submitted as provided in the remediation plans or as further required by the COGCC.

4. Approval of a remediation plan by the COGCC acknowledges that the remediation will be protective of human health and the environment.

5. Panhandle shall take reasonable efforts to minimize any delays and will perform the requirements of this Consent Order within a reasonable time of the approved remediation plans unless performance is prevented or delayed by events which constitute a force majeure. "Force Majeure", for purposes of this Consent Order, is defined as any event arising from causes beyond the reasonable control of Panhandle or their contractors, subcontractors or laboratories which delays or prevents the performance of any obligation under this Consent Order, such as, without limitation, acts of God; vandalism; fire; flood; labor disputes or strikes; weather conditions which would prevent or impair the accuracy and reliability of sampling; investigation and other work conducted at each of the sites listed in Exhibit "A", equipment malfunction or breakdown not due to negligence; inadequate maintenance or improper operation; civil disorder or unrest. Force majeure events do not include increased costs of performance of the remediation agreed to by the parties, or changed economic circumstances.

6. This Consent Order may be amended by mutual consent of the Parties. Such amendments shall be in writing and shall have as their effective date the date on which they are signed by COGCC.

7. Upon submission to the COGCC, any final reports, plans, specifications, schedules, and attachments required are incorporated into this Consent Order.

8. No informal advice, guidance, suggestions or comments by COGCC regarding reports, plans, specifications, schedules, and any other writing submitted by Panhandle will be construed as relieving Panhandle of its obligation to obtain written approval by the COGCC, if and when required by this Consent Order.

9. Unless otherwise specified, any report, notice or other communication required under this Consent Order shall be in writing and shall be sent to:

For the Colorado Oil and Gas Conservation Commission:

James Kenney, P.G.
Senior Engineer
Oil & Gas Conservation Commission
Department of Natural Resources
1580 Logan Street, No. 380
Denver, CO 80203

with copy to:

Dennis Bicknell, P.E.
Director
Oil & Gas Conservation Commission
Department of Natural Resources
1580 Logan Street, No. 380
Denver, CO 80203

For Panhandle Eastern Pipe Line Company:

Daniel T. Podobinski
Manager, Water Quality
Panhandle Eastern Pipe Line Company
5400 Westheimer Court
Houston, TX 77056-3310

with copy to:

David S. May, Esq.
Panhandle Eastern Pipe Line Company
5400 Westheimer Court
Houston, TX 77056-3310

10. Failure of Panhandle to respond within a reasonable time to any errors, deficiencies or other regulatory requirements identified by COGCC, or to implement the plans according to the approved terms, shall constitute a violation of this Consent Order.

11. This Consent Order shall be enforceable as any other Order of the Director of COGCC. The COGCC shall retain jurisdiction of this matter for the purposes of

interpreting, implementing and enforcing the terms and conditions of this Consent Order and for the purpose of adjudicating all matters of dispute among the Parties.

12. Nothing in this Consent Order shall be construed to relieve Panhandle of its obligation to comply with all applicable federal, state and/or local statutes or regulations. It is the intent of the Parties hereto that the provisions of this Consent Order shall be severable, and should any provisions be declared by a court of competent jurisdiction to be inconsistent with state or federal law, and therefore unenforceable, the remaining clauses shall remain in full force and effect.

13. The provisions of this Consent Order shall apply to and are binding upon the Parties, and upon their duly elected officers, directors and agents. Panhandle shall give notice in writing of this Consent Order to any successors-in-interest prior to a change in ownership of the Wattenberg System or any applicable part thereof which is the subject of this Consent Order. Assignment or transfer of the Wattenberg System to any third party shall not relieve Panhandle of the obligations and requirements of this Consent Order; ~~provided; should a successor-in-interest or transferor of the Wattenberg System agree to~~ ~~be bound by the terms of this~~ Consent Order, Panhandle and such party may jointly request of the COGCC substitution of Parties and release Panhandle from this Consent Order. The COGCC shall not unreasonably deny such request.

14. The requirements of this Consent Order shall be deemed satisfied and this Consent Order terminated upon receipt by Panhandle of written notice from COGCC that Panhandle has demonstrated that all the terms of the approved remediation plans for each facility listed in Exhibit "A" have been completed to the satisfaction of COGCC. The Consent Order may be satisfied and terminated in part for any facility upon request of Panhandle.

15. This Consent Order is entered into for the purposes of settlement only and neither the fact that a party has entered into this Consent Order nor the Findings of Fact

appearing herein shall be used for any purpose in this or any other proceeding except to enforce the terms hereof by the Parties to this agreement. As to others who are not Parties to this Consent Order, nothing in this Consent Order, remediation plans, reporting and monitoring reports shall constitute an admission by Panhandle of the findings of fact contained therein, and entry into this Consent Order shall not constitute an admission by Panhandle of liability for conditions at or near the sites nor a waiver of any right, cause of action, or defense otherwise available to them. Subject to the foregoing, Panhandle reserves all rights, causes of action and defenses as are available to it.

Agreed and effective as of the date of later signature below.

PANHANDLE EASTERN PIPE LINE
COMPANY

COLORADO OIL AND GAS
CONSERVATION COMMISSION

By: *Michael J. Bradley*
Michael J. Bradley, Vice President

By: *Dennis R. Bicknell*
Dennis Bicknell, Director

Date: _____

Date: 12/17/92

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