

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

IN THE MATTER OF ALLEGED VIOLATIONS OF THE
RULES AND REGULATIONS OF THE COLORADO OIL
AND GAS CONSERVATION COMMISSION BY
TEXACO EXPLORATION AND PRODUCTION INC.,
RIO BLANCO COUNTY, COLORADO

CAUSE NO. 1V

ORDER NO. 1V- 189

ADMINISTRATIVE ORDER BY CONSENT

FINDINGS

1. On October 11, 1999, Colorado Oil and Gas Conservation Commission ("COGCC") staff conducted an inspection of the Wilson Creek Field, specifically a storage tank located in the NE¼ NE¼ of Section 27, Township 3 North, Range 94 West, 6th P.M. Water was being discharged from the storage tank into adjacent Wilson Creek. This storage tank is part of a remediation program that collects water from a contaminated upstream seep.

2. On October 19, 1999, COGCC staff conducted another inspection of the subject storage tank to collect a water sample for laboratory analyses.

3. On October 25, 1999, COGCC staff informed Texaco of the laboratory results. Initial results indicated the water contained a benzene concentration of 4,500 µg/l, which exceeds the Colorado Basic Standards for Ground Water for benzene at 5 µg/l.

4. On October 29, 1999, COGCC staff issued a Notice of Alleged Violation ("NOAV") to Texaco Exploration and Production Inc. ("Texaco") for the unauthorized discharge of contaminated water. The NOAV cited violation of: Rule 324A.a., failure to prevent the unauthorized discharge of Exploration and Production ("E&P") waste; Rule 324A.b., performing an act or practice which shall constitute a violation of water quality standards or classifications established by the Water Quality Control Commission ("WQCC") for waters of the state; and Rule 907.c.(2), not disposing of produced water in accordance with allowable COGCC methods. The NOAV specified an abatement date of November 12, 1999.

5. Per return receipt, the original NOAV was accepted by Texaco on November 4, 1999.

6. On November 5, 1999, COGCC staff issued an amended NOAV to Texaco for the unauthorized discharge of contaminated water into Wilson Creek. Rule 907.c.(2) was deleted from the amended NOAV, as it was subsequently determined that the contaminated water was not produced water from a well or wells. The amended NOAV cited additional violations of: Rule 906.a., failure to control and contain a release of E&P Waste; Rule 906.b.(3), failure to report to the Director a release which impacted waters of the state; Rule 907.a.(1), failure 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 water, soil or biological resources or to the extent necessary to ensure compliance with the allowable concentrations and levels in Table 910-1, with consideration to WQCC ground water standards and classifications; and Rule 907.a.(2), failure to conduct E&P waste management activities, and facilities constructed and operated, to protect the waters of the state from significant adverse environmental impacts from E&P waste, except as permitted by applicable laws and regulations. The amended NOAV specified an abatement date of November 12, 1999 to submit an explanation for the discharge and a Form 27, Site Investigation and Remediation Workplan. The amended NOAV also specified an abatement date of November 19, 1999 to complete required soil and surface water sampling at the discharge area.

7. Per return receipt, the amended NOAV was accepted by Texaco on November 8, 1999.

8. On November 9, 1999, COGCC staff conducted an inspection of the discharge site to witness the soil and surface water sampling by Texaco as required in the amended NOAV. Duplicated samples were also collected and analyzed by COGCC staff for verification of laboratory results. Laboratory results indicate that benzene concentrations in Wilson Creek downstream of the unauthorized discharge are at non-detectable levels and that total petroleum hydrocarbon concentrations in the soil below the discharge point are very low at 4.0 mg/kg.

9. On November 12, 1999, COGCC staff granted an extension for the submittal of the explanation for the discharge to November 16, 1999.

10. On November 16, 1999, the required explanation for the discharge was received by the COGCC.

11. As of October 25, 1999, discharges into Wilson Creek had ceased. Texaco had removed the discharge piping, increased the capacity of the storage tank system, and constructed a sufficient berm around the storage tanks to contain any overflow situation.

12. Texaco recognizes the Director's authority to provisionally resolve alleged violations through negotiation and execution of Administrative Orders by Consent ("AOC") prepared for Commission approval pursuant to Rule 522.b. The Director's consent to enter into this AOC is conditioned upon the Director's finding that Texaco violated Rules 324A.a., 324A.b., 906.a., 906.b.(3), 907.a.(1), and 907.a.(2). In entering into this AOC with the Director, Texaco does not admit any violation of these Rules. Texaco does not waive and expressly reserves all its rights, defenses, and claims in any proceeding by or against any party, other than a proceeding by the COGCC to enforce this AOC.

ORDER

NOW, THEREFORE IT IS ORDERED, that Texaco shall be found to have violated Rule 324A.a., Rule 324A.b., Rule 906.a., Rule 906.b.(3), Rule 907.a.(1), and Rule 907.a.(2), for failure to ensure that E & P waste is properly stored, handled, transported, treated, recycled, or disposed and for an unauthorized discharge of contaminated water into Wilson Creek in the NE¼ NE¼ of Section 27, Township 3 North, Range 94 West, 6th P.M.

IT IS FURTHER ORDERED, that the Commission acknowledges that all the violations listed herein have been abated or are anticipated to be abated in accordance with this AOC, and that there are no ongoing violations associated with such discharges;

IT IS FURTHER ORDERED, that Texaco shall be assessed a total fine of Thirty Thousand dollars (\$30,000.00) for past violations of Rules 324A.a., 324A.b., 906.a., 906.b.(3), 907.a.(1), and 907.a.(2) for the unauthorized discharge of contaminated water into Wilson Creek, payable within thirty (30) days of the date the order is approved by the Commission.

IT IS FURTHER ORDERED, that Texaco shall evaluate the effectiveness of the remediation system in place and submit a written report with conclusions and recommendations by February 29, 2000. The report shall address the feasibility of additional contaminant source determination.

IT IS FURTHER ORDERED, that the provisions contained in the above order shall become effective forthwith.

IT IS FURTHER ORDERED, that 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 6th day of January, 2000.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Morris Bell
Morris Bell, Hearing Officer

Dated at Suite 801
1120 Lincoln St.
Denver, Colorado 80203
January 6, 2000

AGREED TO AND ACCEPTED THIS 6th DAY OF January, 2000.

Texaco Exploration and Production Inc.

By [Signature]

Title Production Team Leader