

In regards to:

Reason: COGCC Document #401012690 (Notice of Alleged Violation-Issued)

Site/s: Huber Burkett 4-3 (Facility #326301)

S/T/R/qtr. /qtr. Section: 26, Township: 35N, Range: 8W, NESE

RE: COGCC (Form 4-Steven Mah)

Introduction:

On March 3, 2016, an XTO production Lease Operator observed a small produced water (Fruitland Coal Formation) flowline leak at the Huber Burkett 4-3 well site. The leak was stopped within an estimated time of 5 minutes after discovery and the release extent identified. An investigation was performed and it was determined the leak occurred due to a frozen 90 degree elbow in the separation building. This facility is checked once a day by XTO workers, even though it is not in continuous production. The release could have been greater if XTO had not had this daily check practice in effect. In short, XTO's protocol minimized the amount of the release. Sampling was conducted and it was documented that no adverse environmental impact to waters of the state had occurred. The analytical results were reviewed and approved by the COGCC on March 28, 2016 with no remediation required. The corrective action that was the outlet valve downstream from where the release occurred (outside of the separation building) was closed on 3/3/2016. Furthermore, a valve downstream of the outlet valve was closed and the line was drained using a water truck to evacuate the line so there would be no static water in the line (4/12/2016). To prevent releases in the future, procedures have been modified to further isolate location flow lines for sites that are temporarily abandoned (TA) or will be shut in (SI) for an extended duration of time.

Alleged Violations:

1. Rule 1102:

a. COGCC Comments:

“Operator is required to take reasonable precautions to prevent failures, leakage and corrosion of pipelines. On March 3, 2016, stated as March 1, 2016 in its Form 19 submission due to apparent Operator Error, Operator discovered a produced water release due to a leak from the produced water flow line at the Huber –Burkett 4-3 location in La Plata County, Colorado (Location # 326511). Operator responded to the Huber Burkett location on March 3, 2016 and stopped the release. The release was reported to COGCC staff by phone and through a Form 19 Initial spill/Release report (401000435) on March 4, 2016. COGCC staff inspected and conducted an initial assessment of the release area with the operator present on March 8, 2016 (inspection # 674900962) and confirmed that the produced water had traveled from the location into the Lone Hollow Cree, which constituted Water of the State as defined under COGCC Rules, where it commingled with snow melt. Operator failed to take reasonable precautions to prevent failures, leakage and corrosion of pipelines resulting in the release discovered on March 3, 2016 violating rules 1102.a. (1).”

b. XTO Response:

All reasonable measures were taken to prevent this event when the location was temporarily abandoned and associated valves were closed. There was no improper or inadequate conduct and all activities were completed according to industry accepted standards and in accordance with all rules and regulations. Pressure testing the flow line segment indicates line integrity at time of testing only, and would not have prevented this spill. Furthermore, where the line failure occurred was outside of the flow line path which could not be pressure tested using the 1101e guidance. Additionally, Table 910-1 samples (*attached*) indicate there was not any significant environmental impact; sampling was conducted to document no adverse environmental impact to waters of the state and results approved by COGCC with no remediation required on March 28, 2016. Corrective action described in the supplemental Form 19 on March 25, 2016 indicated that the valve was closed at the source to prevent water from back flowing into the line. This should minimize, and perhaps, prevent static water from sitting in the line and freezing.

2. Rule 324A.a

a. COGCC Comments:

“Operator is required to take precautions to prevent significant adverse environmental impacts to air, water, soil or biological resources. On March 3, 2016, stated as March 1, 2016 in its Form 19 submission due to apparent Operator Error, Operator discovered a produced water release due to a leak from the produced water flow line at the Huber –Burkett 4-3 location in La Plata County, Colorado (Location # 326511). Operator responded to the Huber Burkett location on March 3, 2016 and stopped the release. The release was reported to COGCC staff by phone and through a Form 19 Initial spill/Release report (401000435) on March 4, 2016. COGCC staff inspected and conducted an initial assessment of the release area with the operator present on March 8, 2016 (inspection # 674900962) and confirmed that the produced water had traveled from the location into the Lone Hollow Cree, which constituted Water of the State as defined under COGCC Rules, where it commingled with snow melt. Operator failed to exercise adequate precautions to prevent significant adverse environmental impacts to air, water, soil, or biological resources, violating rules 342A.a. Operator submitted a supplemental Form 19 Spill/Release Report on March 25, 2016 (Document # 401011214) and based on a review of the information presented by Operator, COGCC staff concluded no further action to address the release is required at this time and approved Operator’s closure request (Document # 401011214)”

b. XTO Comments:

XTO has taken precautions to prevent significant adverse environmental impact and none has occurred. A written plan is in place; specifically the XTO Energy Durango Field has an 1101e variance in place including BMP's used to prevent adverse impacts to the environment. Per initial Form 19 (March 4, 2016), the outlet line of the separator failed due to freezing. Pressure testing the flowline segment would not have prevented this spill. Additionally, Table 910-1 samples indicate there was not any significant environmental impact as shown in the *(attached)* analytical results. There were no adverse environmental impacts to the waters of the state and the COGCC approved closure with no further action on March 28, 2016. Corrective Action was described in the supplemental Form 19 on 3-25-16 which indicated "a valve was shut in to prevent water from back flowing to prevent non-flowing water to sit in the line."

3. Rule 605.D

a. COGCC Comments:

“Operator is required to assure all valves and pipes and fittings for crude oil and condensate tanks are securely fastened, inspected at regular intervals, and maintained in good mechanical condition. On March 3, 2016, stated as March 1, 2016 in its Form 19 submission due to apparent Operator Error, Operator discovered a produced water release due to a leak from the produced water flow line at the Huber –Burkett 4-3 location in La Plata County, Colorado (Location # 326511). Operator responded to the Huber Burkett location on March 3, 2016 and stopped the release. The release was reported to COGCC staff by phone and through a Form 19 Initial spill/Release report (401000435) on March 4, 2016. COGCC staff inspected and conducted an initial assessment of the release area with the operator present on March 8, 2016 (inspection # 674900962) and confirmed that the produced water had traveled from the location into the Lone Hollow Creek, which constituted Water of the State as defined under COGCC Rules, where it commingled with snow melt. Operator failed to assure the produced water flow line was in good mechanical condition, violating rule 605.d.”

b. XTO Comments:

605. d. These comments do not apply. This facility does not produce or store condensate or crude oil. The site is a temporarily abandoned location that has not been in active production since Jan 2014. If this site is put back into production, evaluation of all mechanical equipment would be completed at that time.

4. Rule 907.a

a. COGCC Comments:

“Operator is required to conduct E&P waste management activities in a manner that protects the waters of the state from significant adverse environmental impacts from E&P waste. On March 3, 2016, stated as March 1, 2016 in its Form 19 submission due to apparent Operator Error, Operator discovered a produced water release due to a leak from the produced water flow line at the Huber –Burkett 4-3 location in La Plata County, Colorado (Location # 326511). Operator responded to the Huber Burkett location on March 3, 2016 and stopped the release. The release was reported to COGCC staff by phone and through a Form 19 Initial spill/Release report (401000435) on March 4, 2016. COGCC staff inspected and conducted an initial assessment of the release area with the operator present on March 8, 2016 (inspection # 674900962) and confirmed that the produced water had traveled from the location into the Lone Hollow Cree, which constituted Water of the State as defined under COGCC Rules, where it commingled with snow melt. Operator failed to manage E&P Waste in a manner protective of waters of the state, causing or threatening to cause significant adverse impacts, violating Rule 907.a.(2).”

b. XTO Comments:

907a. (2) E&P waste management activities are conducted, and facilities constructed and operated, in such a manner so as to protect the waters of the state from significant adverse environmental impacts. Table 910-1 sample analysis (*attached*) indicates there was not any significant environmental impact. Sampling was conducted to document no adverse environmental impact to waters of the state occurred and the COGCC approved closure with no remediation on March 28, 2016.

Consideration

XTO is a prudent and responsible operator with a track record indicating that operations are managed to the highest degree of safety and operational integrity that is practical under the circumstances. XTO disagrees that the regulations outlined from the NOAV document (#401012690) were violated as outlined above. XTO is requesting that the NOAV's be rescinded.

Thank you for your time and consideration with this request.