

FORM
NOAV
Rev 6/99

State of Colorado
Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2109



FOR OGCC USE ONLY
09/28/2015
200437494

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 87195
Name of Operator: TEXAS TEA OF COLORADO LLC DBA TEXAS TEA LLC
Address: 14405 W. COLFAX #298 ATTN: ROBERT PARKER
City: LAKEWOOD State: CO Zip: 80401
Company Representative: ROBERT PARKER

Date Notice Issued:
09/28/2015

Well Name: PACE Well Number: 2 Facility Number: 240932
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWSE 17 2N 67W 6 County: WELD
API Number: 05 123 08720 00 Lease Number:

COGCC Representative: Axelson John Phone Number: 303 894-2100

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED
Date of Alleged Violation: 06/25/2015 Approximate Time of Violation: 12:00PM
Description of Alleged Violation:
See Exhibit A to NOAV No. 200437494.

Act, Order, Regulation, Permit Conditions Cited:
Section 34-6-121(1), C.R.S. (violation of Order 1V-485); Rule 324A.a.; Rule 906; Rule 907; Rule 909; Rule 910; Rule 1101.e.; Rule 1102.d.

Abatement or Corrective Action Required to be Performed by Operator:*
See Exhibit A to NOAV No. 200437494.

Abatement or Corrective Action to be Completed by (date): 11/30/2015
* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:
Company Representative Name: _____ Title: _____
Signature: _____ Date: _____
Company Comments:

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

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 judgment 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.

Signature of COGCC Representative: [Signature] Date: 9/28/15 Time: _____
Resolution Approved by: _____ Date: _____

Exhibit A to NOAV No. 200437494

Texas Tea of Colorado DBA Texas Tea LLC – Operator #87195
Notice of Alleged Violation Document #200437494
Pace 2, API #123-08720
NWSE Section 17, T-2-N, R-67-W
Weld County

Date Notice Issued: 09/28/15
Date of Alleged Violations: 06/25/15

Description of Alleged Violation:

On June 16, 2015, Colorado Oil & Gas Conservation Commission (COGCC) Director, Matthew J. Lepore, issued a letter (Document #2314815) to Texas Tea of Colorado DBA Texas Tea LLC (Texas Tea) giving authorization to remove for sale produced fluids in the tanks at the Pace 2 (API #123-08720) tank battery. The authorization was provided to allow Texas Tea to continue work required to comply with COGCC Order Number 1V-485. The approval was contingent upon several corrective actions as outlined in the letter and in COGCC Field Inspection Report Document #667500362. In addition to corrective actions required to bring the Pace 2 well and tank battery back into compliance, the approval required that Texas Tea seek approval prior to resuming production, notify COGCC five days prior to resumption of production, and under COGCC observation, perform a flowline integrity test for all process piping downstream of the wellhead, in accordance with Rule 1101.e. The letter also required that Texas Tea submit an accounting of the sale of oil by August 15, 2015.

On July 9, 2015, COGCC received a complaint (Document #200435406) alleging that a leak had occurred from the Pace 2 flowline underneath the Miller Compressor Station operated by Kerr McGee Gathering LLC (Kerr McGee). Kerr McGee was first alerted to a release at the Miller Compressor Station on June 25, 2015, when a technician smelled natural gas. In order to find the location of the leak, Kerr McGee shut down the compressor station and removed equipment on July 1, 2015, to uncover process piping. In addition to process piping operated by Kerr McGee, a three inch fiberglass flow line later determined to be operated by Texas Tea, and three flowlines operated by Encana Oil & Gas (USA) Inc. (Encana) were exposed.

On July 3, 2015, representatives from Texas Tea, Kerr McGee, and COGCC met on location to further investigate the source of the release. Texas Tea personnel energized the flow line to determine if it was leaking. Within approximately one minute after being energized, gas and fluids were released from the Texas Tea three inch fiberglass flowline. Oil stained soil was observed surrounding the Texas Tea flowline. The Texas Tea flowline test and observations were documented by COGCC in a Field Inspection Report (Document #677900099).

According to Texas Tea personnel during the inspection on July 3, 2014, the flowline had been energized approximately one to two weeks before to make repairs to the Pace 2 production facilities. Texas Tea did not provide COGCC with five days of notice prior to energizing the line nor was a flowline integrity test performed and documented with COGCC personnel present as required by the letter from Director Lepore on June 16, 2015 and Field Inspection Report Document #667500362.

The July 3, 2015, COGCC Field Inspection Report (Document #677900099) required corrective actions including submittal of a Form 19 Spill/Release report. The spill report was not submitted within 72-hours as required by COGCC Rule 906. On July 10, 2015, Texas Tea submitted a Form 19 report via email but failed to file a supplemental spill report within ten days as required by COGCC Rule 906.

On July 15, 2015, Texas Tea consultant Art Braun of Braun Environmental, Inc. (Braun) visited the Miller Compressor Station to inspect the flowline excavation and collect soil samples. A representative of Kerr McGee also collected split soil samples and a sample of groundwater from the excavation beneath the Texas Tea flowline. Analytical results from the soil samples collected by both parties (reported in

Document #s 200435406 & 200435406) verified that impacted soil remains in place with concentrations of Total Petroleum Hydrocarbons exceeding Table 910-1 standards. In addition, the sample of groundwater collected from the Texas Tea flowline excavation by Kerr McGee contained benzene above the Table 910-1 standard.

The release and associated impacts, whether historic and/or contemporary, were caused by a release from the Texas Tea fiberglass flowline. To date, Texas Tea has not properly managed oily waste that was removed from the flow line excavation. Texas Tea has taken no action to remove additional oily waste from the excavation or to characterize and remediate groundwater impacts as required by COGCC Rules 909 & 910.

All operators with pipelines over which the Commission has jurisdiction shall be a member of the Utility Notification Center of Colorado and participate in Colorado's One Call notification system. Texas Tea has not been a member of the One Call notification system since 2012.

Act, Order, Regulation, Permit Conditions Cited:

Section 34-6-121(1), C.R.S. (violation of Order IV-485); Rule 324A.a.; Rule 906; Rule 907; Rule 909; Rule 910; Rule 1101.e.; Rule 1102.d.

Abatement or Corrective Action Required to be Performed by Operator:

The following corrective actions are required.

1. Immediately submit a supplemental Form 19 to document the release from the Texas Tea flowline.
 2. Submit a Form 27 Site Investigation and Remediation Work plan by **October 16, 2015**, with a plan to remove additional oily waste from the flowline excavation and a plan to delineate the extent of soil and groundwater impacts at the location.
 - a. All additional site work performed by Texas Tea must be coordinated with the facility operator Kerr McGee. All intrusive site work adjacent to Kerr McGee and Encana equipment must be performed in cooperation with Kerr McGee and Encana with appropriate safeguards to prevent damage to their equipment. All site work must be conducted in accordance with site specific health and safety requirements including personal protective equipment and safety procedures required by Kerr McGee.
 3. Properly contain all oily waste removed from the excavation until properly disposed off-site in accordance with COGCC Rule 907.e.
 4. Provide oily waste disposal documentation and confirmation soil sample results verifying that all impacted material exceeding Table 910-1 standards has been removed from the excavation.
 5. Provide the results of the soil and groundwater assessment to determine the aerial extent of impacts. Include a plan to remediate the soil and groundwater.
 6. Repair the Texas Tea flowline and perform a line integrity test with COGCC personnel present to observe. Do not energize the flowline prior to performing the test.
 7. Backfill the excavation only after approved by COGCC in writing when the line integrity test is passed. Perform backfill operations in cooperation with Kerr McGee using appropriate fill material and compaction while safeguarding Kerr McGee and Encana equipment.
 8. Restore the surface of the excavation to match surrounding surface grade and materials. Provide a report with all required documentation to COGCC no later than November 30, 2015.
 9. Become a member of the Utility Notification Center of Colorado.
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Upon documented completion of these described corrective actions, and all remaining corrective actions related to the Pace #2 well and facilities from prior Orders, Field Inspection Reports, or other formalized instructions to the operator, Texas Tea may request a hearing before the full Commission for reinstatement of the Form 10 and permission to produce from this well.

Abatement or Corrective Action Required to be Completed by: November 30, 2015
