

FORM INSP
Rev 05/11

**State of Colorado
Oil and Gas Conservation Commission**

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



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Inspection Date:
10/29/2015

Document Number:
682400048

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>436708</u>	<u>436708</u>	<u>Binschus, Chris</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number: 47120

Name of Operator: KERR MCGEE OIL & GAS ONSHORE LP

Address: P O BOX 173779

City: DENVER State: CO Zip: 80217-

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED
- INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

Contact Information:

Contact Name	Phone	Email	Comment
REDDY, LUKE		Luke.Reddy@anadarko.com	ALL INSPECTIONS
		rscCOGCCinspections@anadarko.com	

Compliance Summary:

QtrQtr: NENE Sec: 24 Twp: 2N Range: 67W

Inspector Comment:

This is an inspection resulting from a complaint (Doc. #200437790).

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
436709	WELL	DG	10/26/2014	LO	123-39234	GEE 26C-12HZ	DG	<input checked="" type="checkbox"/>
436710	WELL	DG	10/27/2014	LO	123-39235	GEE 16N-25HZ	DG	<input checked="" type="checkbox"/>
436711	WELL	DG	10/29/2014	LO	123-39236	GEE 16C-25HZ	DG	<input checked="" type="checkbox"/>

Equipment:

Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>3</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: _____	Separators: _____	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: <u>3</u>
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: _____	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location

Emergency Contact Number (S/A/V): _____ Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
WEEDS	ACTION REQUIRED	Kochia (Kochia sp.) and Russian thistle (Salsola sp.) exist throughout location.	Remove and dispose of properly.	11/20/2015
WEEDS	ACTION REQUIRED	Colorado State listed noxious weeds exist throughout location perimeter.	Remove and dispose of properly.	11/20/2015

Spills:				
Type	Area	Volume	Corrective action	CA Date
<input type="checkbox"/> Multiple Spills and Releases?				

Venting:		
Yes/No	Comment	

Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 436708

Site Preparation:
 Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

S/AV: _____
 Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:
S/AV: _____ **Comment:**

CA: **Date:** _____

Wildlife BMPs:	
BMP Type	Comment
Final Reclamation	604c.(2).U. Identification of Plugged and Abandoned Wells: Pursuant to rule 319.a.(5)., once the well has been plugged and abandoned, KMG will identify the location of the wellbore with a permanent monument that will detail the well name and date of plugging.
Drilling/Completion Operations	604c.(2).J. BOPE for Well Servicing Operations: Blowout prevention equipment will be used on any servicing operations associated with this well. Backup stabbing valves will be used during any future servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using low-pressure air and high-pressure fluid.
Drilling/Completion Operations	604c.(2).C. Green Completions: KMG will install Vapor Recovery Unit(s) (VRU) to prevent uncontrolled venting of flash gas. Environmental Control Devices (ECD) will be used to control working and breathing vapor losses for oil and water tanks. Temporary above ground polyethylene water pipelines will deliver water to location operations from larger trunk lines to reduce truck traffic and minimize air pollution.
Planning	604c.(2).Q. Guy Line Anchors: Should guy line anchors be left buried for future use, they shall be identified by a bright marker greater than four (4) feet high and no more than one (1) foot east of the guy line anchor.

Construction	604c.(2).M. Fencing Requirements: The completed wellsites will be surrounded with a fence and gate with adequate lock to restrict access to authorized personnel only. KMG personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or KMG personnel shall be on-site during drilling and completion operations.
Final Reclamation	604c.(2).T. Well Site Cleared: The wellsite will be cleared of all non-essential equipment within ninety (90) days after all wells associated with the pad have been plugged and abandoned.
Construction	604c.(2).E. Multiwell Pads: This 2A application is for a three-well pad. Use of this multi-well pad will reduce surface impact.
Noise mitigation	604c.(2).A. Noise: Pending a safety review after construction of the location, sound mitigation barriers (hay bales) will be placed along the eastern and northern sides of the pad location to damper noise during drilling and completions to the nearby building units. Sound surveys that have been conducted on each rig type are utilized to anticipate any additional noise mitigation once a drilling rig is determined.
Drilling/Completion Operations	604c.(2).B. Closed Loop Drilling System: KMG will use a closed loop or "pitless" system for drilling and fluid management and will not construct a reserve pit.
Drilling/Completion Operations	604c.(2).I. BOPE Testing for Drilling Operations: Upon initial rig-up, BOPE's will be tested at a minimum of every 30 days.
General Housekeeping	604c.(2).P. Removal of Surface Trash: A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation.
Construction	604c.(2).G. Berm Construction: Kerr McGee will create secondary containment by construction of a berm or diversion dike, site grading, or other comparable measures, sufficient to further protect the canal located 300' northeast of the oil and gas location.
Drilling/Completion Operations	604c.(2).K. Pit Level Indicators: All mud tanks (used in lieu of pits) contain pit level monitors with Electronic Drilling Recorders (EDR). KMG uses EDRs with pit level monitor(s) and alarm(s) for production rigs. Basic level gages are used on tanks utilized for the surface rig.
Drilling/Completion Operations	604c.(2).H. BOPE: Our rigs at a minimum will have a double ram with blind and pipe ram; and annular preventer.
Planning	604c.(2).S. Access Roads: KMG will utilize a lease access road from CR25 for drilling operations and maintenance equipment. This access route is contingent upon an agreement with City of Thornton. An alternative access road is also planned off of CR25. Both access routes are illustrated on the attached access road map. The road will be properly constructed and maintained to accommodate for local emergency vehicle access.
Construction	604c.(2).R. Tank Specifications: Two 500 barrel skid mounted frac tanks will be temporarily placed on-site for use of the pre-spud rig only. One tank will store water and the other will store water based mud.
Material Handling and Spill Prevention	604c.(2).N. Control of Fire Hazards: KMG and its contractors will employ best management practices during the drilling and production of its wells and facilities and will comply with appropriate COGCC rules concerning safety and fire. KMG will ensure that any material that might be deemed a fire hazard will remain no less than twenty-five (25) feet from the wellhead(s), tanks and separator(s).
Drilling/Completion Operations	604c.(2).L. Drill Stem Tests: No drill stem tests are planned and none will be performed without prior approval from the director.
Traffic control	604c.(2).D. Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations. Weld County Road 25 is paved and maintained by Weld County and will therefore not require dust mitigation.
Planning	604c.(2).V. Development From Existing Well Pads: Drilling from an existing well pad was not feasible for the development of these wells; however, this well pad will be considered for future well locations.
Storm Water/Erosion Control	604c.(2).W. Site-specific Measures: KMG maintains a Stormwater Management Plan that assesses erosion control for every KMG operated location. This well pad will be added to this plan once construction begins. This plan is updated every fourteen (14) days and after any major weather event.
General Housekeeping	604c.(2).O. Loadlines: All loadlines shall be bullplugged or capped.

S/AV: _____ **Comment:** _____

CA: _____ **Date:** _____

Stormwater:

Comment: _____

Staking:

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____

Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____

Request LGD Attendance: _____

LGD Contact Information:

Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Facility

Facility ID: 436709	Type: WELL	API Number: 123-39234	Status: DG	Insp. Status: DG
Facility ID: 436710	Type: WELL	API Number: 123-39235	Status: DG	Insp. Status: DG
Facility ID: 436711	Type: WELL	API Number: 123-39236	Status: DG	Insp. Status: DG

Environmental

Spills/Releases:

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____

Comment: _____

Corrective Action: _____ Date: _____

Reportable: _____ GPS: Lat _____ Long _____

Proximity to Surface Water: _____ Depth to Ground Water: _____

Water Well:

DWR Receipt Num: _____ Owner Name: _____ GPS: _____ Lat _____ Long _____

Field Parameters:

Sample Location: _____

Complaint:				
Tracking Num	Category	Assigned To	Description	Incident Date
200437790	RECLAMATION	Arthur, Denise	<p>Maria Petrocco is an attorney filing a complaint on behalf of land owners in the Erie, CO area. COGCC was copied on a communication to Kerr-McGee regarding reclamation at wells in the area. The initial complaint to Kerr-McGee was not provided. The communication sent to COGCC is a reply to Anadarko representative Sherry Bursey's response to the complaint.</p> <p>Anadarko responded that COGCC rules permit delaying final reclamation if the areas are 'reasonably needed for production operations or subsequent drilling operations within twelve (12) months' as per rule 100.3(b). Ms. Bursey states, "Often times, KMG is still in the process of finalizing pipeline routes and ancillary operations that are necessary for specific wells and other drill sites in the same geographical area." Ms. Bursey specifically refers to wells Como 13C-14HZ, Como 34N-14HZ, and Como 13N-14HZ as being slated for interim reclamation for December 2015. Ms. Bursey states that KMG is submitting a variance for waiving 'certain interim reclamation requirements' at Badger wells. Ms. Bursey states that in anticipation of schedule delays the well pads have been stabilized with compacted road base and plating material.</p> <p>Ms. Petrocco's complaint in response to the Anadarko communication states, "While KMG may be working within the technical rules of the COGCC rules and regulations, I do not believe that KMG is acting with good faith and in the spirit of the rules. KMG gas drilled over 12 wells on property in the Erie area and these wells have not been completed. Therefore, the construction area around the well sites remain disturbed and unusable for the landowners... my clients cannot plant crops on the road base or graze their livestock on the plating material. All crop lands are required to be reclaimed within three months after drilling, unless the area is reasonably needed for subsequent operations. Does every well that is drilled need subsequent operations? We see a definite pattern of using this additional time for reclamation as a means to wait for oil and gas prices to rise before wells are completed. This choice may be a benefit to KMG but it is done at the expense of my clients whose livelihood depends on the very lands that you are holding hostage to maximize your profit...KMG may be following the letter of the reclamation rules, but these reclamation rules were never intended to be used as a means of drilling an unlimited number of wells when construction costs were low to play the waiting game for production prices."</p> <p>Complainant for this location includes: Donald Sack. Complaint includes APIs 123-39236, 123-39234, 123-39235, 123-39174, 123-39175, 123-39171, 123-39172, 123-39173.</p>	10/19/2015

Emission Control Burner (ECB): _____

Comment: _____

Pilot: _____ Wildlife Protection Devices (fired vessels): _____

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: IRRIGATED, OTHER

Comment:

- 1003a. Debris removed? _____ CM _____
 CA _____ CA Date _____
 Waste Material Onsite? _____ CM _____
 CA _____ CA Date _____
 Unused or unneeded equipment onsite? _____ CM _____
 CA _____ CA Date _____
 Pit, cellars, rat holes and other bores closed? _____ CM _____
 CA _____ CA Date _____
 Guy line anchors removed? _____ CM _____
 CA _____ CA Date _____
 Guy line anchors marked? _____ CM _____
 CA _____ CA Date _____

1003b. Area no longer in use? _____ Production areas stabilized ? _____

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____

Cuttings management: _____

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? _____

Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment:

Overall Interim Reclamation _____

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: IRRIGATED, OTHER _____

Reminder: _____

Comment:

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Debris removed _____ No disturbance /Location never built _____

Access Roads Regraded _____ Contoured _____ Culverts removed _____

Gravel removed _____

Location and associated production facilities reclaimed _____ Locations, facilities, roads, recontoured _____

Compaction alleviation _____ Dust and erosion control _____

Inspector Name: Binschus, Chris

Non cropland: Revegetated 80% _____

Cropland: perennial forage _____

Weeds present _____ Subsidence _____

Comment: _____

Corrective Action: _____ Date _____

Overall Final Reclamation

Well Release on Active Location

Multi-Well Location

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment

S/A/V: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Submit a Form 4 attached with a start date for interim reclamation, describe on a map where the topsoil stockpile is located and the amount of topsoil, and a weed management plan by Corrective Action date of November 16, 2015.	binschusc	11/06/2015
Canada thistle (Cirsium arvense), a Colorado State "List B" noxious weed, is present on location. Noxious weeds need to be removed by Corrective Action date of November 20, 2015 and monitored/managed in future growing seasons. Refer to photos in Doc. #682400051.	binschusc	11/06/2015
Kochia (Kochia sp.) and Russian thistle (Salsola sp.) exists throughout location. This is debris and will break off and encroach upon adjacent lands. Remove and dispose of properly by Corrective Action date of November 20, 2015. Refer to photos in Doc. #682400051.		

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

Document Num	Description	URL
682400051	Location Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3716356

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)