

State of Colorado
Oil and Gas Conservation Commission

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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: <u>10442</u>	Contact Name and Telephone:
Name of Operator: <u>HUNTER RIDGE ENERGY SERVICES LLC</u>	Name: <u>JULIA CARTER</u>
Address: <u>370 17TH STREET #1700</u>	Phone: <u>(720) 876-5240</u> Fax: <u>()</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>	Email: <u>julia.carter@encana.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 468839
Name: A27 12" poly line Number: _____
QtrQtr: SWSW Sec: 14 Twp: 4S Range: 96W Meridian: 6
County: RIO BLANCO

ALLEGED VIOLATION

Rule: 1102
Rule Description: Operations, Maintenance, and Repair
Initial Discovery Date: 07/13/2018 Was this violation self-reported by the operator? Yes
Date of Violation: 10/10/2019 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1102.a.1, Hunter Ridge Energy Services LLC ("Operator") shall ensure that materials for pipe and pipe components must be: (1) Able to maintain the structural integrity of the flowline or crude oil transfer line under anticipated operating temperature, pressure, and other operating conditions; and (2) Compatible with the substances to be transported.

On October 10, 2019, Operator's pipeline ruptured and released approximately 14,400 barrels of water and condensate. The release impacted the East Stewart Spring which constitutes Waters of the State (Supplemental Spill/Release Report Document No. 402223874). The Spill/Release (ID 468839) was reported to COGCC on October 16, 2019, via a phone call. On October 21, 2019, COGCC Staff conducted an environmental inspection (FIR Document No. 699700048) and observed a hydrocarbon sheen on the surface water north of the weir and south of the water collection vault and the ruptured poly pipe flowing directly into East Stewart Spring. The Spill/Release (ID 468839) was reportedly stopped on October 25, 2019, when repairs to the pipeline were made.

Operator submitted a Notice of Intent in a Sundry Notice, Form 4 (Document No. 401702942) on July 13, 2018, requesting approval for changes that needed to be made to the existing pipeline to prevent adverse environmental impacts. The Form 4 said the T posts holding the pipeline above the creek are being stressed and the pipeline was kinking in at least two points and showing signs of wear. The Form 4 was approved on July 17, 2018, but Operator did not complete the preventative changes. Therefore the materials for the pipe and pipe component's structural integrity were not maintained, resulting in a release to Waters of the State, violating Rule 1102.a.1.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/10/2020

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

Operator shall provide a Best Management Practices ("BMP") plan that describes how Operator will evaluate potential equipment failure and maintenance needs and also describe the BMP for executing the remedies for the potential equipment failure and maintenance needs in a timely manner, after receiving approval from the Department.

Rule: 324A.a

Rule Description: General Environmental Protection

Initial Discovery Date: 10/10/2019

Was this violation self-reported by the operator? Yes

Date of Violation: 10/10/2019

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 324A.a, Hunter Ridge Energy Services LLC ("Operator") shall take precautions to prevent significant adverse environmental impacts to air, water, soil, or biological resources to the extent necessary to protect public health, safety and welfare, including the environment and wildlife resources, taking into consideration cost-effectiveness and technical feasibility to prevent the unauthorized discharge or disposal of oil, gas, E&P waste, chemical substances, trash, discarded equipment or other oil field waste.

On October 10, 2019, Operator's pipeline ruptured and released approximately 14,400 barrels of water and condensate. The release impacted the East Stewart Spring which constitutes Waters of the State (Supplemental Spill/Release Report Document No. 402223874). The Spill/Release (ID 468839) was reported to COGCC on October 16, 2019, via a phone call. On October 21, 2019, COGCC Staff conducted an environmental inspection (FIR Document No. 699700048) and observed a hydrocarbon sheen on the surface water north of the weir and south of the water collection vault and the ruptured poly pipe flowing directly into East Stewart Spring. The Spill/Release (ID 468839) was reportedly stopped on October 25, 2019, when repairs to the pipeline were made.

Operator submitted a Notice of Intent in a Sundry Notice, Form 4 (Document No. 401702942) on July 13, 2018, requesting approval for changes that needed to be made to the existing pipeline to prevent adverse environmental impacts. The Form 4 was approved on July 17, 2018, but Operator did not complete the preventative changes, resulting in a release to Waters of the State, violating Rule 324A.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 09/10/2020

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

Operator shall provide a Best Management Practices ("BMP") plan that describes how Operator will evaluate potential equipment failure and maintenance needs and also describe the BMP for executing the remedies for potential equipment failure and maintenance needs in a timely manner, after receiving approval from the COGCC.

Rule: 324A.b

Rule Description: Water Quality

Initial Discovery Date: 10/10/2019

Was this violation self-reported by the operator? No

Date of Violation: 10/10/2019

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 324A.b, Hunter Ridge Energy Services LLC ("Operator"), in the conduct of any oil or gas operation shall not perform any act or practice which shall constitute a violation of water quality standards or classifications established by the Water Quality Control Commission for waters of the state.

On October 10, 2019, Operator's pipeline ruptured and released approximately 14,400 barrels of water and condensate. The release impacted the East Stewart Spring which constitutes Waters of the State (Supplemental Spill/Release Report Document No. 402223874). The Spill/Release (ID 468839) was reported to COGCC on October 16, 2019, via a phone call. On October 21, 2019, COGCC Staff conducted an environmental inspection (FIR Document No. 699700048) and observed a hydrocarbon sheen on the surface water north of the weir and south of the water collection vault and the ruptured poly pipe flowing directly into East Stewart Spring. The Spill/Release (ID 468839) was reportedly stopped on October 25, 2019, when repairs to the pipeline were made.

Pursuant to Colorado Water Quality Control Commission Rule 31.11(1)(a), Basic Standards Applicable to Surface Waters of the State, state surface waters shall be free from substances attributable to human-caused point source or nonpoint source discharge in amounts, concentrations, or combinations which are harmful to the beneficial uses or toxic to humans, animals, plants, or aquatic life; or cause a film on the surface or produce a deposit on shorelines.

Operator submitted a Notice of Intent in a Sundry Notice, Form 4 (Document No. 401702942) on July 13, 2018, requesting approval

for changes that needed to be made to the existing pipeline to prevent adverse environmental impacts. According to the Form 4, the T posts that were holding the pipeline above the creek were being stressed and the pipeline was kinking in at least two points and showing signs of wear. The Form 4 was approved on July 17, 2018, but Operator did not complete the preventative changes, resulting in a release to Waters of the State, causing a sheen to develop on East Stewart Spring from a spill caused by a ruptured pipeline, violating Rule 324A.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 09/10/2020

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

Operator shall provide a Best Management Practices ("BMP") plan that describes how Operator will evaluate potential equipment failure and maintenance needs and also describe the BMP for executing the remedies for the potential equipment failure and maintenance needs in a timely manner, after receiving approval from the Department.

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

Initial Discovery Date: 10/10/2019 Was this violation self-reported by the operator? Yes

Date of Violation: 10/10/2019 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 605.d, Hunter Ridge Energy Services LLC ("Operator") is required to assure that all valves, pipes and fittings must be securely fastened, inspected at regular intervals, and maintained in good mechanical condition.

On October 10, 2019, Operator's pipeline ruptured and released approximately 14,400 barrels of water and condensate. The release impacted the East Stewart Spring which constitutes Waters of the State (Supplemental Spill/Release Report Document No. 402223874). The Spill/Release (ID 468839) was reported to COGCC on October 16, 2019, via a phone call. On October 21, 2019, COGCC Staff conducted an environmental inspection (FIR Document No. 699700048) and observed a hydrocarbon sheen on the surface water north of the weir and south of the water collection vault and the ruptured poly pipe flowing directly into East Stewart Spring. The Spill/Release (ID 468839) was reportedly stopped on October 25, 2019, when repairs to the pipeline were made.

Operator submitted a Notice of Intent in a Sundry Notice, Form 4 (Document No. 401702942) on July 13, 2018, requesting approval for changes that needed to be made to the existing pipeline to prevent adverse environmental impacts. According to the Form 4, the T posts that were holding the pipeline above the creek were being stressed and the pipeline was kinking in at least two points and showing signs of wear. The Form 4 was approved on July 17, 2018, but Operator did not complete the preventative changes, resulting in a release to Waters of the State, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 09/10/2020

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

Operator shall provide a Best Management Practices ("BMP") plan that describes how Operator will evaluate potential equipment failure and maintenance needs and also describe the BMP for executing the remedies for the potential equipment failure and maintenance needs in a timely manner, after receiving approval from the Department.

Rule: 906.b

Rule Description: Spill Reporting

Initial Discovery Date: 10/10/2019 Was this violation self-reported by the operator? Yes

Date of Violation: 10/11/2019 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.b, Hunter Ridge Energy Services LLC ("Operator") shall report a spill or release of E&P Waste or produced fluids that meet any of the following criteria to the Director verbally or in writing as soon as practicable, but no more than twenty-four (24) hours after discovery (the "Initial Report").

- A. A spill/release of any size that impacts or threatens to impact any waters of the state, a residence or occupied structure, livestock, or public byway;
- B. A spill/release in which one (1) barrel or more of E&P Waste or produced fluids is spilled or released outside of berms or other secondary containment;
- C. A spill/release of five (5) barrels or more regardless of whether the spill/release is completely contained within berms or other secondary containment; or

On October 10, 2019, Operator's pipeline ruptured and released approximately 14,400 barrels of water and condensate. The release impacted the East Stewart Spring which constitutes Waters of the State (Supplemental Spill/Release Report Document No. 402223874). The Spill/Release (ID 468839) was reported to COGCC on October 16, 2019, via a phone call. On October 21, 2019, COGCC Staff conducted an environmental inspection (FIR Document No. 699700048) and observed a hydrocarbon sheen on the surface water north of the weir and south of the water collection vault and the ruptured poly pipe flowing directly into East Stewart Spring. The Spill/Release (ID 468839) was reportedly stopped on October 25, 2019, when repairs to the pipeline were made.

Operator spilled approximately 14,400 barrels of E&P waste into Waters of the State and failed to report the spill as soon as practicable, but no more than twenty-four (24) hours after discovery, violating Rule 906.b. According to a timeline of events in an email from Operator, Operator discovered the ruptured pipeline during a site visit on October 10, 2019, contacted COGCC by phone on October 16th, and submitted a Form 19 to COGCC on October 17, 2019.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 09/10/2020

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

Operator shall provide a Best Management Practices ("BMP") plan that describes how Operator will evaluate potential equipment failure and maintenance needs and also describe the BMP for executing the remedies for the potential equipment failure and maintenance needs in a timely manner, after receiving approval from the Department.

Rule: 907.a

Rule Description: General E&P Waste management Requirements

Initial Discovery Date: 07/13/2018 Was this violation self-reported by the operator? Yes

Date of Violation: 10/10/2019 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 907.a, Hunter Ridge Energy Services LLC ("Operator") shall (1) ensure that E&P waste is properly stored, handled, transported, treated, recycled, or disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources or to the extent necessary to ensure compliance with the concentration levels in Table 910-1, with consideration to WQCC groundwater standards and classifications; and (2) E&P waste management activities shall be conducted, and facilities constructed and operated, to protect the waters of the state from significant adverse environmental impacts from E&P waste, except as permitted by applicable laws and regulations.

On October 10, 2019, Operator's pipeline ruptured and released approximately 14,400 barrels of water and condensate. The release impacted the East Stewart Spring which constitutes Waters of the State (Supplemental Spill/Release Report Document No. 402223874). The Spill/Release (ID 468839) was reported to COGCC on October 16, 2019, via a phone call. On October 21, 2019, COGCC Staff conducted an environmental inspection (FIR Document No. 699700048) and observed a hydrocarbon sheen on the surface water north of the weir and south of the water collection vault and the ruptured poly pipe flowing directly into East Stewart Spring. The Spill/Release (ID 468839) was reportedly stopped on October 25, 2019, when repairs to the pipeline were made..

Pursuant to Colorado Water Quality Control Commission Rule 31.11(1)(a), Basic Standards Applicable to Surface Waters of the State, state surface waters shall be free from substances attributable to human-caused point source or nonpoint source discharge in amounts, concentrations, or combinations which are harmful to the beneficial uses or toxic to humans, animals, plants, or aquatic life; or cause a film on the surface or produce a deposit on shorelines.

Operator submitted a Notice of Intent in a Sundry Notice, Form 4 (Document No. 401702942) on July 13, 2018, requesting approval for changes that needed to be made to the existing pipeline to prevent adverse environmental impacts. The Form 4 was approved on July 17, 2018, but Operator did not complete the preventative changes, resulting in a release to Waters of the State. Operator did not ensure E&P waste was properly stored, handled, or transported, and E&P waste management activities were not conducted and facilities were not constructed or operated to protect waters of the state from significant adverse environmental impacts, violating Rule 907.a.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 09/10/2020

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

Operator shall provide a Best Management Practices ("BMP") plan that describes how Operator will evaluate potential equipment failure and maintenance needs and also describe the BMP for executing the remedies for the potential equipment failure and maintenance needs in a timely manner, after receiving approval from the Department.

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: 08/31/2020

COGCC Representative Signature: 

COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100x5143

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>
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Total Attach: 0 Files