

State of Colorado
Oil and Gas Conservation Commission

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11/02/2020

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>46290</u>	Contact Name and Telephone:
Name of Operator: <u>KP KAUFFMAN COMPANY INC</u>	Name: <u>ROSS WATZMAN</u>
Address: <u>1675 BROADWAY, STE 2800</u>	Phone: <u>(303) 825-4822</u> Fax: <u>()</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>	Email: <u>rwatzman@kpk.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 478086
Name: UPRR 43 PAN AM G Consolidation #2 Number: _____
QtrQtr: SESE Sec: 29 Twp: 1N Range: 67W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 1102
Rule Description: Operations, Maintenance, and Repair
Initial Discovery Date: 09/19/2020 Was this violation self-reported by the operator? Yes
Date of Violation: 09/19/2020 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1102.i.(2), whenever Operator discovers any condition that could adversely affect the safe and proper operation of a flowline or crude oil transfer line, Operator must correct the condition as soon as possible. However, if the condition presents an immediate hazard to persons or property, Operator may not operate the affected segment until Operator has corrected the condition.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the Surface Owner on September 19, 2020 (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419).

On September 23, 2020, COGCC staff inspected the spill location and observed an unsecured and open excavation on the north side of Weld County Road (CR) 4, with the exposed flowline inside. Operator personnel were not present. COGCC staff observed audible and olfactory evidence of an active and ongoing gas release from a hole in the exposed flowline and pooled liquid hydrocarbons in the open excavation. COGCC staff immediately notified the Operator of the active gas release. Operator mobilized a vacuum truck to the site and depressurized the flowline to temporarily mitigate the gas leak, as witnessed by COGCC staff. Prior to depressurization of the line, Operator personnel arrived on location and approached a separate open excavation on the south side of CR 4, to the south of the spill location to begin flowline repair, approximately 75 feet south of the excavation with the active gas leak. COGCC staff required Operator personnel to stop work due to an imminent health and safety hazard resulting from the active gas leak on the Operator's flowline on the north side of the CR 4. COGCC Staff verified that the Operator had depressurized the flowline before departing the location (Field Inspection Document Nos. 689501092 and 690102100).

On September 23, 2020, Operator submitted a Form 22 Accident Report and Form 44 Grade One Gas Leak related to the uncontrolled release of gas discovered by COGCC staff. In this Form 22 Accident Report, Operator reports that the continued release was due to an improperly functioning isolation valve, which would cause the line to keep re-pressurizing until the valve could be repaired (Form 22 Accident Report, Document No. 402496504).

Operator, after discovery of a condition that could adversely affect the safe and proper operation of a flowline or crude oil transfer line, did not correct the condition as soon as possible and continued to operate the affected segment, violating Rule 1102.i.(2).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 12/02/2020

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

Operator to provide COGCC with a timeline of the actions taken the day of the incident along with copies of their procedures for responding to releases and responding to failures of isolation valves on flowlines.

Rule: 1102

Rule Description: Operations, Maintenance, and Repair

Initial Discovery Date: 09/19/2020 Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1102.j.(1), Operator must make repairs in a safe manner that prevents injury to persons and damage to equipment and property.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the Surface Owner on September 19, 2020 (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419).

On September 23, 2020, COGCC staff inspected the spill location and observed an unsecured and open excavation on the north side of Weld County Road (CR) 4, with the exposed flowline inside. Operator personnel were not present. COGCC staff observed audible and olfactory evidence of an active and ongoing gas release from a hole in the exposed flowline and pooled liquid hydrocarbons in the open excavation. COGCC staff immediately notified the Operator of the active gas release. Operator mobilized a vacuum truck to the site and depressurized the flowline to temporarily mitigate the gas leak, as witnessed by COGCC staff. Prior to depressurization of the line, Operator personnel arrived on location and approached a separate open excavation on the south side of CR 4, to the south of the spill location to begin flowline repair, approximately 75 feet south of the excavation with the active gas leak. COGCC staff required Operator personnel to stop work due to an imminent health and safety hazard resulting from the active gas leak on the Operator's flowline on the north side of the CR 4. COGCC Staff verified that the Operator had depressurized the flowline before departing the location (Field Inspection Document Nos. 689501092 and 690102100).

On September 23, 2020, Operator submitted a Form 22 Accident Report and Form 44 Grade One Gas Leak related to the uncontrolled release of gas discovered by COGCC staff. In this Form 22 Accident Report, Operator reports that the continued release was due to an improperly functioning isolation valve, which would cause the line to keep re-pressurizing until the valve could be repaired (Form 22 Accident Report, Document No. 402496504).

Operator failed to make repairs in a safe manner by failing to ensure the flowline was properly isolated and depressurized prior to approaching the excavation to begin repair work, resulting in a near miss and violating Rule 1102.j.(1).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 12/02/2020

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

Operator shall submit documentation on their standard repair pipeline practices and documentation on the repair work performed on this flowline showing that it meets ASME PCC-2-2018

Rule: 1103

Rule Description: Abandonment

Initial Discovery Date: 09/19/2020 Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1103.a.(1) Operators must annually conduct one of the following maintenance operations on all isolation valves: A. Perform a function test; or B. Maintain the isolation valve in accordance with its manufacturer's specifications. (2) Operators must repair or replace isolation valves that are not fully Operable.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the Surface Owner on September 19, 2020 (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419).

On September 23, 2020, COGCC staff inspected the spill location and observed an unsecured and open excavation on the north side of Weld County Road (CR) 4, with the exposed flowline inside.

On September 23, 2020, Operator submitted a Form 22 Accident Report and Form 44 Grade One Gas Leak related to the uncontrolled release of gas discovered by COGCC staff. In this Form 22 Accident Report, Operator reports that the continued release was due to an improperly functioning isolation valve, which would cause the line to keep re-pressurizing until the valve could be repaired (Form 22 Accident Report, Document No. 402496504).

Operator failed to maintain the isolation valve, violating Rule 1103.a.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 12/02/2020

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

Operator to provide COGCC with make, model and manufacturer's maintenance specifications for the valve, along with complete life cycle inspection, maintenance, and repair records.

Rule: 324A.a

Rule Description: General Environmental Protection

Initial Discovery Date: 09/19/2020 Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 324A.a., 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, or other oilfield waste.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the surface owner on September 19, 2020. In the form, Operator reported that Waters of the State, a Residence or Occupied Structures, and Public Byway were impacted or threatened by the spill (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419). A COGCC Field Inspection Report from September 23, 2020, documents that the spill location is approximately 200ft south of a residence, approximately 400ft from Big Dry Creek (a Waters of the State, as defined by the 100 Series of the Rules), and approximately 50ft from riparian habitat (Field Inspection Document No. 689501092).

On September 23, 2020, COGCC staff inspected the spill location and observed an unsecured and open excavation on the north side of Weld County Road (CR) 4, with the exposed flowline inside. Operator personnel were not present. COGCC staff observed audible and olfactory evidence of an active and ongoing gas release from a hole in the exposed flowline and pooled liquid hydrocarbons in the open excavation. COGCC staff immediately notified the Operator of the active gas release. Operator mobilized a vacuum truck to the site and depressurized the flowline to temporarily mitigate the gas leak, as witnessed by COGCC staff. Prior to depressurization of the line, Operator personnel arrived on location and approached a separate open excavation on the south side of CR 4, to the south of the spill location to begin flowline repair, approximately 75 feet south of the excavation with the active gas leak. COGCC staff required Operator personnel to stop work due to an imminent health and safety hazard resulting from the active gas leak on the Operator's flowline on the north side of the CR 4. COGCC Staff verified that the Operator had depressurized the flowline before departing the location (Field Inspection Document Nos. 689501092 and 690102100).

On September 23, 2020, Operator submitted a Form 22 Accident Report related to the uncontrolled release of gas discovered by COGCC staff. In this Form 22 Accident Report, Operator reports that the continued release was due to an improperly functioning isolation valve, which would cause the line to keep re-pressurizing until the valve could be repaired (Form 22 Accident Report, Document No. 402496504).

On September 25, 2020, COGCC staff inspected the spill location to observe the installation of temporary valves on the flowline to prevent the repressurization of the flowline. Staff's field inspection report documented that temporary valve installations were completed that day to prevent the continued release of gases. Groundwater was documented in the open spill excavation (Field Inspection Document No. 690102100; Field Inspection Photo Log, Document No.690102103).

Operator failed to take reasonable 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 and failed to prevent the unauthorized discharge or disposal of oil, gas, E&P waste, chemical substances, or other oilfield waste, violating Rule 324A.a.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 12/02/2020

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

Operator shall submit a Form 27 Site Investigation and Remediation Workplan for the investigation and remediation of impacts to soil and groundwater resulting from the flowline release reported on September 20, 2020. The Site Investigation and Remediation Workplan must document how the Operator will determine if shallow groundwater in the area is impacted and also determine if impacts are present in the nearby Big Dry Creek and residential water DWR Permit 302477 (as required in Field Inspection document No. 689501092). The Form 27 must contain a specific implementation schedule with site assessment to delineate the lateral and vertical extent of impacts to soil and groundwater completed no later than November 30, 2020. All site assessment and remediation work must be overseen and documented by a qualified environmental professional using standard accepted practices for sampling and analysis. All E&P waste generated from remediation must be properly contained in the field and disposed of at a commercial disposal facility. Operator will prevent migration of petroleum contaminated soil or groundwater and specifically prevent impacts to nearby surface water. E&P waste disposal documentation is required with submittal of supplemental Form 27s. All open excavations must be securely fenced when personnel are not on site performing assessment or remedial activity. Operator is responsible for providing notification to and obtaining any necessary permits to perform work adjacent to or in the right-of-way of Weld County Road 4. Operator will consult with the surface owner and document communications throughout the remediation process until closure.

Rule: 605.d

Rule Description: O&G Facilities - Mechanical Conditions

Initial Discovery Date: 09/19/2020

Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 605.d., Operator shall keep all valves, pipes, and fittings securely fastened; inspected at regular intervals; and maintained in good mechanical condition.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the Surface Owner on September 19, 2020 (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419).

On September 23, 2020, COGCC staff inspected the spill location and observed audible and olfactory evidence of an active gas release from a hole in the exposed flowline. (Field Inspection Document Nos. 689501092 and 690102100).

On September 23, 2020, Operator submitted a Form 22 Accident Report and Form 44 Grade One Gas Leak related to the uncontrolled release of gas discovered by COGCC staff. In this Form 22 Accident Report, Operator reported that the continued release was due to an improperly functioning isolation valve (Form 22 Accident Report, Document No. 402496504).

Operator failed to maintain the isolation valve in good mechanical condition, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 12/02/2020

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

Operator shall provide COGCC with all records pertaining to inspection, maintenance and repair of this valve and pipe that failed, along with their written procedures for inspecting and maintaining valves and pipes for their flowlines.

Rule: 906.a.

Rule Description: Spills and Releases - General

Initial Discovery Date: 09/19/2020

Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 906.a., Operator shall, immediately upon discovery, control and contain all spills/releases of E&P waste, gas, or produced fluids to protect the environment, public health, safety, and welfare, and wildlife resources.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the surface owner on September 19, 2020. In the form, Operator reported that Waters of the State, a Residence or Occupied Structures, and Public Byway were impacted or threatened by the spill (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419). A COGCC Field Inspection Report from September 23, 2020, documents that the spill location is approximately 200ft south of a residence, approximately 400ft from Big Dry Creek (a Waters of the State, as defined by the 100 Series of the Rules), and approximately 50ft from riparian habitat (Field Inspection Document No. 689501092).

On September 23, 2020, COGCC staff inspected the spill location and observed an unsecured and open excavation on the north side of Weld County Road (CR) 4, with the exposed flowline inside. Operator personnel were not present. COGCC staff observed audible

and olfactory evidence of an active and ongoing gas release from a hole in the exposed flowline and pooled liquid hydrocarbons in the open excavation. COGCC staff immediately notified the Operator of the active gas release. Operator mobilized a vacuum truck to the site and depressurized the flowline to temporarily mitigate the gas leak, as witnessed by COGCC staff. Prior to depressurization of the line, Operator personnel arrived on location and approached a separate open excavation on the south side of CR 4, to the south of the spill location to begin flowline repair. COGCC staff required Operator personnel to stop work due to an imminent health and safety hazard resulting from the active gas leak on the Operator's flowline on the north side of the CR 4. COGCC Staff verified that the Operator had depressurized the flowline before departing the location (Field Inspection Document Nos. 689501092 and 690102100).

On September 25, 2020, COGCC staff inspected the spill location to observe the installation of temporary valves on the flowline to prevent the repressurization of the flowline. Staff's field inspection report documented that temporary valve installations were completed that day to prevent the continued release of gases. Groundwater was documented in the open spill excavation (Field Inspection Document No. 690102100; Field Inspection Photo Log, Document No.690102103).

Operator failed to immediately control and contain all spills/releases of E&P waste, gas, or produced fluids to protect the environment, public health, safety, and welfare, and wildlife resources, violating Rule 906.a.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 12/02/2020

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

Operator shall submit a Form 27 Site Investigation and Remediation Workplan for the investigation and remediation of impacts to soil and groundwater resulting from the flowline release reported on September 20, 2020. The Site Investigation and Remediation Workplan must document how the Operator will determine if shallow groundwater in the area is impacted and also determine if impacts are present in the nearby Big Dry Creek and residential water DWR Permit 302477 (as required in Field Inspection document No. 689501092). The Form 27 must contain a specific implementation schedule with site assessment to delineate the lateral and vertical extent of impacts to soil and groundwater completed no later than November 30, 2020. All site assessment and remediation work must be overseen and documented by a qualified environmental professional using standard accepted practices for sampling and analysis. All E&P waste generated from remediation must be properly contained in the field and disposed of at a commercial disposal facility. Operator will prevent migration of petroleum contaminated soil or groundwater and specifically prevent impacts to nearby surface water. E&P waste disposal documentation is required with submittal of supplemental Form 27s. All open excavations must be securely fenced when personnel are not on site performing assessment or remedial activity. Operator is responsible for providing notification to and obtaining any necessary permits to perform work adjacent to or in the right-of-way of Weld County Road 4. Operator will consult with the surface owner and document communications throughout the remediation process until closure.

Rule: 907.a

Rule Description: General E&P Waste management Requirements

Initial Discovery Date: 09/19/2020 Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 907.a.(1), Operator shall ensure that E&P waste is properly stored to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the surface owner on September 19, 2020. In this form, Operator reported that Waters of the State were impacted or threatened by the spill (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419).

On September 23, 2020, COGCC staff inspected the spill location and observed hydrocarbon impacted material being stored on site without best management practices (BMPs) or other control devices to contain runoff on the north portion of the soil pile. COGCC staff also documented that the spill was located approximately 200ft south of a residence, approximately 400ft from Big Dry Creek (a Waters of the State, as defined by the 100 Series of the Rules), and approximately 50ft from riparian habitat (Field Inspection Document No. 689501092; Field Inspection Photo, Document No.689501094).

Operator failed to properly store E&P Waste to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources, violating Rule 907.a.(1).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 11/12/2020

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

Operator shall immediately remove E&P waste from location. Operator shall develop and implement a plan to provide stormwater BMPs during remediation excavations to protect offsite properties, surface waters and the public right of way from impacts due to migrating E&P Waste. Operator shall include documentation of disposal of E&P Waste on a Form 27 Site Investigation and Remediation Workplan. The Form 27 shall include a plan documenting how future E&P wastes generated at the site are to be contained temporarily until the wastes are removed from the site.

Rule: 907.a

Rule Description: General E&P Waste management Requirements

Initial Discovery Date: 09/19/2020

Was this violation self-reported by the operator? Yes

Date of Violation: 09/19/2020

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 907.a.(2), E&P waste management activities shall be conducted to protect the waters of the state from significant adverse environmental impacts from E&P waste.

On September 20, 2020, Operator submitted a Form 19 Initial Spill/Release Report for an off-location flowline spill discovered by the surface owner on September 19, 2020. In this form, Operator reported that Waters of the State were impacted or threatened by the spill (Spill/Release Point ID 478086; Form 19 Spill/Release Report, Document No. 402493419).

On September 23, 2020, COGCC staff inspected the spill location and observed hydrocarbon impacted material being stored on site without best management practices (BMPs) or other control devices to contain runoff on the north portion of the soil pile. COGCC staff also documented that the spill was located approximately 200ft south of a residence, approximately 400ft from Big Dry Creek (a Waters of the State, as defined by the 100 Series of the Rules), and approximately 50ft from riparian habitat (Field Inspection Document No. 689501092; Field Inspection Photo, Document No.689501094).

Operator failed to properly store E&P waste in a manner that protects the waters of the state from significant adverse environmental impacts from E&P waste, violating Rule 907.a.(2).

Abatement or Corrective Action Required to be Performed by Operator: _____

Corrective Action Due Date: 11/12/2020

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

Operator shall immediately remove E&P waste from location. Operator shall develop and implement a plan to provide stormwater BMPs during remediation excavations to protect offsite properties, surface waters and the public right of way from impacts due to migrating E&P Waste. Operator shall include documentation of disposal of E&P Waste on a Form 27 Site Investigation and Remediation Workplan. The Form 27 shall include a plan documenting how future E&P wastes generated at the site are to be contained temporarily until the wastes are removed from the site.

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. An answer will, at a minimum, discuss the allegations contained in the NOAV, responding to each; identify corrective actions taken in response to the NOAV, if any; and identify facts known to the operator at the time that are relevant to the operator's response to the alleged violations. 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: 11/02/2020

COGCC Representative Signature: 

COGCC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (303) 894-2100x

ATTACHMENT LIST

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

Document Number	Description

Total Attach: 0 Files