

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 **KERR- ) DOCKET NO. 1307-OV-13**  
**MCGEE OIL & GAS ONSHORE LP, WELD COUNTY, )**  
COLORADO ) ORDER NO. 1V-417

**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 November 22, 2012, Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee") (Operator #47120) spud the REIGLE #29N-9HZ ("Well") (API # 05-123-36184) located in the NW ¼, NW ¼, Section 4, Township 2 North, Range 65 West, 6<sup>th</sup> P.M., Weld County.

2. On March 16, 2013, after completion operations at the Well, a screwed fitting on the Well casing failed at 9:39 p.m. releasing condensate and water (production fluid). This incident also damaged an adjacent well head for the Reigle 29C-9HZ Well (API 05-123-36185) and caused additional release of production fluid from the second well. Both wells were brought under control by approximately 6:05 a.m. on March 17, 2013. Most of the released production fluid was confined to the pad site, but wind-carried spray impacted an area west of the pad and liquids flowed offsite to the north. The total area of impacts (including the runoff and wind-carried spray impacts) was approximately 550 feet by 750 feet. Kerr-McGee recovered 2,229 barrels of released liquids by vacuum truck and 13,710 cubic yards of impacted soil was excavated and disposed at an authorized off-site location. Confirmation soil samples confirmed the impacted soils had been removed and remaining soils met Table 910-1 standards. Final remediation and all required corrective actions were completed by April 1, 2013.

3. Kerr-McGee submitted a Form 19, Spill Report on March 26, 2013, and a Form 27, Remediation Work Plan on April 8, 2013. COGCC Staff approved the Form 27 on April 8, 2013. The COGCC Staff has found no further remedial action is required.

4. On June 27, 2013, Commission Staff issued a Notice of Alleged Violation ("NOAV") (No. 200382372) citing a violation of the following rule:

Rule 907.a(1) 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.

5. Pursuant to Commission Rule 522.b.(3), the Director proposes and Kerr-McGee agrees to settle the NOAV on the following terms:

a. Kerr McGee shall pay a penalty of \$42,500.

b. Kerr McGee may satisfy up to 100% of the penalty by funding and carrying out an approved public project as described herein, pursuant to Rule 523.e. Payment through the funding of a public project shall offset the penalty amount on a dollar for dollar basis.

c. Payment of any portion of the penalty not designated or allocated to fund an approved public project shall be due 30 days after the Director approves the proposed public project.

d. If a public project is approved by the Director, Kerr-McGee shall provide a written summary upon completion of the project, which shall detail project expenditures, Kerr-McGee staff time devoted to the project, and qualitative and quantitative benefits of the public project.

e. By agreeing to this payment, Kerr McGee does not concede to, consent to, or waives its right to challenge any penalty payments that exceed the Commission's statutory penalty authority in any future actions or NOAVs.

6. Payment of the fine pursuant to this AOC resolves all alleged violations of law or regulation as set forth in the NOAV.

7. Kerr-McGee 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 Kerr-McGee shall not be construed as an admission of the alleged violations for purposes other than entering this AOC. Kerr-McGee 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, THE COMMISSION ORDERS:

1. Kerr McGee shall pay a penalty of \$42,500, which may be in the form of a public project as described herein. Payment through the funding of a public project shall offset the cash penalty amount on a dollar for dollar basis.

2. Kerr McGee may satisfy up to 100% of the penalty by funding and carrying out an approved public project pursuant to Rule 523.e. Kerr-McGee shall propose a public project to the Director not later than 30 days after this order is approved by the Commission if it elects to satisfy any portion of the penalty in this manner.

3. Payment of any portion of the penalty not designated or allocated to fund an approved public project shall be due 30 days after the Director approves the proposed public project.

4. If a public project is approved by the Director, Kerr-McGee shall provide a written summary upon completion of the project, which shall detail project expenditures, Kerr-McGee staff time devoted to the project, and qualitative and quantitative benefits of the public project.

5. Payment of the fine pursuant to this AOC, including funding of a public project, fully resolves all alleged violations of law or regulation as set forth in the NOAV.

6. 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.

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

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

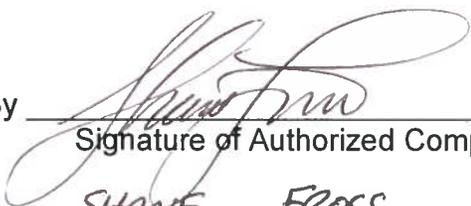
RECOMMENDED this 16<sup>th</sup> day of July, 2013.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By   
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 18 day of July, 2013.

KERR-MCGEE OIL & GAS ONSHORE LP

By   
Signature of Authorized Company Representative  
SHANE FROSS  
Print Signatory Name  
GENERAL MANAGER  
Title

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The Commission heard and approved this matter on the 29<sup>th</sup> day of July, 2013.

ENTERED this 7 day of August, 2013 as of the 29<sup>th</sup> day of July, 2013.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By  \_\_\_\_\_  
Robert J. Frick, Secretary