



**COLORADO**  
Oil & Gas Conservation  
Commission  
Department of Natural Resources  
1120 Lincoln Street, Suite 801  
Denver, CO 80203

August 30, 2022

K.P. Kauffman Company, Inc.  
Attn: Ross Watzman  
1700 Lincoln Street, Suite 4550  
Denver, CO 80203

### DIRECTOR'S ORDER PURSUANT TO RULE 901.a.

This Order is issued by the Acting Director of the Colorado Oil and Gas Conservation Commission (“COGCC” or “Commission”) pursuant to Rule 901.a. of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission, 2 CCR 404-1 (“Rule” or “Rules”).

### INTRODUCTION

1. KP Kauffman Company Inc. (Operator No. 46290) (“KPK”) is the operator of numerous oil and gas facilities, including the Locations described in Exhibit A, which are located in Weld County. A map showing these Locations is included as Exhibit B.
2. On August 12, 2022, following notification to local emergency response by a member of the public, KPK discovered an active spill from a flowline system related to 17 oil and gas wells in the Greater Wattenberg Area (“GWA”),<sup>1</sup> described in Exhibit A, that required immediate attention to protect public health, safety, welfare, the environment, and wildlife resources.
3. To date, KPK has not timely taken the steps necessary to avoid, minimize, or mitigate the potential impacts to public health, safety, welfare, the environment, or wildlife resources at this Spill location as clarified by Staff in conditions of approval on the Form 19 Spill Report, and as required by the Rules.
4. The Acting Director has reasonably ascertained the underlying facts on which this action is based.
5. Therefore, the Acting Director has objective grounds and reasonable cause to determine that KPK, in the conduct of oil and gas operations, is impacting or threatening to

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<sup>1</sup> Rule 402 defines the GWA as those lands from and including Townships 2 South to 7 North and Ranges 61 West to 69 West, 6th P.M. More generally, the GWA is an area in the Northeast corner of Colorado where urban and suburban development exists alongside significant oil and gas activities. The GWA includes portions of Weld County where approximately 38% of all active wells in the state are located.



impact public health, safety, welfare, the environment, and wildlife resources. The Acting Director finds that KPK's inactions imperatively require immediate action and the Acting Director enters this Order requiring KPK to immediately initiate measures to investigate, clean up and document impacts at the Spill location and immediately suspend production operations at all 17 oil and gas wells described in Exhibit A that feed into the damaged flowline at issue until that work is complete and approved by the Acting Director.

### BACKGROUND

6. On April 12, 2021, the Director of the COGCC issued an order pursuant to Rule 901.a. which required KPK to immediately suspend production at 87 oil and gas wells related to 29 active spill/release locations and to immediately commence work to investigate, clean up, and document impacts at the 29 spill/release locations. A significant number of these spills and releases occurred from flowline failures. This order remains in place.

7. On November 5, 2021, the Commission found KPK to have engaged in 22 separate violations and a pattern of violations associated with seven spill/release and/or remediation projects. Between May 2 and May 27, 2022, COGCC staff issued an additional seven NOAVs to KPK for similar incidents.

8. Since issuing the April 21, 2021 Director's Order Pursuant to Rule 901.a., KPK has reported an additional 48 spills, including the Spill location shown on Exhibit B.

9. COGCC Rules require operators to investigate, clean up, and document impacts resulting from spills and releases as soon as the impacts are discovered. However, as described above, KPK has repeatedly failed to comply with this basic requirement regarding spills, releases, and remediation. This practice is evident in the Spill shown on Exhibit B, as described below, presenting ongoing impacts to the environment until contaminated soils and hydrocarbons are removed. Further, this Spill constitutes a continuing threat to public safety until the impacts are removed and excavations are backfilled.

10. On August 13, 2022, KPK submitted an Initial Form 19 Spill/Release Report (Doc. No. 403135067) for the Spill (Spill/Release Point ID 482755) reporting a spill of oil, produced water, and condensate which was reportedly discovered when it was daylighted from the subsurface and a nearby resident notified the fire department on August 12, 2022. The Spill point is located approximately 90' to a residence within a dense suburban development, 30' to a developed walkway connecting the neighborhood to Grand View Elementary School (2,000' to school), and 20' to Weld County Road 14.5. COGCC staff applied a condition of approval to the Form 19 advising KPK that in accordance with 913.d.(1), Operators are required to investigate and clean-up impacts to soil, Groundwater, and surface water as soon as the impacts are discovered. COGCC staff expected KPK to immediately secure the location to protect the public and wildlife and remove contaminated soils and hydrocarbons to minimize subsurface migration of impacts to the environment.

11. On August 15, 2022, COGCC environmental staff inspected the Spill location. There were no KPK staff or contractors on location at the time of inspection. During the

inspection, COGCC observed an initial hydrovac pothole, approximately 2' x 3' x 4' deep with unstable side walls and roof open in the spill area providing access to the damaged flowline. This hole was fenced by plastic orange construction fencing and stained soil with gross free product remained visible in-situ and hydrocarbon odors were present outside of the fencing.

12. On August 17, 2022, COGCC environmental staff observed KPK personnel or contractors performing hydrovac potholing approximately 120 feet east of the Spill location for flowline repair operations, to return the flowline to service. COGCC staff later returned to the site to perform an inspection (Doc. Nos. 691201641 & 691201643) at which time, the potholes for both the Spill and repair operations were fenced with orange construction fence; neither pothole adequately addressed the need to investigate and clean-up ongoing impacts to soil, Groundwater, or surface water. At the Spill location pothole, previously observed stained soil, gross free product, and odor were still present. COGCC staff observed two cigarette butts at the area on top of the fresh hydrovac mud where KPK was performing hydrovac operations indicating that personnel had been smoking in the immediate vicinity of the potholes. No additional work had been done to investigate, remediate, or clean up the spill area.

13. On August 18, 2022, COGCC staff discussed the sensitive nature of the area, the safety concerns, and the lack of site security with KPK and their environmental subcontractors (MarCom) at the weekly meeting held with KPK leadership, MarCom, and COGCC staff. COGCC staff emphasized that smoking on an oil and gas location, particularly in the vicinity of hydrocarbon impacts, represents a significant safety risk. COGCC staff also emphasized the sensitive nature of this location, given its proximity to numerous human receptors, and that remediation of the impacts should be KPK's highest priority.

14. On August 19, 2022, at COGCC's request, KPK, MarCom, and COGCC staff met on location to discuss a path forward for environmental cleanup at this location. Upon arrival, KPK crews were continuing work to expose the flowlines for flowline repair operations. No additional work had been done to investigate, remediate, clean up, or secure the spill. Staff observed KPK crews working without required personal protective equipment and the stockpile of soil removed for repair operations was impacting Weld County Road 14.5. MarCom conducted a safety stand down until appropriate PPE could be delivered to the location and directed the crew to remove the soil impacting Weld County Road 14.5. COGCC staff instructed crews to secure the areas from easy access by pedestrians and children using the adjacent walkway. Field discussions indicated that KPK intended to utilize cattle panels and orange construction fencing already on location to secure the Spill site.

15. On August 22, 2022, COGCC environmental staff observed KPK personnel performing additional excavation work to repair and return to service the flowline. No additional work had been done to investigate, remediate, or clean up the Spill area. Cattle panels and orange construction fencing were present at the non-impacted excavations, but only cattle panels were observed around the Spill location pothole where stained soil, gross free product, and odor remained unaddressed. Due to the proximity of the public path, at this particular Spill location, cattle fencing alone is likely insufficient to prevent people from accessing the potholes; based on COGCC observations, the previously installed orange construction fencing had been removed only from the Spill location pothole.

16. On August 24, 2022 Marcom notified COGCC Staff via email that KPK had begun source removal at the spill point. On August 25, 2022, COGCC conducted an inspection and found no significant source removal had begun. Two hydrovac potholes were open approximately 4' x 8' x 4' deep each. Flowline repair operations utilizing a backhoe continued at both ends of the flowline. The same day, COGCC staff discussed the ongoing lack of progress on the source removal with KPK and their environmental subcontractors at the weekly meeting held with KPK leadership, MarCom, and COGCC staff. After the meeting, MarCom sent an email proposing a soil boring investigation to determine the extent of impacts planned for September 1, 2022; staff approved the workplan outlined in the email, but reiterated that approval of the soil boring workplan did not in any way negate KPK's obligation to continue investigation and source removal as required by Rule 913.d.(1).

17. On August 26, 2022, COGCC and KPK met on location and observed continued hydrovac operations at the source area; one pothole was less than 4' x 8' and a second was less than 8' x 8'. A crew and backhoe continued flowline repair operations.

18. On August 29, 2022, COGCC staff inspected the location and found no obvious additional work had been conducted. No crews were working at the time of the inspection. COGCC staff again discussed this project with KPK and MarCom, and continued to express concerns on the lack of progress. KPK indicated that they did not want to stockpile material due to the sensitive nature of the area, which COGCC agrees with. However, to date, KPK has failed to complete the required follow-up to adequately remove source material or perform additional delineation to determine the complete extent of the impacts at this Spill. This presents an ongoing threat to the environment until delineation and remediation of impacts is completed at this Spill.

19. Flowline failures, such as the failure that caused this Spill, demand immediate attention and resources to minimize ongoing impacts to public health, safety, welfare, the environment, and wildlife resources. KPK's practice has been to shut in the line and send a crew to the impacted location to excavate and expose the line for repairs so KPK can resume production. KPK puts the repaired line back into service but frequently fails to timely follow-up by performing required spill investigation and cleanup. At this Spill location, COGCC staff have repeatedly observed KPK personnel or contractors conducting work to repair the flowline, with resources and equipment similar to that which could have been dedicated to spill investigation and remediation, prioritizing repair over cleanup for 17 days following discovery of the Spill.

20. Following a full investigation of the matters described above, the Acting Director has objective grounds and reasonable cause to determine that KPK, in the conduct of Oil and Gas Operations, is impacting and threatening to impact public health, safety, welfare, the environment, or wildlife resources, by failing to investigate, clean up, and document impacts resulting from the Rodgers #1 Spill location, shown on Exhibit B.

21. Moreover, based on KPK's actions described above, the Acting Director has objective grounds and reasonable cause to determine that a focused suspension of operations is necessary at each of the 17 related facilities described in Exhibit A to ensure that public health, safety, welfare, the environment, and wildlife resources are protected.

22. The Spill is currently impacting or threatening to impact public health, safety, welfare, the environment, or wildlife resources requiring action by the Acting Director to avoid, minimize, or mitigate those impacts or threatened impacts.

23. Therefore, the Acting Director hereby requires KPK to take the following actions to avoid, minimize, or mitigate the potential impacts to public health, safety, welfare, the environment, or wildlife resources.

### ORDER

In accordance with Rule 901.a., the ACTING DIRECTOR ORDERS that K.P. Kauffman Company, Inc. ("KPK"):

1. Immediately suspend all production operations at each of the 17 related facilities and the affected flowline described in Exhibit A and B; and
2. Immediately commence, and diligently continue, work to investigate, clean up, and document impacts, at this spill location as required by Rule 912.

This Order will remain in effect until such time as KPK has completed the excavation, characterization, and disposal of all hydrocarbon-impacted soil from the source area, collected and submitted confirmation soil samples from the excavation, submitted those analytical results to the COGCC for review and approval, and completed backfill and grading of the excavation. If KPK discovers impacts to groundwater, they will immediately notify the COGCC so that a revised plan for investigation and remediation can be expedited, but such discovery will not affect the order to proceed with source removal and remediation. No wells or facilities described in Exhibit A or shown on Exhibit B will be returned to production until the COGCC has re-inspected this Spill and determined that the ongoing threat to public safety has been fully addressed.

All questions regarding the work KPK must immediately commence to investigate, clean up, and document impacts, as required by this Order, should be directed to Nikki Graber, DJ Basin Area Environmental Supervisor.

The provisions contained in the above Order shall become effective immediately. If KPK does not comply with the Order, the Acting Director may take action to assess and remediate the Locations and seek costs pursuant to C.R.S. § 34-60-124.

The Acting Director expressly reserves the right to alter, amend, or repeal any and/or all of the above orders.

Mr. Ross Watzman  
August 30, 2022  
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EXECUTED this 30th day of August, 2022.

IN THE NAME OF THE STATE OF COLORADO  
OIL AND GAS CONSERVATION COMMISSION

A handwritten signature in black ink, appearing to read "Mimi C. Larsen". The signature is fluid and cursive, with a large initial "M" and a long horizontal stroke at the end.

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Mimi C. Larsen, Esq.  
COGCC Acting Director

CERTIFICATE OF SERVICE

On August 30, 2022, a true and accurate copy of this **Director's Order Pursuant to Rule 901.a.** was served by certified U.S. Mail, return receipt, as follows:

KP KAUFFMAN COMPANY INC  
ATTN: ROSS WATZMAN  
1675 BROADWAY, STE 2800  
DENVER, CO 80202

On August 30, 2022, a true and accurate copy of this **Director's Order Pursuant to Rule 901.a.** was also emailed, as follows:

RWatzman@kpk.com  
cmeis@kpk.com  
john.jacus@dgslaw.com

A handwritten signature in blue ink, appearing to read "Caitlin M. Stafford", with a long horizontal flourish extending to the right.

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Caitlin M. Stafford, Assistant Attorney General  
Counsel to COGCC Staff

Exhibit A

<b>Well Name</b>	<b>API</b>
WOOLLEY UNIT #	123-08545
RODGERS #1	123-08143
RODGERS UNIT #2	123-09154
JOSEPHINE B MILES #4	123-10441
JOSEPHINE B MILES #2	123-09512
JOSEPHINE B MILES #1	123-07779
JOSEPHINE B MILES #5	123-10442
JOSEPHINE B MILES 'B' #1	123-09992
JOSEPHINE B MILES UNIT #3	123-09513
MLEYNEK, JACK A #4	123-08964
JACK MLEYNEK #1	123-08498
JACK A MLEYNEK #2	123-08626
JACK MLEYNEK #3	123-08819
JACK A MLEYNEK #5	123-08993
CHAMPLIN 86 AMOCO B #2	123-08756
CHAMPLIN 86 AMOCO B #5	123-09506
CHAMPLIN 86 AMOCO B #4	123-08889



Exhibit B

