

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

IN THE MATTER OF ALLEGED VIOLATIONS OF)	CAUSE NO. 1V
THE RULES AND REGULATIONS OF THE)	
COLORADO OIL AND GAS CONSERVATION)	DOCKET NO. 170600302
COMMISSION BY WHITING OIL AND GAS)	TYPE: ENFORCEMENT
CORPORATION, WELD COUNTY, COLORADO)	ORDER NO. 1V-652

ADMINISTRATIVE ORDER BY CONSENT

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

FINDINGS

1. Whiting Oil and Gas Corporation ("Whiting") (Operator No. 96155) is the operator of record of the Razor 27I-3413A location (Location ID 433999), the Razor 27K-3407A location (Location ID 431782), and the Razor 27-3414H location (Location ID 430313), all in Weld County, Colorado.

Razor 27I-3413A Location

2. On May 31, 2013, Whiting submitted a Form 2A for the Razor 27I-3413A location (Location ID 433999). (Doc. No. 400426385)

3. On August 29, 2013, COGCC Staff approved Form 2A No. 400426385 for eight wells, eight pump jacks, one gas or diesel motor, one separator, one gas pipeline, one oil pipeline, and one water pipeline with a total disturbed area after interim reclamation of 3.40 acres.

4. In May 2015, Whiting installed production facilities at the Razor 27I-3413A including: six emission control devices, two flares, four heater treaters, a compressor, a condensate tank, 28 crude oil tanks, and 28 produced water tanks. (Form 4, Sundry Notice, 401141649, subsequently withdrawn) Whiting made these substantive changes to the location without first submitting an amended Form 2A and without receiving COGCC approval prior to installing the additional facilities.

5. On December 7, 2016, Whiting submitted an amended Form 2A for the Razor 27I-3413A location for the purpose of seeking COGCC approval to drill and install two additional wells on the location. (Doc. No. 401143107) The new Form 2A listed those facilities identified in Paragraph 4 and stated that the total disturbed area after interim reclamation would be 12.24 acres.

6. Upon receipt of Form 2A 401143107, Staff reviewed aerial images of the location taken in 2015 and discovered that the additional facilities identified in Paragraph 4 were already installed. On January 12, 2017, COGCC Staff inspected the location and

confirmed that the additional production facilities were already installed and that the area used for production was approximately 4.78 acres. (Doc. No. 682501604)

7. On January 16, 2017, Whiting submitted Form 4, Sundry Notice, No. 401141649 to amend the facility inventory for the Razor 27I-3413A Location. However, because the installation of the production facilities was a substantive change to the location, the proper filing was the Form 2A that Whiting submitted on December 7, 2016 and Sundry 401141649 was withdrawn.

Razor 27K-3407A Location

8. On June 15, 2013, Whiting submitted a Form 2A for the Razor 27K-3407A Location (Location ID 431782). (Doc. No. 400434140)

9. On July 21, 2013, COGCC Staff approved Form 2A No. 400434140 for four wells, four pump jacks, one gas pipeline, one oil pipeline, and one water pipeline with a total disturbed area after interim reclamation of 5.0 acres.

10. In May 2015, Whiting installed production facilities at the Razor 27K-3407A Location including: two vertical heater treaters and vertical gas separators, a flare, eight produced water tanks, twelve crude oil tanks, two buildings, and electrical equipment. (Form 4, Sundry Notice, No. 401141908, subsequently withdrawn) Whiting made these substantive changes to the location without first submitting an amended Form 2A and without receiving COGCC approval prior to installing the additional facilities.

11. On January 13, 2017, COGCC Staff inspected the location and observed that the production facilities identified in Paragraph 10 were installed and that the area used for production was approximately 3.46 acres (Doc. No. 682501606)

12. On January 16, 2017, Whiting submitted Form 4, Sundry Notice, No. 401141908 to amend the facility inventory for the Razor 27K-3407A Location. However, because the installation of the production facilities was a substantive change to the location, Staff instructed Whiting to submit an amended Form 2A to reflect those substantive changes.

13. On March 21, 2017, Whiting submitted amended Form 2A No. 401236239 properly identifying the additional production facilities on the location.

Razor 27-3414H Location

14. On June 17, 2013, Whiting submitted amended Form 2A for the Razor 27-3414H Location (Location ID 430313) (Doc. No. 400434675)

15. On July 21, 2013, COGCC Staff approved Form 2A No. 400434675 for four wells, four pump jacks, one gas pipeline, one oil pipeline, and one water pipeline with a total disturbed area after interim reclamation of 3.00 acres.

16. In May 2015, Whiting installed production facilities at the Razor 27-3414H Location including: one heater treater, four gas separators, a flare, eight produced water tanks, twelve crude oil tanks, and a manifold building. (Form 4, Sundry Notice, Doc. No. 401145664, subsequently withdrawn) Whiting made these substantive changes to the location without first submitting an amended Form 2A and without receiving COGCC approval prior to installing the additional facilities.

17. On January 12, 2017, COGCC Staff inspected the location and observed that the production facilities identified in Paragraph 16 were installed and that the area used for production was approximately 4.1 acres. (Doc No. 682501608)

18. On January 16, 2017, Whiting submitted Form 4, Sundry Notice, No. 401145664 to amend the facility inventory for the Razor 27-3414H Location. However, because the installation of the production facilities was a substantive change to the location, Staff instructed Whiting to submit an amended Form 2A to reflect those substantive changes.

19. On January 20, 2017, Whiting submitted amended Form 2A No. 401144726 properly identifying the additional production facilities on the location.

20. On February 28, 2017, Commission Staff issued the following Notices of Alleged Violation ("NOAV") to Whiting citing violations COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("Rule" or "Rules") 303 (Requirements for Form 2, Application for Permit-to-Drill, Deepen, Re-enter, or Recomplete and Operate; Form 2A, Oil and Gas Location Assessment):

<u>NOAV No.</u>	<u>Location</u>
401219729	Razor 27I-3413A
401219773	Razor 27K-3407A
401219794	Razor 27-3414H

21. Following factual investigation and legal review of the violations alleged in the NOAVs, Hearing Staff now asserts Whiting has committed the following violations of COGCC Rules:

NOAV No.	Location	Rule No.	Days of Violation	Start Date	End Date	Class/ Impact	Daily Base Penalty	Total Penalty
401219729	Razor 27I-3413A	303	279	3/3/2016	12/7/2016	2/ Minor	\$2,500	\$56,450
401219773	Razor 27K-3407A	303	319	3/3/2016	1/16/2017	2/ Minor	\$2,500	\$58,450
401219794	Razor 27-3414H	303	319	3/3/2016	1/16/2017	2/ Minor	\$2,500	\$58,450
							TOTAL PENALTY	\$173,350

22. Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, Hearings Staff calculated a penalty of \$173,350 for these violations. The penalty calculation is based on the following:

- a. Application of the Duration Matrix from the COGCC Enforcement Guidance and Penalty Policy January 2015 (corrected 4/8/2015);
- b. Calculated days of violation limited by one-year statute of limitations (§34-60-115, C.R.S.) and ending with Whiting's submission of corrective documents;
- c. Class 2 violation, Minor Impact;
- d. Daily base penalty of \$2,500;
- e. No aggravating or mitigating factors; and
- f. No pattern of violation, no gross negligence, or knowing and willful misconduct.

AGREEMENT

WHEREAS, Whiting agrees to the findings of this AOC only for the purposes of expeditiously resolving the matter without a contested hearing. Whiting reserves the right to contest the findings of this AOC in any proceeding before any agency, court, or other tribunal, except in a proceeding to enforce the terms of this AOC. The findings and any action undertaken by Whiting pursuant to this AOC shall not constitute evidence of fault or liability by Whiting with respect to any third-party claim against Whiting.

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.e.(1) and the Commission's Enforcement and Penalty Policy, the Director and Whiting request that the Commission approve the Order below to resolve the NOAVs.


RECOMMENDED this 1st day of December, 2017.

OIL AND GAS CONSERVATION COMMISSION OF
THE STATE OF COLORADO

By 
David A. Beckstrom, Assistant Attorney General

AGREED TO AND ACCEPTED this 1st day of December, 2017.

WHITING OIL & GAS CORPORATION

By 
Signature of Authorized Company Representative
Rick Ross
Print Signatory Name
SVP OPERATIONS
Title

ORDER

HAVING CONSIDERED the Agreement between the Director and Whiting Oil & Gas Corporation to resolve the NOAV, the COMMISSION ORDERS:

1. Whiting is found in violation of Rule 303 at the Razor 27I-3413A location, the Razor 27K-3407A location, and the Razor 27-3414H location, as described above.
2. No later than September 30, 2018, Whiting will complete the following Public Project pursuant to Rule 523.f.:
 - a. The following wells in Logan County are orphaned and require plugging and abandonment ("Orphaned Wells").

Well Name	API	Former Operator (Order Number 1V-549)
Schrader #J-15	05-075-05069	Red Mountain Resources, LLC
State #B-1	05-075-05083	Red Mountain Resources, LLC
Colorado State #J-18	05-075-05078	Red Mountain Resources, LLC

- b. "Plug and Abandon," as used in this Order, shall mean submitting a Form 6, Well Abandonment Report (Intent), plugging the wells in accordance with Rule 319.a. and the approved Form 6 (Intent), abandoning all associated Flowlines up to the production battery in accordance with Rule 1103, in effect as of the date of this Order, restoring any surface disturbances to at least the condition they were in prior to plugging and abandonment operations, and submitting a Form 6 (Subsequent) within 30 days after completing plugging operations. Whiting will not be responsible for the decommissioning or removal of any surface equipment at the well site(s) and will not be responsible for the transportation or disposal of any downhole equipment that is removed from the wells necessary to accomplish the plugging operations, and any such downhole equipment will be properly organized at the well site(s) for removal by COGCC or other responsible party.
- c. Plugging and Abandoning the Orphaned Wells constitutes a Public Project under Rule 523.f. because it will benefit the public health, safety, and welfare. Except for those responsibilities set forth below in this Order, Whiting has no legal obligations with respect to the Orphaned Wells.
- d. Successful completion of the Public Project shall mean the earliest of the following:
 - i. Whiting successfully Plugs and Abandons all of the Orphaned Wells and associated flowlines;
 - ii. Whiting successfully Plugs and Abandons at least one, but not all, of the Orphaned Wells and associated flowlines, demonstrates, through appropriate records, that total Public Project expenditures are less than \$173,350, but determines that the cost of plugging and abandoning an additional well is likely to exceed total Public Project expenditures of \$200,000, in which case the difference between total demonstrated Public Project expenditures to date and \$173,350 will be satisfied through payment to Commission within 30 days of electronic notification of the same by the Director; or
 - iii. Before commencing actual plugging operations on the well(s), Whiting intends to perform a Mechanical Integrity Test ("MIT") to determine whether the wellbore(s) have integrity to allow for such

plugging operations. If the MIT fails for any or all wellbores, Whiting shall have the option to either:

1. Proceed and complete the Plugging and Abandonment of any well; or
 2. Notify the Director, in writing, of its election not to proceed with Plugging and Abandonment, including the results of the MIT(s), and pay the entire \$173,350 penalty, less the actual cost incurred for the MIT, site preparation, and restoring the surface to at least the condition it was in prior to such operations.
- iv. At any point during active plugging operations, if Whiting demonstrates that the total Public Project expenditures will exceed \$173,350, through appropriate records, then it will have the option to either:
1. Complete the Plugging and Abandonment of any well; or
 2. Isolate the producing formation of any well by placing any appropriate plugs downhole, conduct a successful MIT in adherence with the requirements of Rule 326 to demonstrate integrity of the wellbore, and restore surface disturbances to at least the condition they were in prior to plugging and abandonment operations. In the event of a failed MIT, Whiting will employ the next reasonable alternative consistent with industry standards to stabilize the wellbore such that the producing formation is isolated and demonstrate the integrity of the well by submitting documentation of a successful MIT of the well by Form 21 within 30 days of conducting the MIT.

In either the case of clauses d.iii. or d.iv. above, Whiting shall be deemed to have completed the Public Project.

- e. Upon completion of the Public Project, Whiting will submit to the Commission a report detailing the work completed and actual expenditures, verified by appropriate records. Upon a final inspection of the Public Project and a determination of completeness, COGCC shall issue to Whiting a written release of all further obligations related to the Public Project and the Findings as provided in this AOC (including the requirement to pay any fine resulting from the matters set forth in Sections 1-22 of this AOC), except for those obligations set forth in paragraph 3 of this Order.
- f. While Whiting agrees to take all commercially reasonable efforts to complete the Public Project by or before September 30, 2018, under no circumstances shall Whiting be considered or deemed an "Operator" of the Orphaned Wells. Moreover, notwithstanding Whiting's undertaking, limited

only to, the Plugging and Abandonment of the Orphaned Wells and abandonment of the associated flowlines up to the production battery, it shall not assume any liability whatsoever, including environmental liability, for any preexisting conditions on the land or lease upon which the Orphaned Wells are located. Whiting is conducting the Plugging and Abandonment of the Wells and the flowline abandonment under the authority and on behalf of the COGCC and Whiting shall not assume any liability related the Plugging and Abandonment and abandonment of the associated flowlines except with respect to Whiting's gross negligence or willful misconduct. Whiting is conducting these operations under the authority of the COGCC and shall not be deemed to have trespassed on the land or leasehold upon which the Orphaned Wells are located. Should Whiting have any difficulty gaining access to the surface upon which the Abandoned Well is located, the COGCC Staff shall attempt to work with the affected surface owner(s) to facilitate such access.

- g. Subject to any events of force majeure, if, in the Director's reasonable determination, Whiting fails to complete the Public Project as set forth in Paragraph 2(d), above, by or before September 30, 2018, Whiting will be then found in violation and assessed the entire \$173,350, less the actual cost incurred for any partial work completed in connection with the operations of Plugging and Abandonment, flowline abandonment, site preparation, and restoring the surface to at least the condition it was in prior to such operations, which will be due within 30 days of electronic notification of the same from the Director. However, nothing set forth herein shall prevent Whiting from applying to the Commission should the parties disagree regarding the abatement of the \$173,350 and the satisfactory completion of the Public Project. In the event Whiting elects not to proceed with the Public Project, it must provide written notice to the Director and the entire \$173,350, will become due within 30 days of such election, but under no circumstances later than September 30, 2018.

3. After Whiting's completion of the Public Project as provided in the Agreement and at the Director's sole discretion, Whiting shall present to the Commission a follow up report.

4. Compliance dates specified in this Order may be extended only for good cause, as determined at the Director's sole discretion. A request for extension must be made, in writing, at least 35 days prior to the pertinent compliance deadline or as soon as possible if 35 days prior notice is not feasible. Failure to receive an extension prior to the compliance deadline or the failure to meet a compliance deadline may constitute a new violation subject to additional penalties.

5. Failure to comply with this order is an independent violation that may be subject to additional penalties.


6. This Order is effective as of the date it is mailed by the Commission. It constitutes final agency action for purposes of judicial review.

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

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ENTERED this 12 day of DECEMBER 2017 as of the 11th day of December, 2017.


OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Julie Prine, Secretary

CERTIFICATE OF MAILING

On December 18, 2017, a true and accurate copy of Commission Order 1V- 652 was mailed by first-class mail return receipt requested to the following:

Whiting Oil & Gas Corporation
Attn: Scott Webb
1700 Broadway, Suite 2300
Denver, CO 80290

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Margaret Humecki