


**COLORADO**
**Oil & Gas Conservation  
Commission**

Department of Natural Resources

 1120 Lincoln Street, Suite 801  
 Denver, CO 80203

June 16, 2015

 Mr. Bob Parker  
 Texas Tea of Colorado LLC DBA Texas Tea LLC  
 14405 West Colfax Ave., Suite 298  
 Lakewood, CO 80401

Re: Pace #2, API 05-123-08720

Dear Mr. Parker,

As part of your efforts to comply with the requirements of Colorado Oil and Gas Conservation Commission (COGCC) Order Number 1V-485, Texas Tea of Colorado LLC DBA Texas Tea LLC (Texas Tea) is hereby authorized to remove for sale produced fluids in the tank(s) at the Pace #2 well (API #05-123-08720). It is the understanding of COGCC staff that the removal and sale of the fluids will allow Texas Tea to complete necessary repairs on the access panel and valves associated with the storage tank(s). This letter authorizes the one time removal and sale of fluids currently on location and is not approval to otherwise commence production and sales at this location. Consistent with 1V-485, the proceeds from the sale of any oil shall be used to bring this location into compliance with COGCC Rules, and Texas Tea shall provide COGCC with a statement of work completed and an accounting of sales revenue and compliance expenditures on or before August 15, 2015.

COGCC conducted an inspection of the Pace #2 well and tank battery on April 24, 2015, and the attached Field Inspection Report specifies corrective actions required for compliance. The Field Inspection Report also provides that the well may be permitted to resume production following satisfactory completion of corrective actions; this is consistent with the above referenced Order, provided that all other requirements stipulated therein are met.

The conditions, under which the resumption of production may be allowed, as documented in the Field Inspection Report, include the following:

1. Proceeds from the oil sale must be used to continue required corrective actions at the location,
2. Remove miscellaneous trash and debris, including buckets, concrete, pipe and trash, from location,



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3. Remove and properly dispose oily waste and hydrocarbon impacted soil at the horizontal separator,
4. Repair and properly label concrete vault,
5. Repair tank access panel and leaking valves, and
6. Provide documentation supporting completion of clean up actions required for Remediation Project 5616, including disposal documentation.

Upon timely and satisfactory completion of corrective actions, Texas Tea may submit a request to bring this well back onto production, subject to the following conditions:

1. Plumb gas production line to a sales line,
2. Notify COGCC 5 days prior to resumption of production, and
3. Under COGCC observation, perform a flowline integrity test for all process piping downstream of the wellhead, in accordance with Rule 1101.e.

Only after COGCC has reviewed and approved the request will Texas Tea be permitted to return this well to production. If you have any questions regarding this authorization please contact Jeremy Ferrin, Enforcement Officer.

Sincerely,  
Colorado Oil and Gas Conservation Commission



Matthew J. Lepore  
Director

Inspector Name: AXELSON, JOHN

**FORM INSP**  
Rev 05/11

**State of Colorado**  
**Oil and Gas Conservation Commission**

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



DE	ET	OE	ES
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Inspection Date:

04/24/2015

Document Number:

667500362

Overall Inspection:

**ACTION REQUIRED**

**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>240932</u>	<u>318231</u>	<u>AXELSON, JOHN</u>	<input type="checkbox"/>	

**Operator Information:**

OGCC Operator Number: 87195  
 Name of Operator: TEXAS TEA OF COLORADO LLC DBA TEXAS TEA LLC  
 Address: 14405 W. COLFAX #298  
 City: LAKEWOOD State: CO Zip: 80401

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED
- INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

**Contact Information:**

**Compliance Summary:**

QtrQtr: NWSE Sec: 17 Twp: 2N Range: 67W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
12/12/2014	669000019	PR	PR	ACTION REQUIRED			No
09/17/2012	665400431	PR	PR	ALLEGED VIOLATION	P		Yes
09/15/2011	200321061	ES	PR	SATISFACTORY			No
08/12/2011	200317855	ES	PR	ACTION REQUIRED			Yes
05/13/2011	200310222	ES	PR	ACTION REQUIRED			Yes
11/18/2010	200284692	ES	PR	ACTION REQUIRED			Yes
04/20/2009	200218271	PR	PR	ACTION REQUIRED			Yes
06/26/2001	200017720	PR	PR	SATISFACTORY		Pass	No
02/12/2001	200014652	PR	PR	SATISFACTORY		Pass	No
09/03/1996	500163217	SR	PA		F	Pass	No
08/15/1996	500163216	PR	PR				
06/06/1996	500163215	PR	SI				
05/22/1996	500163214	PR	PR			Fail	Yes
04/16/1996	500163213	PR	PR				

**Inspector Comment:**

COGCC EPS staff inspected location to determine if operator could resume production. Several ongoing issues were observed during the inspection as noted herein. Operator requested permission to sell oil currently stored in production tanks to allow repair of associated tanks and valves. COGCC hereby approves the sale of the oil currently stored in the tanks. All of the proceeds of the sale shall be used to continue required corrective actions at the location. Upon completion of all corrective actions the operator shall request approval to resume production. The operator shall provide 5-day notice and arrange for COGCC staff to be present when production resumes to verify that all equipment is functioning properly and no leaks or releases occur. Operator shall also arrange to perform flow line integrity test in accordance with Rule 1101.e. at the start of production with COGCC staff present to observe.

**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
240932	WELL	PR	01/09/2014	OW	123-08720	PACE 2	SI <input checked="" type="checkbox"/>

Inspector Name: AXELSON, JOHN

Equipment:		Location Inventory	
Special Purpose Pits: _____	Drilling Pits: _____	Wells: _____	Production Pits: _____
Condensate Tanks: _____	Water Tanks: _____	Separators: _____	Electric Motors: _____
Gas or Diesel Motors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: _____	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

**Location**

Emergency Contact Number (S/AV): \_\_\_\_\_ Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

**Good Housekeeping:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
TRASH	ACTION REQUIRED	buckets and misc trash.	Remove from location.	07/18/2015
DEBRIS	ACTION REQUIRED	concrete pad, pipe and trash at former separator shed.	Immediately remove from location and properly recycle or dispose. Reclaim disturbed area from concrete pad removal.	07/31/2015

**Spills:**

Type	Area	Volume	Corrective action	CA Date
Crude Oil	Separator	<= 5 bbls	Still oil saturated soil at horizontal separator. Excavate all oily waste and properly dispose.	07/08/2015

Multiple Spills and Releases?

**Fencing/:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
PUMP JACK	SATISFACTORY	Chain link around pumping unit.		

**Equipment:**

Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Horizontal Heated Separator	1	ACTION REQUIRED	Gas production from separator appears to vent into produced water vault.	Gas production must be properly produced to meter run and reported. Gas line must be properly connected to meter run prior to resumption of production.	07/31/2015

**Facilities:**

New Tank

Tank ID: \_\_\_\_\_

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	1		CONCRETE SUMP/VAULT	

S/AV: ACTION REQUIRED Comment: \_\_\_\_\_

Corrective Action: Properly label w/NFPA, contents & capacity. Provide permanent lid fitted for vault opening. Corrective Date: 07/31/2015

Inspector Name: AXELSON, JOHN

Condition	
Other (Content)	_____
Other (Capacity)	_____
Other (Type)	_____

**Berms**

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance

Corrective Action		Corrective Date	
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Comment	
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**Facilities:**  New Tank Tank ID: \_\_\_\_\_

Contents	#	Capacity	Type	SE GPS
CRUDE OIL	2	300 BBLS	STEEL AST	,

S/AV: **ACTION REQUIRED** Comment: Operator has requested to sell oil in tank to allow required repairs. Sale is approved.

Corrective Action:	Repair leaking access panel on south tank. Repair/replace leaking valves at both production tanks.	Corrective Date:	07/31/2015
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**Paint**

Condition	Adequate
Other (Content)	Some corrosion around bases of tanks.
Other (Capacity)	_____
Other (Type)	_____

**Berms**

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate	Walls Insufficient	Base Insufficient	

Corrective Action		Corrective Date	
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Comment	
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**Venting:**

Yes/No	Comment

**Flaring:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

**Predrill**

Location ID: 240932

**Site Preparation:**

Lease Road Adeq.: \_\_\_\_\_ Pads: \_\_\_\_\_ Soil Stockpile: \_\_\_\_\_

S/A/V: \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

S/A/V: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Wildlife BMPs:**

S/A/V: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Stormwater:**

Comment: \_\_\_\_\_

**Staking:**

**On Site Inspection (305):**

Surface Owner Contact Information:

Name: \_\_\_\_\_ Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Operator Rep. Contact Information:

Landman Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Date Onsite Request Received: \_\_\_\_\_ Date of Rule 306 Consultation: \_\_\_\_\_

Request LGD Attendance: \_\_\_\_\_

LGD Contact Information:

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_ Agreed to Attend: \_\_\_\_\_

Summary of Landowner Issues:

\_\_\_\_\_

Summary of Operator Response to Landowner Issues:

\_\_\_\_\_

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

\_\_\_\_\_

**Facility**

Facility ID: 240932 Type: WELL API Number: 123-08720 Status: PR Insp. Status: SI

**Environmental**

**Spills/Releases:**

Type of Spill: OIL Description: \_\_\_\_\_ Estimated Spill Volume: \_\_\_\_\_

Comment: Remove all oily waste at separator. Remove any contaminated stormwater that filled excavation at separator and properly dispose.

Corrective Action: Excavate all oily waste Date: 07/31/2015

Reportable: \_\_\_\_\_ GPS: Lat \_\_\_\_\_ Long \_\_\_\_\_

Proximity to Surface Water: \_\_\_\_\_ Depth to Ground Water: \_\_\_\_\_

Inspector Name: AXELSON, JOHN

<b>Water Well:</b>		Lat	Long
DWR Receipt Num: _____	Owner Name: _____	GPS : _____	

**Field Parameters:** \_\_\_\_\_

Sample Location: \_\_\_\_\_

<b>Waste Management:</b>					
Type	Management	Condition	Comment	GPS (Lat)	(Long)
Oily Soil	Piles		Remediation 5616 is still open. Oily waste disposal was never documented. Provide disposal documentation with closure request no later than 7/31/15.		
Oily Soil	Other		Provide documentation that oily waste removed from separator was properly disposed. Remit manifests & haul tickets no later than 7/31/15.		

Emission Control Burner (ECB): \_\_\_\_\_

Comment: \_\_\_\_\_

Pilot: \_\_\_\_\_ Wildlife Protection Devices (fired vessels): \_\_\_\_\_

**Reclamation - Storm Water - Pit**

**Interim Reclamation:**

Date Interim Reclamation Started: \_\_\_\_\_ Date Interim Reclamation Completed: \_\_\_\_\_

Land Use: \_\_\_\_\_

Comment: \_\_\_\_\_

1003a. Debris removed? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Waste Material Onsite? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Unused or unneeded equipment onsite? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Pit, cellars, rat holes and other bores closed? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Guy line anchors removed? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Guy line anchors marked? \_\_\_\_\_ CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

1003b. Area no longer in use? \_\_\_\_\_ Production areas stabilized? \_\_\_\_\_

1003c. Compacted areas have been cross ripped? \_\_\_\_\_

1003d. Drilling pit closed? \_\_\_\_\_ Subsidence over on drill pit? \_\_\_\_\_

Cuttings management: \_\_\_\_\_

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? \_\_\_\_\_

Segregated soils have been replaced? \_\_\_\_\_

Inspector Name: AXELSON, JOHN

Production areas have been stabilized?

RESTORATION AND REVEGETATION

Cropland

Top soil replaced \_\_\_\_\_ Recontoured \_\_\_\_\_ Perennial forage re-established \_\_\_\_\_

Non-Cropland

Top soil replaced \_\_\_\_\_ Recontoured \_\_\_\_\_ 80% Revegetation \_\_\_\_\_

1003 f. Weeds Noxious weeds? \_\_\_\_\_

Comment: \_\_\_\_\_

Overall Interim Reclamation

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: \_\_\_\_\_ Date Final Reclamation Completed: \_\_\_\_\_

Final Land Use: \_\_\_\_\_

Reminder: \_\_\_\_\_

Comment: \_\_\_\_\_

Well plugged \_\_\_\_\_ Pit mouse/rat holes, cellars backfilled \_\_\_\_\_

Debris removed \_\_\_\_\_ No disturbance /Location never built \_\_\_\_\_

Access Roads Regraded \_\_\_\_\_ Contoured \_\_\_\_\_ Culverts removed \_\_\_\_\_

Gravel removed \_\_\_\_\_

Location and associated production facilities reclaimed \_\_\_\_\_ Locations, facilities, roads, recontoured \_\_\_\_\_

Compaction alleviation \_\_\_\_\_ Dust and erosion control \_\_\_\_\_

Non cropland: Revegetated 80% \_\_\_\_\_ Cropland: perennial forage \_\_\_\_\_

Weeds present \_\_\_\_\_ Subsidence \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date \_\_\_\_\_

Overall Final Reclamation \_\_\_\_\_ Well Release on Active Location  Multi-Well Location

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment

S/AV: \_\_\_\_\_ Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

CA: \_\_\_\_\_

Pits:  NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Immediately perform flow line integrity test in accordance with Rule 1101.e. when production resumes with COGCC inspector on location.	axelsonj	06/10/2015

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

Inspector Name: AXELSON, JOHN

Document Num	Description	URL
667500362	INSPECTION APPROVED	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3624376">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3624376</a>
667500363	Photo Log 2-24-15	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3624372">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3624372</a>

**ACTION REQUIRED**

**ANY ACTION REQUIRED** items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission ("COGCC") and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator's compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)