

State of Colorado  
Oil and Gas Conservation Commission

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Date Issued:  
10/10/2022

## NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 523, 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 525, 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: 46290  
Name of Operator: KP KAUFFMAN COMPANY INC  
Address: 1700 LINCOLN ST STE 4550  
City: DENVER State: CO Zip: 80203

Contact Name and Telephone:

Name: ROSS WATZMAN  
Phone: (303) 825-4822 Fax: ( )  
Email: rwatzman@kpk.com

### Well Location, or Facility Information (if applicable):

API Number: 05-123-08134-00 Facility or Location ID:  
Name: MORGAN UNIT A Number: 1  
QtrQtr: SWNE Sec: 34 Twp: 2N Range: 68W Meridian: 6  
County: WELD

### ALLEGED VIOLATION

Rule: 1002.f

Rule Description: Stormwater Management

Initial Discovery Date: 10/15/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/15/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to 1002.f.(2).F., where applicable based on site-specific conditions, KP Kauffman Company, Inc. ("Operator") shall implement BMPs in accordance with good engineering practices, including measures such as vehicle tracking control practices to control potential sediment discharges from operational roads, well pads, and other unpaved surfaces.

On October 15, 2021 Operator submitted an Initial Form 19, Spill/Release Report (document no. 402843511) for a spill (Spill/Release Point ID 481051; "Spill") of oil, produced water and condensate, discovered by a nearby homeowner after the produced fluids daylighted from the subsurface.

On January 18, 2022, COGCC environmental contractor inspected (document no. 1561566) the Spill location and observed no vehicle tracking control practices in place and dirt had been tracked off location and onto the neighborhood road.

On March 28, 2022, COGCC environmental contractor inspected (document no. 1561565) the Spill location and observed vehicle tracking control had been installed but was inadequately maintained and dirt had been tracked off location and onto the neighborhood road.

On May 24, 2022, COGCC environmental staff conducted follow-up inspections on May 24, 2022 (document no. 1561564) and August 17, 2022 (document no. 689501404) of the Spill location and observed dirt had been tracked onto the road from the Spill location.

Operator failed to properly implement vehicle tracking control practices, violating Rule 1002.f.(2).F.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/10/2022

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

Operator will comply with the implementation schedule and conditions of approval for all remaining site reclamation and reporting established in the COGCC remediation project 22032.

Rule: 1102

Rule Description: Operations, Maintenance, and Repair

Initial Discovery Date: 10/15/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/15/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1102.i.(1), KP Kauffman Company, Inc. ("Operator") must take reasonable actions to prevent failures and leakage, and minimize corrosion of flowlines and crude oil transfer lines.

On October 15, 2021 Operator submitted an Initial Form 19, Spill/Release Report (document no. 402843511) for a spill (Spill/Release Point ID 481051; "Spill") of oil, produced water and condensate, discovered by a nearby homeowner after the produced fluids daylighted from the subsurface.

On October 21, 2021, Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 402848550) for the Spill and reported soil was impacted as a result of the spill. The Form 19 indicated a pinhole leak due to corrosion in a 4 inch line was the root cause of the spill.

On August 28, 2022, Operator submitted a Supplemental Form 27, Site Investigation and Remediation Workplan (document no.403142342) requesting backfill of the Spill excavation. This Form 27 reported a total of 1,500 cubic yards of hydrocarbon impacted soil was removed from the Spill area.

Operator failed to take reasonable actions to prevent failures and leakage, and minimize corrosion of flowlines, violating Rule 1102.i.(1).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/09/2022

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

Operator will conduct a repair in accordance with the manufacturer's specifications or an applicable technical standard identified in Rule 1102.b.

Rule: 902.

Rule Description: Pollution

Initial Discovery Date: 10/15/2021

Was this violation self-reported by the operator? Yes

Date of Violation: 10/15/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 902.a., KP Kauffman Company, Inc. ("Operator") will prevent Pollution. Pursuant to Rule 902.b., Operator will prevent adverse environmental impacts on any air, water, soil, or biological resource resulting from Oil and Gas Operations and will protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources. Pursuant to Rule 902.c., Operator will prevent the unauthorized discharge or disposal of oil, condensate, gas, E&P Waste, Chemical substances, trash, discarded equipment, and other oil field waste.

On October 15, 2021 Operator submitted an Initial Form 19, Spill/Release Report (document no. 402843511) for a spill (Spill/Release Point ID 481051; "Spill") of oil, produced water and condensate, discovered by a nearby homeowner after the produced fluids daylighted from the subsurface.

On October 21, 2021, Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 402848550) for the Spill and reported soil was impacted as a result of the spill. The Form 19 indicated a pinhole leak due to corrosion in a 4 inch line was the root cause of the spill.

On August 28, 2022, Operator submitted a Supplemental Form 27, Site Investigation and Remediation Workplan (document no.403142342) requesting backfill of the Spill excavation. This Form 27 reported a total of 1,500 cubic yards of hydrocarbon impacted soil was removed from the Spill area.

Operator failed to prevent pollution and adverse environmental impacts on air, water, soil, or biological resources resulting from Oil and Gas Operations and failed to protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources, and prevent the unauthorized discharge of oil, violating Rule 902.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/10/2022

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

Operator will comply with the implementation schedule and conditions of approval for all remaining remediation of soil impacts, reclamation and reporting established in the COGCC remediation project 22032.

Rule: 912.b.

Rule Description: Reporting Spills or Releases of E&P Waste, Gas, or Produced Fluids

Initial Discovery Date: 10/15/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/15/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 912.b.(6), no later than 90 days after a Spill or Release is discovered, KP Kauffman Company, Inc. ("Operator") will have submitted, and obtained the Director's approval of either: A. A Form 19 – Supplemental requesting closure pursuant to Rule 913.h and supported by adequate documentation to demonstrate that the Spill or Release has been fully cleaned up and complies with Table 915-1; or B. A Form 27 if any of the criteria listed in Rules 912.b.(6).B.i–iii apply. If Remediation will continue under an approved Form 27, the Operator will also submit a Form 19 – Supplemental which requests closure of the Spill or Release and includes the Remediation project number assigned by the Director.

On October 15, 2021 Operator submitted an Initial Form 19, Spill/Release Report (document no. 402843511) for a spill (Spill/Release Point ID 481051; "Spill") of oil, produced water and condensate, discovered by a nearby homeowner after the produced fluids daylighted from the subsurface.

On March 28, 2022 Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 402996728) requesting closure of the Spill with work continuing under an approved Form 27. This Supplemental Form 19 closure request was submitted 74 days after the required deadline.

Operator failed to submit a Form 19, Supplemental Spill/Release Report requesting closure no later than 90 days after the discovery of the Spill, violating Rule 912.b.(6).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/10/2022

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

As required by the Compliance Plan attached as Exhibit 1 to Order No. 1V-772, Operator submitted a revised version of the Spill/Release Reporting and Training Plan on August 1, 2022 which included edits requested by COGCC staff. Staff are currently reviewing and will consult with Operator if necessary.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 10/15/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/15/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 913.b.(5).B.iv., KP Kauffman Company, Inc. ("Operator") will properly store, handle, and manage all E&P Waste to prevent contamination of stormwater, surface water, Groundwater, and soil.

On October 15, 2021 Operator submitted an Initial Form 19, Spill/Release Report (document no. 402843511) for a spill (Spill/Release Point ID 481051; "Spill") of oil, produced water and condensate, discovered by a nearby homeowner after the produced fluids daylighted from the subsurface.

COGCC environmental staff conducted an inspection of the Spill location on December 16, 2021 (document no. 691201548), and observed multiple soil stockpiles on location with unmaintained stormwater BMPs. Specifically, the silt fencing was failing and inadequately installed around the E&P Waste soil stockpiles. Staff required corrective actions for Operator to repair stormwater BMPs to comply with Rule 913.b.(5).B.iv. and Guidance Document Remediation Standards by December 23, 2021.

COGCC environmental staff conducted follow-up inspections of the Spill location on January 26, 2022 (document no. 702700041) and April 20, 2022 (document no. 702700106), and observed inadequate and failing stormwater BMPs around the stockpiled soil.

On August 17, 2022, COGCC environmental staff conducted a follow-up inspection of the Spill location (document no. 689501404) and observed inadequate and failing stormwater BMPs around the stockpiled soil and ripped liners below where soil stockpiles were previously stored.

On September 2, 2022, COGCC environmental staff inspected (document no. 689501407) the Spill location and observed that silt fencing around the remediation site perimeter was improperly installed.

Operator failed to properly store and manage all E&P Waste, violating Rule 913.b.(5).B.iv.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/09/2022

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

Operator will collect soil samples from the areas where E&P Waste was stored and areas where E&P Waste possibly migrated and commingled with existing soil and submit results under Remediation Project Number 22032. If impacts are found in this area Operator shall submit a stand alone Form 19 Spill/Release Report.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 10/15/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/15/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 913.b.(5).B.i., when conducting Remediation activities, KP Kauffman Company, Inc. ("Operator") will fence or cover open excavations to prevent access when sites are not attended.

On October 15, 2021 Operator submitted an Initial Form 19, Spill/Release Report (document no. 402843511) for a spill (Spill/Release Point ID 481051; "Spill") of oil, produced water and condensate, discovered by a nearby homeowner after the produced fluids daylighted from the subsurface.

On December 2, 2021, COGCC environmental staff inspected (document no. 691201533) the Spill location and observed downed orange construction fencing around the open excavation. COGCC staff emailed Operator on December 2, 2021 (document no. 691201534), with a notification of the downed fencing and, due to the close proximity of the neighborhood, informed Operator that orange construction fencing was not an adequate means of securing the excavation and would need to be addressed immediately.

On December 3, 2021, COGCC environmental staff performed a follow up inspection (document no. 691201533 & 691201535) at the Spill location and documented that the orange construction fencing had been repaired but had not been replaced with a more appropriate means of fencing.

On December 9, 2021, COGCC environmental staff inspected (document no. 691201533 & 691201535) the Spill location and observed the orange construction fencing had not been replaced with a more appropriate means of fencing.

On December 16, 2021, COGCC environmental staff inspected (document no. 691201548 & 691201549) the Spill location and observed the orange construction fencing was once again down around the open excavation. COGCC staff contacted Operator's Primary Contractor by phone to alert them to the downed fencing.

Operator failed to properly fence the open excavation to prevent access, violating Rule 913.b.(5).B.i.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/10/2022

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

Operator will maintain fencing at the Spill location in compliance with Rule 913.b.(5).B.i and Guidance Document Rule 913.b.(5)Bi-v-Remediation Standards until the excavation backfill has been completed.

## PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 525, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

## ANSWER

Pursuant to Rule 523.c.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgment may be entered. Answers are filed by email to [dnr\\_cogccenforcement@state.co.us](mailto:dnr_cogccenforcement@state.co.us).

## NOAV ISSUED

NOAV Issue Date: 10/10/2022

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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403192849	NOAV CERTIFIED MAIL RECEIPT
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Total Attach: 1 Files