

Deranleau, Greg

From: Deranleau, Greg
Sent: Wednesday, August 31, 2011 11:57 AM
To: 'Kulmann, Dave'
Cc: Kerr, Thom
Subject: RE: Surface Casing Drilling

Dave,

Thom and I discussed the Hobart well. Provided that the pit was closed in accordance with our Rules as a drilling pit, the COGCC requires no further action at this time. We appreciate your alerting us to the situation and the measures you have proposed to prevent re-occurrence. I will attach this correspondence to the file for Location ID #417939.

Regards,

Greg Deranleau
Oil & Gas Location Assessment Supervisor
303-894-2100 ext. 5153



From: Kulmann, Dave [mailto:Dave.Kulmann@anadarko.com]
Sent: Friday, August 26, 2011 1:39 PM
To: Deranleau, Greg
Subject: RE: Surface Casing Drilling

Greg,

Any update on the Hobart well. Thanks Greg.

From: Deranleau, Greg [mailto:Greg.Deranleau@state.co.us]
Sent: Tuesday, August 16, 2011 4:17 PM
To: Kulmann, Dave; Kerr, Thom
Cc: Koepsell, Arthur; Kubeczko, Dave; Rick Allison; Young, Rob
Subject: RE: Surface Casing Drilling

Dave,

We discussed your suggestion for your overall process at our weekly OGLA meeting.

We agree that your approach seems reasonable. However, the COGCC is not requiring Anadarko/Kerr McGee to line drilling pits as described in your proposed comment. Rather, Anadarko should consider the specifics of the site and determine whether or not lining is appropriate. Shallow groundwater may lead you to that conclusion, while proximity to surface water may not. If Anadarko does not line all of the pits as described in sensitive areas, there is an opportunity to reduce costs, save time and reduce waste (since the liner material would have to be removed and disposed).

As I am sure you are aware, the pits as described would still require closure in accordance with Rule 905 and 1003, as applicable.

I will talk to Thom about the Hobart 8-67-1-4H situation. I appreciate your disclosure.

Thanks,

Greg Deranleau
Oil & Gas Location Assessment Supervisor
303-894-2100 ext. 5153



From: Kulmann, Dave [mailto:Dave.Kulmann@anadarko.com]
Sent: Tuesday, August 16, 2011 9:21 AM
To: Deranleau, Greg; Kerr, Thom
Subject: Surface Casing Drilling

Greg/Thom,

I would like to discuss a topic with you both and get your thoughts on this.

I -- Overall Process

For HZ wells outside of Wattenberg where surface casing is 1,300' or deeper, Drilling has an opportunity to streamline the process and save some money by using a smaller rig to drill the surface casing (pre spud). The actual drilling of the surface casing with this smaller rig takes at most three days. However, these smaller rigs for surface casing do not have the closed loop option and two small working pits would be required (typically 10x10x5 for cutting returns and 20x10x10 for the mud returns). After the surface casing is drilled these cuttings will be removed from site and land applied and the pit will be reclaimed typically before production drilling starts. As you know, when drilling surface casing, we do not penetrate any of the producing zones.

Production drilling will continue to use a closed loop system. In completing the 2A, we plan on continuing to check the closed loop system box because of the production drilling, marking "2" in the "Drilling Pit" box because of the surface pits, and then adding the below in the comments section.

"A closed loop system will be used for all production casing drilling. However, a pre spud rig maybe utilized to drill and set surface casing. This rig is not capable of using a closed loop system. Therefore, two small working pits will be required to capture the cuttings and fluids. If a working pit is used on a PAD located within a sensitive area as marked on the 2A, the pits will be lined with 16M liner."

Is this the right go forward approach in your opinion?

II -- Hobart 8-67-1-4H

Before we caught wind of this new process, our Drilling team used surface casing pits on one well in Colorado (Hobart 8-67-1-4H) and the 2A only allowed for closed loop and had no pits. The area has since been reclaimed and all of the cuttings have been removed from the site and land applied in the

appropriate place. I can provide invoices that prove this. This well was not in a sensitive area and the pit was dug on 2/25/2011 and reclaimed on 3/18/2011. We goofed on this one mainly because our Drilling group were drilling wells in Wyoming that were permitted to allow these pits and moved into Colorado and thought they had the same permission already. The big question is how to proceed with this well at this time.

I can come over and discuss in person if best and I sincerely apologize about that Hobart well.

Dave Kulmann
Anadarko Petroleum Corporation -- Granite Tower
Regulatory Affairs Team Lead -- Colorado
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