

State of Colorado
Energy & Carbon Management Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

403943718

Date Issued:

10/02/2024

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

ECMC Operator Number: 10775

Name of Operator: KT RESOURCES LLC

Address: 3381 WESTBROOK LANE

City: HIGHLANDS RANCH State: CO Zip: 80129

Contact Name and Telephone:

Name: KAREN ADAMS

Phone: (303) 886-8733 Fax: ()

Email: adams@kt-res.com

Well Location, or Facility Information (if applicable):

API Number: 05-103-10276-00

Facility or Location ID:

Name: ANT HILL UNIT COUNTY

Number: 25-12

QtrQtr: NENW

Sec: 25

Twp: 2N

Range: 97W

Meridian: 6

County: RIO BLANCO

ALLEGED VIOLATION

Rule: 1002.f

Rule Description: Stormwater Management

Initial Discovery Date: 08/15/2023

Was this violation self-reported by the operator? No

Date of Violation: 08/15/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1002.f.(2), KT Resources, LLC ("Operator") will implement and maintain Best Management Practices ("BMPs") at all oil and gas locations to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. BMPs shall be maintained until the facility is abandoned and final reclamation is achieved. Operator shall employ BMPs, as necessary to comply with this rule, at all oil and gas locations, including, but not limited to, well pads, soil stock piles, access roads, tank batteries, compressor stations, and pipeline rights of way. BMPs shall be selected based on site-specific conditions, such as slope, vegetation cover, and proximity to water bodies, and may include maintaining in-place some or all of the BMPs installed during the construction phase of the facility. Where applicable based on site-specific conditions, operators shall implement BMPs in accordance with good engineering practices, including measures such as: B. Materials handling and spill prevention procedures and practices implemented for material handling and spill prevention of materials used, stored, or disposed of that could result in discharges causing pollution of surface waters; and F. Vehicle tracking control practices to control potential sediment discharges from operational roads, well pads, and other unpaved surfaces. Practices could include road and pad design and maintenance to minimize rutting and tracking, controlling site access, street sweeping or scraping, tracking pads, wash racks, education, or other sediment controls.

ECMC Staff conducted an inspection on August 15, 2023 (document no. 702501744), of the Ant Hill Unity County 25-12 (API # 05-103-10276) well and observed inadequate secondary containment with no ability to contain liquids in the event of a spill. Staff also observed stormwater BMPs were lacking or ineffective throughout the well's location, as erosion and transport of sediment and rutting from vehicle traffic were evident.

ECMC Staff conducted a follow-up inspection on July 31, 2024 (document no. 715500500), and observed Operator had addressed the stormwater BMPs that were lacking or ineffective.

Operator failed to implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation, violating Rule 1002.f.(2).B.& F.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/01/2024

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

Operator will implement and maintain BMPs at the Ant Hill Unity County 25-12 well and remove any liquid from inside secondary containment, the oily waste on the chemical tank containment, and conduct maintenance of the access road and pad to minimize vehicle rutting and tracking.

Rule: 1003.f

Rule Description: Interim Reclamation - Weed Control

Initial Discovery Date: 08/15/2023

Was this violation self-reported by the operator? No

Date of Violation: 08/15/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1003.f., KT Resources, LLC ("Operator") will keep all disturbed areas free of all undesirable plant species designated to be noxious weeds as practicable during drilling, production, and reclamation operations.

ECMC Staff conducted an inspection on August 15, 2023 (document no. 702501744), of the Ant Hill Unity County 25-12 (API # 05-103-10276) well and observed weeds throughout the well's location. Staff required corrective actions for Operator to maintain noxious weed control on all areas disturbed and reclaimed from Oil and Gas activities by August 23, 2023.

ECMC Staff conducted a follow-up inspection on July 31, 2024 (document no. 715500500), and observed Operator had not complied with the corrective actions to maintain noxious weed control.

Operator to keep all disturbed areas free of all undesirable plant species during production operations, violating Rule 1003.f.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/01/2024

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

Operator will remove and keep all disturbed areas free of all undesirable plant species.

Rule: 429

Rule Description: Measurement of Oil

Initial Discovery Date: 08/15/2023

Was this violation self-reported by the operator? No

Date of Violation: 08/15/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 429.j.(1), KT Resources, LLC ("Operator") will calibrate gas meters annually. All calibration reports will be created, maintained, and made available as operation records pursuant to Rule 206. In the event two consecutive meter calibrations exceed 2% error, Operator will report the test results to the Director who may require Operator to show cause why the meter should not be replaced.

ECMC Staff conducted an inspection on August 15, 2023 (document no. 702501744), of the Ant Hill Unity County 25-12 (API # 05-103-10276) well and observed the date of the most recent gas meter calibration occurred on February 8, 2022. Staff required corrective actions for Operator to calibrate the gas meter by August 26, 2023.

ECMC Staff conducted a follow-up inspection on July 31, 2024 (document no. 715500500), and observed Operator had not calibrated the gas meter.

Operator failed to annually calibrate the gas meter, violating Rule 429.j.(1).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/01/2024

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

Operator will calibrate the gas meter at the Ant Hill Unity County 25-12 well and submit the results with their Answer.

Rule: 605.g.

Rule Description: General Sign Requirements

Initial Discovery Date: 08/15/2023

Was this violation self-reported by the operator? No

Date of Violation: 08/15/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 605.g., (2) KT Resources, LLC ("Operator") will ensure that signs are well maintained and legible, and will replace damaged or vandalized signs within 30 days of discovery that the sign is no longer legible or is damaged; and (3) Upon the Director's approval of a Form 9, the Buying Operator will have 60 days to replace or update all signs at the Oil and Gas Location so that the signs comply with Rule 605.

Operator's Form 9, Subsequent was approved January 21, 2022 (document no. 402879440), transferring the Ant Hill Unity County 25-12 (API# 05-103-10276) well to KT Resources, LLC.

ECMC Staff conducted an inspection on August 15, 2023 (document no. 702501744), of the Ant Hill Unity County 25-12 well and observed the label pasted to the chemical tank was faded and illegible and the wellhead sign was missing information and contained inaccurate information.

ECMC Staff conducted a follow-up inspection on July 31, 2024 (document no. 715500500), and observed signs for the well and chemical tank remained out of compliance with the requirements of Rule 605.

Operator failed to ensure signs are well maintained and legible and to update all signs at the Oil and Gas Location so that signs comply with Rule 605, violating Rule 605.g.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/01/2024

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

Operator will comply with the requirements of Rule 605 and replace damaged signs and update signs with the correct relevant information.

Rule: 912.a.

Rule Description: Spills and Releases - General

Initial Discovery Date: 08/15/2023

Was this violation self-reported by the operator? No

Date of Violation: 08/15/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 912.a.(2), KT Resources, LLC ("Operator") will investigate, clean up, and document impacts resulting from Spills and Releases as soon as the impacts are discovered.

ECMC Staff conducted an inspection on August 15, 2023 (document no. 702501744), of the Ant Hill Unity County 25-12 (API # 05-103-10276) well and observed stained soils around the tank valve and separator. Staff required corrective actions for Operator to repair leaks and remove and properly dispose of oily waste and impacted soils by August 31, 2023.

ECMC Staff conducted a follow-up inspection on July 31, 2024 (document no. 715500500), and observed Operator had not complied with the corrective actions to remove and properly dispose of the oily waste and impacted soils.

Operator failed to investigate, clean up, and document impacts resulting from Spills and Releases as soon as the impacts were discovered, violating Rule 912.a.(2).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/01/2024

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

Operator will investigate, clean up, and document impacts resulting from releases, and provide documentation of the clean up to the Director, provided with Operator's Answer.

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.

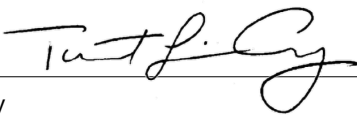
ANSWER

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_ecmc_enforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 10/02/2024

ECMC Representative Signature:



ECMC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (720) 765-0031x

ATTACHMENT LIST

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

<u>Document Number</u>	<u>Description</u>
------------------------	--------------------

403943723	NOAV CERTIFIED MAIL RECEIPT
-----------	-----------------------------

Total Attach: 1 Files