

State of Colorado
Oil and Gas Conservation Commission

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10/05/2022

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: <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: 05-123-08828-00 Facility or Location ID: _____
Name: MARTIN J SCHAEFER Number: 2
QtrQtr: NWSE Sec: 11 Twp: 1N Range: 67W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 1102
Rule Description: Operations, Maintenance, and Repair
Initial Discovery Date: 10/11/2021 Was this violation self-reported by the operator? No
Date of Violation: 10/11/2021 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 1102.j.(7), while conducting a repair, KP Kauffman Company, Inc. ("Operator") must take reasonable precautions to prevent unintentional releases of pressure or fluid.

On October 11, 2021, COGCC environmental staff inspected (document no. 691201528) the Martin J Schaefer #2 Flowline Spill Location (Spill ID 480698) and observed a second open excavation approximately 550 feet west-southwest of the Martin J Schaefer #2 Flowline Spill excavation area. Within the second spill excavation area COGCC staff observed free product on groundwater and exposed ends of flowlines dripping free product and capped with tape. COGCC also observed an oil-saturated absorbent pad floating on the surface of the accumulated groundwater in the excavation and strong hydrocarbon odors. Excavated soils and removed vegetation stored on site were dry and did not appear to be freshly excavated. Additionally, COGCC staff observed a removed section of the pipeline adjacent to the excavation which contained a corrosion hole.

On October 12, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402839399) for the spill (Spill/Release Point ID 480915) of oil onto groundwater observed in the October 11, 2021 inspection.
On October 14, 2021, Operator submitted a Supplemental Form 19, Spill/Release Report (document no. 402841992) which identified leakage of oil from the pipe during flowline repair as the root cause of the spill.

Operator failed to take reasonable precautions to prevent unintentional releases of pressure or fluid while conducting a flowline repair, violating Rule 1102.j.(7).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/04/2022

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: 10/11/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/11/2021

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 902.c., KP Kauffman Company, Inc. ("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 11, 2021, COGCC environmental staff inspected (document no. 691201528) the Martin J Schaefer #2 Flowline Spill Location (Spill ID 480698) and observed a second open excavation approximately 550 feet west-southwest of the Martin J Schaefer #2 Flowline Spill excavation area. Within the second spill excavation area COGCC staff observed free product on groundwater and exposed ends of flowlines dripping free product and capped with tape. COGCC also observed an oil-saturated absorbent pad floating on the surface of the accumulated groundwater in the excavation and strong hydrocarbon odors. Excavated soils and removed vegetation were stored on site with no stormwater controls or lining present beneath soil stockpile. According to daily reports provided to COGCC by Operator via email (document no. 1561559), no operations occurred at the site on October 10, 2021.

On October 12, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402839399) for the spill (Spill/Release Point ID: 480915; "Spill") of oil onto groundwater observed in the October 11, 2021 inspection.

On March 21, 2022, COGCC representatives inspected (document no. 1561563) the Spill location and observed contaminated soil stockpiled on location.

On March 22, 2022, Operator's Primary Contractor verbally informed COGCC environmental staff via email (document no. 1561560) that one of the landowners of the Spill location intended to backfill the portion of the excavation on his property.

On March 31, 2022, COGCC representatives inspected (document no. 1561562) the Spill location and observed that the contaminated soil previously stockpiled on location had mostly been removed and the excavation had been partially backfilled.

On April 1, 2022, COGCC received an email (document no. 1310858) from another landowner of the Spill location that they would be backfilling the remaining portion of the open excavation on site.

On April 22, 2022, Operator submitted a Supplemental Form 27, Site Investigation and Remediation Workplan (document no. 403019175) reporting the landowner had backfilled half of the excavation with the contaminated soil stockpiles that were stored on location.

Operator failed to prevent the unauthorized discharge or disposal of E&P Waste, violating Rule 902.c.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 10/05/2022

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

Operator will remove the contaminated soil used as backfill in the excavation to comply with the implementation schedule and conditions of approval established in the COGCC remediation project 20544.

Rule: 902.

Rule Description: Pollution

Initial Discovery Date: 10/11/2021

Was this violation self-reported by the operator? No

Date of Violation: 10/11/2021

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 11, 2021, COGCC environmental staff inspected (document no. 691201528) the Martin J Schaefer #2 Flowline Spill Location (Spill ID 480698) and observed a second open excavation approximately 550 feet west-southwest of the Martin J Schaefer #2 Flowline Spill excavation area. Within the second spill excavation area COGCC staff observed free product on groundwater and exposed ends of flowlines dripping free product and capped with tape. COGCC also observed an oil-saturated absorbent pad floating on the surface of the accumulated groundwater in the excavation and strong hydrocarbon odors. Excavated soils and removed vegetation stored on site were dry and did not appear to be freshly excavated. Additionally, COGCC staff observed a removed section of the pipeline adjacent to the excavation which contained a corrosion hole.

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: 10/05/2022

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 20544.

Rule: 912.b.

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

Initial Discovery Date: 10/11/2021 Was this violation self-reported by the operator? No

Date of Violation: 10/11/2021 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 912.b.(1), KP Kauffman Company, Inc. ("Operator") will submit an initial report ("24 Hour Notification") of a Spill or Release of E&P Waste, natural gas, or produced Fluids that meet any of the criteria in Rule 912.b.(1).A.-J. to the Director verbally, via electronic mail, or on a Form 19, Spill/Release Report – Initial within 24 hours of discovery, unless otherwise specified.

On October 11, 2021, COGCC environmental staff inspected (document no. 691201528) the Martin J Schaefer #2 Flowline Spill Location (Spill ID 480698) and observed a second open excavation approximately 550 feet west-southwest of the Martin J Schaefer #2 Flowline Spill excavation area. Within the second spill excavation area COGCC staff observed free product on groundwater and exposed ends of flowlines dripping free product and capped with tape. COGCC also observed an oil-saturated absorbent pad floating on the surface of the accumulated groundwater in the excavation and strong hydrocarbon odors. Excavated soils and removed vegetation stored on site were dry and did not appear to be freshly excavated. Additionally, COGCC staff observed a removed section of the pipeline adjacent to the excavation which contained a corrosion hole. According to daily reports provided to COGCC by Operator via email (document no. 1561559), no operations occurred at the site on October 10, 2021.

On October 12, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402839399) for the spill (Spill/Release Point ID 480915) of oil onto groundwater observed in the October 11, 2021 inspection.

Operator failed to report the discovery of a spill that impacted Waters of the State within 24 hours of discovery, violating Rule 912.b.(1).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/05/2022

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: 10/11/2021 Was this violation self-reported by the operator? No

Date of Violation: 10/11/2021 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 11, 2021, COGCC environmental staff inspected (document no. 691201528) the Martin J Schaefer #2 Flowline Spill Location (Spill ID 480698) and observed a second open excavation approximately 550 feet west-southwest of the Martin J Schaefer #2 Flowline Spill excavation area. Within the second spill excavation area COGCC staff observed free product on groundwater and

exposed ends of flowlines dripping free product and capped with tape. COGCC also observed an oil-saturated absorbent pad floating on the surface of the accumulated groundwater in the excavation and strong hydrocarbon odors. Excavated soils and removed vegetation were stored on site with no stormwater controls or lining present beneath soil stockpile. According to daily reports provided to COGCC by Operator via email (document no. 1561559), no operations occurred at the site on October 10, 2021.

On October 12, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402839399) for the spill (Spill/Release Point ID: 480915; "Spill") of oil onto groundwater observed in the October 11, 2021 inspection.

On March 31, 2022, COGCC representatives inspected (document no. 1561562) the Spill location and observed that the contaminated soil previously stockpiled on location had mostly been removed and the excavation had been partially backfilled.

Operator failed to properly store, handle, 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: 10/05/2022

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

Operator will remove the contaminated soil used as backfill in the excavation to comply with the implementation schedule and conditions of approval established in the COGCC remediation project 20544. Operator will dispose of the oily waste and provide documentation as required by Rule 913.b.(5).B.iv.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 10/11/2021 Was this violation self-reported by the operator? No

Date of Violation: 10/11/2021 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 913.d.(1)., KP Kauffman Company, Inc. ("Operator") will investigate impacts to soil, groundwater, and surface water as soon as the impacts are discovered.

On October 11, 2021, COGCC environmental staff inspected (document no. 691201528) the Martin J Schaefer #2 Flowline Spill Location (Spill ID 480698) and observed a second open excavation approximately 550 feet west-southwest of the Martin J Schaefer #2 Flowline Spill excavation area. Within the second spill excavation area COGCC staff observed free product on groundwater and exposed ends of flowlines dripping free product and capped with tape. COGCC also observed an oil-saturated absorbent pad floating on the surface of the accumulated groundwater in the excavation and strong hydrocarbon odors. Excavated soils and removed vegetation stored on site were dry and did not appear to be freshly excavated. Additionally, COGCC staff observed a removed section of the pipeline adjacent to the excavation which contained a corrosion hole.

On October 12, 2021, Operator submitted an Initial Form 19, Spill/Release Report (document no. 402839399) for the spill (Spill/Release Point ID: 480915; "Spill") of oil onto groundwater observed in the October 11, 2021 inspection. As a condition of approval COGCC staff required Operator to submit a Form 27 Site Investigation and Remediation workplan for the remediation of the release and to investigate impacts to groundwater.

On October 14, 2021, Operator submitted an Initial Supplemental Form 27, Site Investigation and Remediation Workplan (document no. 402842078; Remediation Project No. 20544) for the remediation of the Spill. Operator reported that four soil samples will be collected from the open excavation.

On January 31, 2022, Operator's Primary Contractor provided the COGCC with the January Monthly Update (document no. 1561561) which reported that further excavation had been performed at the spill location and that additional soil samples would be collected.

On April 22, 2022, Operator submitted a Supplemental Form 27, Site Investigation and Remediation Workplan (document no. 403019175) reporting the landowner had backfilled half of the excavation with the contaminated soil stockpiles that were stored on location. Operator also provided analytical data from the most recent soil samples which confirmed that contaminated soil remained in-situ at the time of backfill and additional excavation would be required.

Operator failed to investigate impacts to soil and groundwater as soon as impacts were discovered, violating Rule 913.d.(1).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/05/2022

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 20544.

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.

NOAV ISSUED

NOAV Issue Date: 10/05/2022

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>
403188791	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 1 Files