



COLORADO

Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

April 29, 2015

Cheryl Light
Kerr McGee Oil & Gas Onshore LP
Operator #47120
P.O. Box 173779
Denver, CO 80217-3779

Document #2477601

WARNING LETTER

RE: ENCORE TANK BATTERY 41N-12HZ - Location #418100
NENW, Section 12, Township 5N, Range 68W

This Warning Letter is to inform you that the oil and gas facility listed above may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC").

Kerr McGee Oil & Gas Onshore LP has expanded their permitted ENCORE TANK BATTERY 41N-12HZ Oil and Gas Location for the purpose of constructing Production Facilities related to the seven permitted oil and gas wells.

The original Form 2A (Doc #400064070) for this location, which was approved in July 2010, indicates this new Oil and Gas Location was approved for seven wells with a size of the location after interim reclamation of 0.5 acres. Production facilities are not listed on the 2A permit application. A review of aerial photos from 2011 and 2013 clearly show that production facilities have been constructed on this location (tanks, separators, etc.) and the size of the surface disturbance is greater than 0.5 acres. The Amended Form 2A recently submitted to COGCC indicates the size of this Oil and Gas Location is now 4 acres and includes the following Operator Comment: *"...the existing production facilities on this oil and gas location will be removed and the proposed facilities in this Location Assessment will replace the current facilities."* A COGCC Field Inspection (Doc #200279095) dated 10/19/2010 for one of the permitted wells

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on this oil and gas location includes a Inspector Comment indicating a *“Common tank battery installed for multiwell pad with 7 wells being completed.”* There are no other Form 2As or Form 4 Sundries for this Oil and Gas Location in our database that proposed to add production facilities and additional surface disturbance to this Oil and Gas Location.

The surface disturbance expansion and addition of Production Facilities are a violation of COGCC Rule 303.b.(1)B and 303.d. for the ENCORE TANK BATTERY 41N-12HZ pad (Location ID #418100). This letter serves as a warning to Kerr McGee Oil & Gas Onshore LP that any of their Oil and Gas Locations should first be permitted in accordance with applicable COGCC rules prior to expansion for additional Production Facilities. This letter also serves as a warning pursuant to COGCC Rule 522.c. such that any future violations will result in issuance of a Notice of Alleged Violation (NOAV) and formal enforcement action resulting in the imposition of a penalty. If Kerr McGee conducts a self-audit and discovers and reports additional instances where this has occurred and corrects them with immediate Form 2A filings, COGCC will consider that a mitigating factor in any related enforcement matters.

Thank you for your attention to this matter.



Doug Andrews
Oil & Gas Location Assessment Specialist - Northeast Area

