



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

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:
	240932	318231	AXELSON, JOHN	<input type="checkbox"/>	

Operator Information:OGCC Operator Number: 87195Name of Operator: TEXAS TEA OF COLORADO LLC DBA TEXAS TEA LLCAddress: 14405 W. COLFAX #298City: 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

<u>Equipment:</u>		<u>Location Inventory</u>	
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/A/V): _____ 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/A/V: 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

Paint				
Condition				
Other (Content)				
Other (Capacity)				
Other (Type)				
Berms				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Corrective Action				Corrective Date
Comment				
Facilities:	<input type="checkbox"/> New Tank Tank ID: _____			
Contents	#	Capacity	Type	SE GPS
CRUDE OIL	2	300 BBLs	STEEL AST	
S/AV:	<div style="border: 2px solid red; padding: 2px;"> ACTION REQUIRED Comment: Operator has requested to sell oil in tank to allow required repairs. Sale is approved. </div>			
Corrective Action:	<div style="border: 2px solid red; padding: 2px;"> Repair leaking access panel on south tank. Repair/replace leaking valves at both production tanks. </div>			<div style="border: 2px solid red; padding: 2px;"> Corrective Date: 07/31/2015 </div>
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
Comment				
Venting:				
Yes/No	Comment			
Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Inspector Name: AXELSON, JOHN

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

Water Well:		Lat	Long
DWR Receipt Num:	Owner Name:	GPS :	
Field Parameters:			
Sample Location:			
Waste Management:			
Type	Management	Condition	Comment
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/A/V: _____ 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	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3624376
667500363	Photo Log 2-24-15	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3624372

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.)