

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF THE)	CAUSE NO. 1V
RULES AND REGULATIONS OF THE COLORADO OIL)	
AND GAS CONSERVATION COMMISSION BY PDC)	DOCKET NO. 1306-OV-10
ENERGY INC., WELD COUNTY, COLORADO)	
)	ORDER NO. 1V-415

ADMINISTRATIVE ORDER BY CONSENT

(Pursuant to Rule 522.b.(3) of the Rules and Regulations of the
Colorado Oil and Gas Conservation Commission, 2 CCR 404-1)

FINDINGS

1. On or around December 20, 2012, PDC Energy Inc. ("PDC") (Operator #69175) gave spud notice for the Ochsner #5O-441 Well ("Well") (API # 05-123-36153) located in the SE ¼, NW ¼, Section 5, Township 6 North, range 67 West, 6th P.M., Weld County.

2. On February 11, 2013, at approximately 9 a.m., after completion operations at the Well, and during tubing snubbing operations, PDC lost control of the Well when equipment slowly descended onto the wellhead resulting in equipment damage. The wellhead was pressurized to approximately 850 pounds per square inch, and flowback fluids escaped the wellbore, venting to the atmosphere and collecting on the wellpad. Release of fluids was measured at 100-120 barrels per hour. Total release of fluids was calculated to be 3,810 barrels.

3. By 4:00 p.m., February 12, 2013, the Well was brought under control. The escaped fluid was contained and captured. Impacted soil was collected and disposed properly. PDC demonstrated prompt, effective and prudent response to the release and cooperated fully with COGCC staff.

4. On February 20, 2013, PDC submitted: (i) a Form 23, Well Control Report; (ii) a Form 19, Spill Report, and (iii) a Form 27, Remediation Work Plan. COGCC Staff approved the Form 27 on February 20, 2013. Pursuant to the Remediation Work Plan, shallow impacted soils on the well pad were excavated and transported to an authorized disposal site. On February 13, 2013, soil sampling was conducted on 50 foot centers and analyzed for Table 910-1 standards. Analytical results revealed compliance with applicable standards. COGCC Staff approved PDC's completion of the Remediation Work Plan requirements on March 21, 2013.

5. On May 23, 2013, Commission Staff issued a Notice of Alleged Violation ("NOAV") (No. 200380393) citing an alleged violation of the following rule:

Rule 907.a. which requires Operators to ensure that E&P waste is properly stored, handled, transported, treated, recycled, or disposed to prevent threatened or actual significant adverse environmental impacts to air, water, soil or biological resources or to the extent necessary to ensure compliance with the concentration levels in Table 910-1, with consideration to WQCC ground water standards and classifications.

6. The citation to Rule 907.a in the NOAV was because the release generated exploration and production ("E&P") waste that impacted shallow soils in the wellhead area. The E&P waste was then properly collected, handled, and disposed of by PDC in accordance with Rule 907.a.

7. COGCC Staff required PDC determine the cause of the release, and to the extent practicable, implement measures to prevent similar releases in the future. PDC has conducted a root cause analysis and determined that the rig lost air, causing blocks to drop and shear a portion of the wellhead. Operational and design changes have been identified to avoid similar accidents in the future. PDC reported its findings to Commission Staff on March 7, 2013 (Document No. 02485997).

8. Pursuant to Commission Rule 522.b.(3), the Director proposes and PDC agrees to settle the NOAV on the following terms:

a. PDC shall pay a penalty of \$35,000, due thirty (30) days after entry of a Commission Order approving this AOC.

b. PDC Energy shall arrange and pay for three training classes in Weld County entitled "Effective Strategies & Tactics for Municipal Responders," taught by Wild Well Control for emergency responders who potentially could respond to an oil or gas well emergency. The cost of providing the training classes is \$6,600, plus reimbursable expenses. A brief description of the training is included as Attachment A to this AOC. The training classes shall be scheduled to conclude not later than August 31, 2013, and PDC shall provide written notice to the Director when the classes have been completed. Such notice will include a brief summary of the training provided, how many individuals completed the training, and what entities participated.

9. Payment of the fine pursuant to this AOC does not relieve the operator from its obligations to complete corrective actions set forth in the NOAV, as may be amended or modified by COGCC Staff.

10. PDC agrees to the findings of this AOC only for the purpose of expeditiously resolving the matter without a contested hearing. Pursuant to Rule 522.c.(3), entering into this AOC by PDC shall not be construed as an admission of the alleged violations, or any associated factual or legal matters for purposes other than entering this AOC. PDC fully reserves its right to contest the same in any future action or proceeding other than a proceeding to enforce this AOC.

ORDER

NOW, THEREFORE, IT IS ORDERED, that:

1. PDC shall pay a penalty of \$35,000, due 30 days after entry of this Order.

2. PDC shall arrange and pay for three training classes titled "Effective Strategies & Tactics for Municipal Responders," to be taught by Wild Well Control in Weld County for emergency responders who potentially could respond to an oil or gas well emergency.

- a. The cost of providing the training classes is \$6,600, plus reimbursable expenses.
- b. The training classes shall be scheduled to conclude not later than August 31, 2013.
- c. PDC shall provide written notice to the Director when the classes have been completed. Such notice will include a brief summary of the training provided, how many individuals completed the training, and what entities participated.

3. This AOC does not relieve PDC from undertaking and completing abatement or corrective actions that may be required by the Notice of Alleged Violation described above, or any amendments or modifications thereto specified by the COGCC Staff.

4. Entry of this Order constitutes final agency action for purposes of judicial review 30 days after the date this order is mailed by the Commission.

5. An application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.

6. The provisions contained in the above order shall become effective immediately.

7. The Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

RECOMMENDED this 23rd day of May, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Peter J. Gowen
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 23rd day of May, 2013.

PDC ENERGY INC.

By Barton R. Brookman
Signature of Authorized Company Representative

Barton R. Brookman
Print Signatory Name

Sr. U.P. Operations
Title


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The Commission heard and approved this matter on the 17th day of June, 2013.

ENTERED this 24th day of June, 2013 as of the 17th day of June, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By



Robert J. Frick, Secretary

ATTACHMENT A
ORDER NO. 1V- 415
Training Class Summary

Course Type:

HSE Training – Effective Strategies and Tactics for Municipal Responders

Course Focus:

Achieving successful outcomes for oil and gas well emergencies

Course Description:

Personnel responding to an oilfield emergency must deal with a unique set of safety factors, each with the potential to escalate catastrophically if initial response is inaccurate and resources are ineffectively assigned. This course is intended to prepare tactical response personnel, with jurisdiction over oilfield emergencies, to better manage their incident scenes, integrate resources, and work more effectively with local agencies and well control specialists. Responders will learn to identify common blowout scene risks and how to predict hydrocarbon behavior, greatly increasing the probability of a safe and successful mitigation.

Who Should Attend:

Fire Departments, Hazmat Teams, Public Safety and Emergency Management Personnel

Course Duration & Location:

6.0 hours / 1 day - Course instructed at your referenced location:

Weld County, Colorado

3 Classes

Location and dates TBD

Continuing Education Credits:

6.0 CE hours in Incident Management

Course Content:

MODULE NO.	DESCRIPTION
1	Causes of Blowouts
2	Rigs and Their Components
3	Tactics for First on Scene
4	Suburban Interface Risks
5	Response Methodology FAQ's
6	Well Control Scene Management
7	Firefighting & Well Control Equipment
8	Case Histories