



Operations Safety Management Program

Rule 304.c.(7)

Coyote Fed 0397-14

Section 14 T3N R97W 6th P.M.

Moffat County, Colorado

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Coyote Fed 0397-14

Operations Safety Management Plan

INTRODUCTION

Anschutz Exploration Corporation ("AEC") has prepared the following Operations Safety Management Plan to address the requirements under the Colorado Oil and Gas Conservation Commission ("COGCC") Rule 602.d, which requires operators to establish and maintain a written operations safety management program to address change management and pre-startup safety procedures for all new and existing Oil and Gas Locations. AEC strives to conduct all operations in a safe and orderly manner to eliminate and/or minimize the potential for injury, accidents, spills, or any potential impacts to public health, safety, welfare, the environment, and wildlife resources. This Operations Safety Management Plan details the key elements of AEC's management of change program and the pre-startup safety review for changes made to any new or existing Oil and Gas Location.

MANAGEMENT OF CHANGE PROGRAM

Purpose

The purpose of the Management of Change Program is to establish the process by which changes to equipment and operational procedures are documented for an Oil and Gas Location. The process by which changes are made to equipment and operational procedures is critical to the safe and effective operation of the facility, worker safety, and minimize potential impacts to public health, safety, welfare, the environment, and wildlife resources.

Scope

A change review will be administered by personnel in the Operations Department and will address the elements outlined in the COGCC regulations. A change review will be conducted on proposed new equipment and proposed significant modifications to existing equipment as applicable in the regulations.

Program

This management of change program is in place to assure that the following items have been adequately addressed prior to installing new equipment or significantly modifying existing equipment:

1. The technical basis for the proposed change,
2. Potential impacts on existing facilities and equipment,
3. Required modifications to operating procedures,
4. Potential impacts on employee safety and health, and
5. Potential impacts on the environment (i.e., air emissions, Spill Prevention, Stormwater).

Implementation

A change review meeting will be conducted to thoroughly review proposed changes to ensure that all equipment is properly designed prior to construction or installation. The meeting participants may include, but are not limited to, the Vice President of Operations, Operations Managers, Production Engineers, Production and Field Superintendents, Vital Field Personnel, and Regulatory Management and Environmental Compliance Personnel. In addition, a Pre-Startup Safety Review (PSSR) will be conducted prior to startup of the new or modified equipment.

All changes will be reviewed, documented, and approved by each department's manager prior to installation and operation of the equipment, or execution of changes to operational procedures.

Documentation

The change review meeting will be documented along with any recommendations resulting from the review. Documentation of the changes will include the following elements:

1. Date of Change Review Meeting
2. Attendees of Review Meeting
3. Purpose for the Change
4. Description of Equipment or Procedural Change
5. Evaluation of Potential Impacts to Employee Safety
6. Evaluation of Potential Impacts to Public Health, Safety, Welfare, and the Environment

Records Keeping

All documentation of the proposed change to equipment or facilities at a site will be kept on record on AEC's internal servers for a period of no less than five (5) years. Upon formal written request by the COGCC, AEC will provide documentation of the specific change, as outlined above, to the COGCC within thirty (30) days of the request.

PRE-STARTUP SAFETY REVIEW

Purpose

The purpose of the Pre-Startup Safety Review ("PSSR") ensures that a safety and technical review of the proposed operation is conducted prior to startup of any new or modified equipment or implementing any new operational procedure at an Oil and Gas Location.

Scope

A PSSR will be administered by personnel in the Operations Department (e.g. Managers, Superintendents, Supervisors, Field Technicians, Measurement Technicians) with assistance from the Regulatory Department, and will address the elements outlined in the regulations. PSSRs will be conducted on newly installed and significantly modified equipment as applicable in the regulations.

Program

The objective of the PSSR program is to assure that the following items have been adequately addressed and are in place prior to start-up of any new or significantly modified facility or process:

1. Construction and modifications are in accordance with the design specifications and applicable codes.
2. Necessary safety, operating, maintenance and emergency procedures are in place and are adequate.
3. All safety and operability recommendations have been addressed and actions necessary for startup have been completed.
4. The training of each employee and/or contractor involved in the operating process has been completed.

Implementation

A walk-through inspection of newly installed or significantly modified equipment will be conducted prior to introducing fluids (e.g., natural gas, oil, condensate, water) to the equipment. The inspection may be conducted by Construction and Production Foremen designated by the Production Manager and Field Superintendent. The intent of the inspection is to ensure that all equipment is properly installed, and all safety equipment is functioning properly prior to startup of the production facility.

Documentation

A PSSR Checklist will be used to document the inspection.

Operation Safety Management PSSR Checklist

Date: _____

Location: _____

1. Process Vessels and Piping

- ☐ Piping/vessels have been reviewed and approved by the Construction Management.
- ☐ All pipe fittings are connected and tightened according to manufacturer specifications
- ☐ All tubing fittings are connected and tightened according to manufacturer specifications

2. Instrumentation & Electrical

- ☐ I&E equipment has been reviewed and approved by the Facilities Electrical Supervisor and Construction and Production Management.
- ☐ I&E equipment has been connected to a power source
- ☐ I&E equipment is functioning properly

3. Operability & Training

- ☐ Access to all valves/instruments, etc. is adequate for operation, isolation, and maintenance
- ☐ All gauges, meters, etc. are accessible and easy to read
- ☐ Platforms and ladders provide safe access to instruments, valves, PSVs, etc.
- ☐ Sample points/stations are easily accessible and oriented properly
- ☐ All necessary operating procedures have been written/updated
- ☐ Proper training/notification of personnel has been conducted

4. Safety & Environmental

- ☐ Working area is level/even, clear of debris, and free of slip hazards
- ☐ Area lighting is adequate for tasks required
- ☐ Tank vapor combustion equipment is functioning properly
- ☐ Storage tank spill containment is adequate and free of damage
- ☐ Stormwater BMPs are in place and free of damage
- ☐ All applicable signage is in place and legible

Actions to be completed **prior** to startup (PTS):

[illegible]

Actions to be completed **after** startup (AS):

[illegible]

Anschutz Exploration Corporation Facility Checklist

Production Facility:

Flare, Combustor, and Flare Scrubber

- ☐ Igniter System functioning correctly.
- ☐ Integrity of Installation.
- ☐ Flange connections torqued and marked.
- ☐ Check Valves and Detonation Flame Arrestors Flow Direction Correct.
- ☐ PSV on Flare Scrubber vessel, combustor & flare valves are OPEN.
- ☐ PSV is set for the correct pressure.
- ☐ Sight glass valves on Scrubber is OPEN.
- ☐ Flow direction verified and check valves installed correctly on all drain lines.
- ☐ Flange connections torqued and marked.
- ☐ Drain pump installed correctly. Valves are OPEN.
- ☐ Liquid dump is installed correctly, and proper dump float length correct internally.
- ☐ Pressure gauges installed.
- ☐ High Level Safety Shutdown is installed correctly, routing back to the vessel, if vessel does not include a bridle.
- ☐ High level shutdown block valves are open.
- ☐ Cables are properly installed and flare stack is secured.

Treater

- ☐ All PSV valves are in the OPEN position.
- ☐ Check Valves Correct Flow Direction.
- ☐ Look at and check pipe thread connections, visually inspect for any loose fittings.
- ☐ Sight Glasses, Oil and flare valves are OPEN
- ☐ Dump valves installed properly and weighted. Well used to weight ball:
- ☐ BMS plumbed in correctly and functioning properly.
- ☐ High Level Safety Shut Down sensors installed properly and tied back into gas outlet area of the Treater.
- ☐ Drain valves on flare & gas meters are installed.
- ☐ Take plugs out of back pressure valves.
- ☐ All drains are closed.
- ☐ Meter tubes installed properly.
- ☐ Orifice plates are properly sized per well projection.
- ☐ Pressure and Temperature Gauges installed and properly functioning.
- ☐ Pressure Transducers functioning correctly.
- ☐ If necessary, proving loop is installed correctly. Valves, BP Valve, ACV, Pressure and Temperature Transducers installed correctly and all valves are correctly sealed.
- ☐ Back pressure valves are installed in the right direction.
- ☐ Gaskets are in place on all flanges.
- ☐ Recycle and treater bypass valves are closed.

Inter-Connecting Piping

- ☐ Plugs installed in all valves.
- ☐ O-lets are closed with valves and/or plugs.
- ☐ Check valves proper flow direction on all production lines.
- ☐ Valves are properly placed for methanol injection ports in gas and water lines.

- ☐ All flange or thread connections marked torqued and tightening. Visual Inspection.
- ☐ Back pressure valves are installed in the right direction and are sized correctly.

PLC

- ☐ Make sure all screens are correct.
- ☐ All Safety Shutdowns are functioning correctly.
- ☐ Electrical System has been function tested and results sent to Project's Construction Supervisor.
- ☐ HMI Programming Logic for the Facility's SSD system has been provided to AEC by Contractor.
- ☐ PLC is connected to the network and SCADA. All data is pulling in correctly.

Combustor Scrubber Pots

- ☐ Sight glasses OPEN
- ☐ Pump or blow case flow direction correct. Drains are routed to the Slop Tank.
- ☐ Check valve proper direction.
- ☐ Visually inspect all flange connections and thread connections.

Tank Battery

- ☐ Thief hatch bolts & gaskets are tight, springs on tanks are rated to 16 oz.
- ☐ Enardo valve is weighted correctly .5 oz. under the tank's rated pressure.
- ☐ Enardo plates installed correctly.
- ☐ Check valves, valves, piping & connections are marked. Flow direction is correct on all Valves.
- ☐ Equalizer lines are secured.
- ☐ Connections are properly supported.
- ☐ Catwalk and stairs are free of trip hazards, installed properly, and free of sharp edges. Kick plates and proper safety railing installed on any/all step outs and/or catwalk ends.
- ☐ Vent line (visual inspection) Check for torque marks on all nuts.
- ☐ Radars installed properly and functioning correctly.
- ☐ Pollution boxes installed correctly. Cam-lock fittings and drain valve installed inside of the box.
- ☐ Grounding wiring properly installed on all tanks and inter-connecting piping.
- ☐ LACT piping valves installed with correct flow direction, inspect 3rd party LACT unit.
- ☐ 1" Bleed valves installed in all load out lines.
- ☐ Back pressure valve is installed correctly inside of LACT unit.
- ☐ LACT unit piping is correctly installed (Verify with 3rd Party, Example Silver Creek Midstream)
- ☐ LACT meter is installed correctly. Verify LACT electrical and communications are installed correctly and functioning, with 3rd Party.
- ☐ All valves have darts are sealed correctly.

Gas Cooler

- ☐ Connections
- ☐ Flow direction is correct.
- ☐ Insulated properly. Drain lines.
- ☐ Drain line check valves are in the proper direction and routed correctly to water tank.
- ☐ PSV on the skid scrubber vessel is set to OPEN and has the correct set pressure.
- ☐ Pumps are installed correctly and functioning properly.
- ☐ Fans on the cooler unit all function correctly.
- ☐ Temperature and pressure gauges installed in the proper positions.

Line Heater

- ☐ BMS installed and functioning properly.
- ☐ Glycol added to proper level.
- ☐ Startup wizard Installed.
- ☐ Sight glass valves OPEN
- ☐ Methanol ports are in correct place.
- ☐ Flow direction of pump is correct.
- ☐ Check valves installed properly per flow direction.

Wellhead

- ☐ 3-600 torqued, tightened & marked
- ☐ "T" is installed correctly
- ☐ Rathole is cleaned out and cover welded to pipe.
- ☐ Surface and Intermediate casing plumbed to Surface.
- ☐ Proper Grating around well head.
- ☐ Choke is zeroed.
- ☐ ESD valve is in auto run position not manually blocked open.

Containment

- ☐ Berms are constructed to proper height per Tank Battery size and Treater size.
- ☐ Walk-overs installed or Berm built up over Access areas to inside of containment.
- ☐ Liner has been sealed/sprayed in all areas inside of the containment.

House Keeping

- ☐ All excess materials removed from Facility Area. All nuts, bolts, gaskets, screws, and excess fittings picked up.
- ☐ All trash picked up from around location.
- ☐ All pipe, materials, and equipment removed from location at job's completion.

Equipment and Piping Change Request:

- 1.
- 2.
- 3.
- 4.
- 5.

Date Inspection Completed:

Name and Title:

Signature:

Anschutz Exploration Corporation
MANAGEMENT OF CHANGE

All Must Sign and Date for Approval.

Date:

Facility:

Issue:

Corrective Action:

Production Foreman:

Construction Foreman:

Production Superintendent:

Field Superintendent:

Production Engineer:

Production Manager: