

State of Colorado
Oil and Gas Conservation Commission

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Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:
401133244
Date Issued:
11/23/2016
Date Resolved:

NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 522, the Director has reasonable cause to believe that a violation of the Act, or of any Commission rule, order, or permit has occurred, the Director will require the operator to remedy the violation and may commence an enforcement action seeking penalties by issuing a Notice of Alleged Violation (NOAV). Per Rule 523, an operator who violates the Act, or a Commission rule, order, or permit may be subject to a penalty imposed by Commission order.

OPERATOR INFORMATION

OGCC Operator Number: 16700
Name of Operator: CHEVRON USA INC
Address: 6301 DEAUVILLE BLVD
City: MIDLAND State: TX Zip: 79706

Contact Name and Telephone:
Name: Linda McMurry
Phone: (432) 687-7866 Fax: ()
Email: lindamcmurry@chevron.com

Well Location, or Facility Information (if applicable):

API Number: 05- -00 Facility or Location ID: 447275
Name: SPILL/RELEASE POINT Number:
QtrQtr: NWSW Sec: 22 Twp: 2N Range: 102W Meridian: 6
County: RIO BLANCO

ALLEGED VIOLATION

Rule: 1101
Rule Description: Installation and Reclamation

Initial Discovery Date: Was this violation self-reported by the operator? No
Date of Violation: Approximate Time of Violation:
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 1101, Chevron USA Inc (Operator) is required to install pipeline with materials, design, and cover sufficient to maintain structural integrity and prevent failure. Operator is also required to pressure test flowline segments at the maximum anticipated operating pressure prior operating that segment. On August 10, 2016, Operator discovered a Produced Water and Oil release (Initial Spill/Release Report Document # 401092833) due to a leak from the production line in NWSW Sec 22, 2N 102W, Rio Blanco County, Colorado (Spill Location #447275). Operator contacted COGCC on August 10, 2016 and submitted a Form 19, Initial Spill/Release Report, on August 12, 2016. On August 11, 2016, COGCC staff inspected and conducted an initial assessment of the release area with the Operator (Inspection Document # 685100057). A significant rain event occurred on August 8, 2016 that caused erosion of soil that exposed the flowline, which Operator found to be the cause of the flowline failure and produced water release. Operator failed to install pipeline with materials, design, and cover sufficient to maintain structural integrity and prevent failure, and/or failed to complete pressure testing prior to operating this segment of flowline, resulting in the August 10, 2016 release, violating Rule 1101.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 12/23/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit the information required under its COGCC approved Variance Request (Document #400932728) to document flowline integrity and explain why the continuous pressure monitoring augmented with a set of best practices did not prevent the leak or minimize the spill volumes. Operator shall develop a written plan that addresses how this problem will be avoided in the future, to include engineering, pressure testing of this segment of flowline, management, and training actions, as necessary. Operator shall make these submissions by December 23, 2016.

Rule: 1102
Rule Description: Operations, Maintenance, and Repair

Initial Discovery Date: _____ Was this violation self-reported by the operator? No
Date of Violation: _____ Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 1102.a., Operator is required to take reasonable precautions to prevent failures, leakage and corrosion of pipelines. On August 10, 2016, Operator discovered a Produced Water and Oil release (Initial Spill/Release Report Document # 401092833) due to a leak from the production line in NWSW Sec 22, 2N 102W, Rio Blanco County, Colorado (Spill Location #447275). Operator contacted COGCC on August 10, 2016 and submitted a Form 19, Initial Spill/Release Report, on August 12, 2016. On August 11, 2016, COGCC staff inspected and conducted an initial assessment of the release area with the Operator (Inspection Document # 685100057). A significant rain event occurred on August 8, 2016 that caused erosion of soil that exposed the flowline, which Operator found to be the cause of the flowline failure and produced water release. Operator failed to take reasonable precautions to prevent failures, leakage and corrosion of pipelines resulting in the release on August 10, 2016, violating Rules 1102.a.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 12/23/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit the past three (3) years worth of maintenance records for this segment of pipeline and records for the repair completed. Operator shall develop a written plan that addresses how this problem will be avoided in the future, to include engineering, pressure testing of this segment of flowline, management, and training actions, as necessary. Operator shall make these submissions by December 23, 2016.

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

Initial Discovery Date: _____ Was this violation self-reported by the operator? No
Date of Violation: _____ Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 605.d., Chevron USA Inc (Operator) is required to assure all valves, pipes and fittings for crude oil and condensate tanks are securely fastened, inspected at regular intervals, and maintained in good mechanical condition. On August 10, 2016, Operator discovered a Produced Water and Oil release (Initial Spill/Release Report Document # 401092833) due to a leak from the production line in NWSW Sec 22, 2N 102W, Rio Blanco County, Colorado (Spill Location #447275) that impacted Waters of the State as defined under COGCC 100 Series Rules. Operator contacted COGCC on August 10, 2016 and submitted a Form 19, Initial Spill/Release Report, on August 12, 2016. On August 11, 2016, COGCC staff inspected and conducted an initial assessment of the release area with the Operator (Inspection Document # 685100057). Inspection Document #685100057 required Operator to submit a Form 27 by November 1, 2016, but no Form 27 has been received to date. A significant rain event occurred on August 8, 2016 that caused erosion of soil that exposed the flowline, which Operator found to be the cause of the flowline failure and produced water release. Operator failed to assure the pipeline was in good mechanical condition, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 11/23/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall immediately submit a Form 27, Site Assessment Report and Workplan, as previously required by COGCC Inspection Documents #685100057 and #685100065 delineating the extent of the impacted area, detailing remedial activities completed to date, and meeting the requirements of Rule 906. Operator shall continue cleanup of impacted areas to meet the standards in Table 910-1, including soil investigation and remediation. Operator shall submit Supplemental Form 27 progress reports on a monthly basis due the first business day of each month beginning November 2016 for one year or until the Remediation of the impacted area has been completed and no further action is given by COGCC. After one year an evaluation of the frequency reporting to the COGCC will be evaluated. Operator shall develop a written plan that addresses how this problem will be avoided in the future, to include engineering, pressure testing of this segment of flowline, management, and training actions, as necessary.

Rule: 907.a

Rule Description: General E&P Waste management Requirements

Initial Discovery Date: _____ Was this violation self-reported by the operator? No
Date of Violation: _____ Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 907.a., Chevron USA Inc (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 August 10, 2016, Operator discovered a Produced Water and Oil release (Initial Spill/Release Report Document # 401092833) due to a leak from the production line in NWSW Sec 22, 2N 102W, Rio Blanco County, Colorado (Spill Location #447275) that impacted Waters of the State as defined under COGCC 100 Series Rules. Operator contacted COGCC on August 10, 2016 and submitted a Form 19, Initial Spill/Release Report, on August 12, 2016. On August 11, 2016, COGCC staff inspected and conducted an initial assessment of the release area with the Operator (Inspection Document # 685100057). Inspection Document #685100057 required Operator to submit a Form 27 by

November 1, 2016, but no Form 27 has been received to date. 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.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 11/23/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall immediately submit a Form 27, Site Assessment Report and Workplan, as previously required by COGCC Inspection Documents #685100057 and #685100065 delineating the extent of the impacted area, detailing remedial activities completed to date, and meeting the requirements of Rule 906. Operator shall continue cleanup of impacted areas to meet the standards in Table 910-1, including soil investigation and remediation. Operator shall submit Supplemental Form 27 progress reports on a monthly basis due the first business day of each month beginning November 2016 for one year or until the Remediation of the impacted area has been completed and no further action is given by COGCC. After one year an evaluation of the frequency reporting to the COGCC will be evaluated. Operator shall develop a written plan that addresses how this problem will be avoided in the future, to include engineering, pressure testing of this segment of flowline, management, and training actions, as necessary.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 522.d.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgement may be entered. Hard copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 11/23/2016

COGCC Representative Signature: _____

COGCC Representative: Steven Mah

Title: NOAV Specialist

Email: steven.mah@state.co.us

Phone Num: (303) 894-2100x5172

CORRECTIVE ACTION COMPLETED

Rule: 1101

Rule Description: Installation and Reclamation

Corrective Action Start Date: _____ Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

Rule: 1102

Rule Description: Operations, Maintenance, and Repair

Corrective Action Start Date: _____ Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

Corrective Action Start Date: _____ Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

Rule: 907.a

Rule Description: General E&P Waste management Requirements

Corrective Action Start Date: _____

Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

FINAL RESOLUTION

Cause #: _____

Order #: _____

Docket #: _____

Enforcement Action: _____

Final Resolution Date: _____

Final Resolution Comments:

ATTACHMENT LIST

View Attachments in Imaged Documents on COGCC website (<http://ogccweblink.state.co.us/>) - Search by Document Number.

<u>Document Number</u>	<u>Description</u>
401155273	NOAV COVER LETTER
401155274	NOAV CERTIFIED MAIL RECEIPT
401155305	NOAV ISSUED

Total Attach: 3 Files