

State of Colorado
Energy & Carbon Management Commission

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Date Issued:
10/28/2025

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: <u>46290</u>	Contact Name and Telephone:
Name of Operator: <u>KP KAUFFMAN COMPANY INC</u>	Name: <u>ROSS WATZMAN</u>
Address: <u>1700 LINCOLN ST STE 4550</u>	Phone: <u>(303) 825-4822</u> Fax: <u>()</u>
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80203</u>	Email: <u>rwatzman@kpk.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 489684
Name: Hazel McHale #2 Flowline Number: _____
QtrQtr: NESE Sec: 26 Twp: 2N Range: 67W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 902.
Rule Description: Pollution
Initial Discovery Date: 03/28/2025 Was this violation self-reported by the operator? No
Date of Violation: 03/28/2025 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 March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). The Spill is located in a High Priority Habitat (Bald Eagle Active Nest Site Half Mile), lies directly adjacent to a mapped wetland, and is less than 400' from a residence with a water well. Operator reported the date of spill discovery as March 28, 2025.

On March 31, 2025, a complaint was submitted to ECMC on a Form 18 (document no. 404147039), alleging the Spill was discovered by the complainant's children when they found oil coming out of a hole in the ground.

On April 1, 2025 and April 3, 2025, ECMC Staff inspected (document no. 717100127) the Spill and observed and documented hydrocarbon soil impacts visible in an open excavation and free product on groundwater within the open excavation. Staff also observed and documented areas of gray petroleum hydrocarbon staining on the surface in the Spill area as well as strong hydrocarbon odors present throughout the Spill location.

On April 15, 2025, Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 404149948) for the Spill. On this Form 19, Operator reports that soil has been impacted, with an estimated 300 cubic yards of soil excavated with the extent of impacts undefined. Operator also documented that a sheen was noted on groundwater within the open excavation.

On May 13, 2025, ECMC Staff inspected (document no. 697602492) the Spill and observed and documented hydrocarbon soil impacts remained visible on the excavation sidewalls with groundwater present in the open excavation as well as areas of gray petroleum hydrocarbon staining on the surface at the spill area. Staff also observed and documented that hydrocarbon odors were present at the location of the Spill as well as coming from the hydrocarbon impacted soil stockpile present on location.

On June 9, 2025, Operator submitted an Initial Form 27, Site Investigation and Remediation Workplan (document no. 404203497) for the Spill (Remediation Project No. 41833). Per the Form 27, 1,248 cubic yards of impacted soil had been removed from the location, and the extent of impacts remained undefined. Photos attached to the Form 27 (document no. 404154028) document groundwater in contact with impacted soil within the open excavation.

On July 29, 2025, ECMC Staff inspected (document no. 717100305) the Spill and observed and documented hydrocarbon soil impacts visible on excavation sidewalls with a hydrocarbon sheen visible on groundwater at the base of the excavation, as well as hydrocarbon odors in the vicinity of the open excavation.

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: 01/26/2026

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

Operator will immediately re-initiate source removal and establish point of compliance within 45 days. Source removal and waste disposal must be complete within 90 days.

Rule: 912.a.

Rule Description: Spills and Releases - General

Initial Discovery Date: 03/28/2025 Was this violation self-reported by the operator? No

Date of Violation: 02/28/2025 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to 912.a.(2), KP Kauffman Company, Inc ("Operator") will investigate, clean up, and document impacts resulting from Spills and Releases as soon as the impacts are discovered.

On March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). The Spill is located in a High Priority Habitat (Bald Eagle Active Nest Site Half Mile), lies directly adjacent to a mapped wetland, and is less than 400' from a residence with a water well. Operator reported the date of spill discovery as March 28, 2025.

On March 31, 2025, a complaint was submitted to ECMC on a Form 18 (document no. 404147039), alleging the Spill was discovered by the complainant's children when they found oil coming out of a hole in the ground.

On April 1, 2025 and April 3, 2025, ECMC Staff inspected (document no. 717100127) the Spill and observed and documented hydrocarbon soil impacts visible in an open excavation and free product on groundwater within the open excavation. Staff also observed and documented areas of gray petroleum hydrocarbon staining on the surface in the Spill area as well as strong hydrocarbon odors present throughout the Spill location.

On April 15, 2025, Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 404149948) for the Spill. On this Form 19, Operator reports that soil has been impacted, with an estimated 300 cubic yards of soil excavated with the extent of impacts undefined. Operator also documented that a sheen was noted on groundwater within the open excavation.

On May 13, 2025, ECMC Staff inspected (document no. 697602492) the Spill and observed and documented hydrocarbon soil impacts remained visible on the excavation sidewalls with groundwater present in the open excavation as well as areas of gray petroleum hydrocarbon staining on the surface at the spill area. Staff also observed and documented that hydrocarbon odors were present at the location of the Spill as well as coming from the hydrocarbon impacted soil stockpile present on location.

On June 9, 2025, Operator submitted an Initial Form 27, Site Investigation and Remediation Workplan (document no. 404203497) for the Spill (Remediation Project No. 41833). Per the Form 27, 1,248 cubic yards of impacted soil had been removed from the location, and the extent of impacts remained undefined. Photos attached to the Form 27 (document no. 404154028) document groundwater in contact with impacted soil within the open excavation.

On July 29, 2025, ECMC Staff inspected (document no. 717100305) the Spill and observed and documented hydrocarbon soil impacts visible on excavation sidewalls with a hydrocarbon sheen visible on groundwater at the base of the excavation, as well as hydrocarbon odors in the vicinity of the open excavation.

Operator failed to investigate, clean up, and document impacts 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: 01/26/2026

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

Operator will immediately re-initiate source removal and establish point of compliance within 45 days. Source removal and waste disposal must be completed within 90 days.

Rule: 912.b.

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

Initial Discovery Date: 06/26/2025 Was this violation self-reported by the operator? No

Date of Violation: 06/26/2025 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 March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). Operator reported the date of spill discovery as March 28, 2025.

Operator submitted a Supplemental Form 19, Spill/Release Report on August 7, 2025 (document no. 404305408), requesting closure of the Spill and for work to proceed under a Form 27, Remediation Project No. 41833, 132 days after the Spill was discovered.

Operator failed to submit a Supplemental Form 19, Spill/Release Report, requesting closure no later than 90 days after the discovery of a Spill or Release and an Initial F27, Site Investigation and Remediation Workplan, that is specific to Spill/Release Point ID: 482168, violating Rule 912.b.(6).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/28/2025

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

Operator will comply with any Conditions of Approval and requirements of Remediation Project No. 41833.

Rule: 912.c

Rule Description: Remediation of Spills or Releases

Initial Discovery Date: 03/31/2025 Was this violation self-reported by the operator? No

Date of Violation: 03/29/2025 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 912.c.(2), not including initial emergency response operations, KP Kauffman Company, Inc. ("Operator") will notify and consult with any affected Surface Owners, or the Surface Owner's appointed tenant, prior to commencing operations to remediate a Spill or Release in an area not being utilized for Oil and Gas Operations. It is the Operator's burden to timely notify and negotiate access with the Surface Owner. Failure to do so will not relieve the Operator from its responsibility to commence or complete Remediation approved by the Director.

On March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). Operator reported the date of spill discovery as March 28, 2025.

On March 31, 2025, a complaint was submitted to ECMC on a Form 18 (document no. 404147039) by an affected Surface Owner alleging that Operator had begun Spill remediation, without any notification or consultation.

On May 9, 2025, an affected Surface Owner contacted ECMC Staff alleging that Operator had not been to the Spill location in two

weeks and had not been returning the Surface Owner's calls. Staff documented the Surface Owner communication in their report after conducting an inspection on May 13, 2025 (document no. 697602492).

On July 25, 2025, a complaint was submitted on a Form 18 (document no. 200451458) by the affected surface owner to ECMC with concerns regarding the Spill remediation on their property. The complainant alleged Operator had not worked on the Spill remediation since April 18, 2025. Further, the complainant alleged the large pit is filled with water and crumbling in on itself - less than 50 feet from the complainant's septic field and less than 400 feet from their home, and the fence around the pit is falling down. The complainant continued; Operator has not negotiated a surface use agreement to access the land and recommend remediation activities.

Operator failed to notify and consult with affected Surface Owners prior to commencing operations to remediate a Spill or Release in an area not being utilized for Oil and Gas Operations, and failed to negotiate access, violating Rule 912.c.(2).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/28/2025

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

Operator will timely notify and negotiate access with the surface owner as required by Rule.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 05/13/2025 Was this violation self-reported by the operator? No

Date of Violation: 05/13/2025 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 March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). Operator reported the date of spill discovery as March 28, 2025. The Spill is located less than 400' from a residence with children present.

On April 1, 2025 and April 3, 2025, ECMC Staff inspected (document no. 717100127) the Spill and observed and documented orange construction fencing partially surrounding the open excavation with Operator personnel on location.

On May 13, 2025, ECMC Staff inspected (document no. 697602492) the Spill and observed and documented that the orange fencing surrounding the open spill excavation had fallen in multiple areas and did not protect access to the open excavation and Operator's Staff were not on location. As a corrective action Staff required Operator to use fencing around open excavations to prevent access when sites are not attended.

On July 29, 2025, ECMC Staff inspected (document no. 717100305) the Spill and observed and documented that orange construction and metal mesh fencing surrounding the excavation had fallen and did not prevent access to the excavation and Operator's Staff were not on location. As a corrective action Staff required Operator to use fencing around open excavations to prevent access when sites are not attended; a more sturdy reliable fencing was required if the excavation was to remain open.

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: 10/28/2025

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

Operator will install and 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. A more sturdy, reliable fencing will be installed on location as is appropriate to site conditions.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 04/01/2025 Was this violation self-reported by the operator? No

Date of Violation: 04/01/2025 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 March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). Operator reported the date of spill discovery as March 28, 2025. . The Spill is located in a High Priority Habitat (Bald Eagle Active Nest Site Half Mile), lies directly adjacent to a mapped wetland, and is less than 400' from a residence with a water well.

On April 1, 2025 and April 3, 2025, ECMC Staff inspected (document no. 717100127) the Spill and observed and documented oily waste stockpiled on the location on a liner. Staff also observed and documented that the perimeter berm surrounding the stockpile had been driven over and oily waste was spilled and spread outside of the lined area.

On May 13, 2025, ECMC Staff inspected (document no. 697602492) the Spill and observed and documented the impacted soil stockpile remained on location with inadequate BMPs and oily waste remained outside of the lined area.

On July 29, 2025, ECMC Staff inspected (document no. 717100305) the Spill and observed and documented that the soil stockpile had been removed from location.

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: 11/27/2025

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

Operator will submit waste manifests for the soil removed from the location after the May 13, 2025 inspection under Remediation Project Number 41833. Operator will collect soil samples from the areas where E&P Waste was stored, and areas where E&P Waste had the potential of migrating, and impact with native soil. Submit sample analysis results under Remediation Project Number 41833. If impacts are found in this area, Operator will submit a stand-alone Form 19 Spill/Release Report.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 04/01/2025 Was this violation self-reported by the operator? No

Date of Violation: 04/01/2025 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 913.b.(5).B.iii., when conducting Remediation activities, KP Kauffman Company, Inc. ("Operator") will minimize surface disturbance.

On March 29, 2025, Operator submitted an Initial Form 19, Spill/Release Report (document no. 404145889) for a spill of oil, produced water, and condensate from the Hazel McHale #2 Flowline (Spill/Release Point ID 489684, "Spill"). Operator reported the date of spill discovery as March 28, 2025.

On April 1, 2025 and April 3, 2025, ECMC Staff inspected (document no. 717100127) the Spill and observed and documented vehicular tracking and rutting visible across a large surface area beyond the immediate vicinity of the Spill response area, including in proximity to the Surface Owner's septic field.

On May 13, 2025, ECMC Staff conducted inspections on May 13, 2025 (document no. 697602492) and July 29, 2025 (document no. 717100305) of the Spill and observed and documented that vehicular tracking and rutting remained visible across a large surface area beyond the immediate vicinity of the Spill response area, including in proximity to the Surface Owner's septic field.

Operator failed to minimize surface disturbance while conducting Remedial activities, violating Rule 913.b.(5).B.iii.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/28/2025

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

Operator shall contact the surface owner immediately to provide consultation with appropriate work areas. Operator will reclaim and repair areas damaged and minimize the surface disturbance for the remainder of the Spill remediation in compliance with Rule 913.b.(5).B.iii. and Guidance Document Rule 913.b.(5)Bi-v-Remediation Standard.

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.

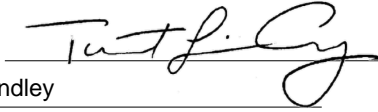
ANSWER

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: 10/28/2025

ECMC Representative Signature: _____



ECMC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (720) 765-0031

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>
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404413114	NOAV CERTIFIED MAIL RECEIPT
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Total Attach: 1 Files