

**FORM
INSP**

Rev
05/11

**State of Colorado
Oil and Gas Conservation Commission**

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Inspection Date:

02/04/2016

Document Number:

674602329

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------|--------------------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | <input type="checkbox"/> |
| | 436203 | 336189 | Maclaren, Joe | 2A Doc Num: | |

Operator Information:

| | |
|-----------------------|---------------------------------------------------|
| OGCC Operator Number: | <u>47120</u> |
| Name of Operator: | <u>KERR MCGEE OIL & GAS ONSHORE LP</u> |
| Address: | <u>P O BOX 173779</u> |
| City: | <u>DENVER</u> State: <u>CO</u> Zip: <u>80217-</u> |

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED
- INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

Contact Information:

| Contact Name | Phone | Email | Comment |
|--------------------|----------------|-------------------------------|-----------------|
| Schlagenhauf, Mark | | mark.schlagenhauf@state.co.us | |
| Hazard, Ellice | | ellice.hazard@state.co.us | |
| , | | COGCCinspections@anadarko.com | All Inspections |
| REDDY, LUKE | | Luke.Reddy@anadarko.com | ALL INSPECTIONS |
| Avant, Paul | (720) 929-6457 | paul.avant@anadarko.com | All inspections |

Compliance Summary:

QtrQtr: SESW Sec: 13 Twp: 2N Range: 67W

Inspector Comment:

On February 4th, 2016 COGCC Integrity Inspector Joe MacLaren conducted an engineering (flowline only) field inspection at this well site. This field inspection is in response to form 19 spill report Doc # 400981598 filed with the COGCC on 2/02/16 referencing a spill occurring from the Kerr 14C-25HZ well indicating the point of release (Facility type) as the flowline (between wellhead and separator). Details of the Actions Required identified as a result of this field inspection are outlined in the equipment/ flowline section of this report. Photos have been uploaded and can be accessed via link(s) at end of report.

Related Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status | |
|-------------|------|--------|-------------|------------|-----------|----------------|-------------|-------------------------------------|
| 245691 | WELL | SI | 11/07/2014 | OW | 123-13486 | FREEMAN 13-2 | SI | <input type="checkbox"/> |
| 267943 | WELL | PR | 09/01/2014 | GW | 123-21506 | KERR 14-13A | PR | <input type="checkbox"/> |
| 436203 | WELL | PR | 10/11/2014 | SI | 123-38978 | KERR 14C-25HZ | EG | <input checked="" type="checkbox"/> |
| 436204 | WELL | PR | 06/01/2015 | SI | 123-38979 | KERR 14N-25HZ | PR | <input type="checkbox"/> |
| 436205 | WELL | PR | 06/01/2015 | SI | 123-38980 | KERR 36C-25HZ | PR | <input type="checkbox"/> |
| 436206 | WELL | PR | 06/01/2015 | SI | 123-38981 | KERR 29C-12HZ | PR | <input type="checkbox"/> |
| 436207 | WELL | PR | 06/01/2015 | SI | 123-38982 | KERR 28N-12HZX | PR | <input type="checkbox"/> |

| | | | | | | | | |
|--------|------|----|------------|----|-----------|---------------|----|--------------------------|
| 436208 | WELL | PR | 06/01/2015 | SI | 123-38983 | KERR 35N-25HZ | PR | <input type="checkbox"/> |
|--------|------|----|------------|----|-----------|---------------|----|--------------------------|

Equipment: Location Inventory

| | | | |
|------------------------------|------------------------|---------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: <u>8</u> | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: _____ | Separators: _____ | Electric Motors: _____ |
| Gas or Diesel Mortors: _____ | Cavity Pumps: _____ | LACT Unit: _____ | Pump Jacks: <u>6</u> |
| Electric Generators: _____ | Gas Pipeline: _____ | Oil Pipeline: _____ | Water Pipeline: _____ |
| Gas Compressors: _____ | VOC Combustor: _____ | Oil Tanks: _____ | Dehydrator Units: _____ |
| Multi-Well Pits: _____ | Pigging Station: _____ | Flare: _____ | Fuel Tanks: _____ |

Location

Lease Road:

| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
|------|------------------------------|---------|-------------------|------|
| | | | | |

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
| | | | | |

Emergency Contact Number (S/AR): _____

Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
| | | | | |

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
| | | | | |

Multiple Spills and Releases?

Fencing/:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
| | | | | |

Equipment:

| | | |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Type: Flow Line | # 1 | Satisfactory/Action Required: ACTION REQUIRED |
| Comment | Kerr 14C-25HZ well site flowline failure resulted in a spill (approximately 15 bbls crude oil outside of containment) as indicated on (Kerr McGee) spill report Form 19 Doc #400981598 filed with COGCC on 2/02/16. | |
| Corrective Action | Forward initial pressure test data/ chart (per COGCC rule 1101.e.1) to COGCC Integrity Inspector; Outline root cause of flowline failure with a description of repairs completed; Perform satisfactory flowline pressure test (post repair/ prior to returning well to production) and email data/ chart to COGCC Integrity Inspector @ joe.maclaren@state.co.us (Cell# 970-382-1680) | Date: 3/15/2016 |

Venting:

| | |
|--------|--|
| Yes/No | |
|--------|--|

| | |
|---------|--|
| Comment | |
|---------|--|

| | | | |
|--------------------|------------------------------|----------------------|--|
| Flaring: | | | |
| Type | Satisfactory/Action Required | | |
| Comment: | | | |
| Corrective Action: | | Correct Action Date: | |

Predrill

Location ID: 436203

Site Preparation:
 Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

S/AR: _____
 Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

S/AR: _____ **Comment:**

CA: **Date:** _____

Wildlife BMPs:

| BMP Type | Comment |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Planning | 604c.(2).R. Tank Specifications: Two 500 barrel skid mounted frac tanks will be temporarily placed on-site for use of the pre-spud rig only. One tank will store water and the other will store water based mud. |
| Planning | 604c.(2).S. Access Roads: KMG will utilize a lease access road from County Road 20 for drilling operations and maintenance equipment. The road will be properly constructed and maintained to accommodate for local emergency vehicle access. Water will be placed on dirt access roads to mitigate dust. Magnesium chloride will be used as needed on access roads to further abate dust. |
| Construction | 604c.(2).M. Fencing Requirements: The completed wellsites will be surrounded with a fence and gate with adequate lock to restrict access to authorized personnel only. KMG personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or KMG personnel shall be on-site during drilling and completion operations. |
| Drilling/Completion Operations | 604c.(2).B. Closed Loop Drilling System: KMG will use a closed loop or "pitless" system for drilling and fluid management and will not construct a reserve pit. |
| Drilling/Completion Operations | 604c.(2).J. BOPE for Well Servicing Operations: Blowout prevention equipment will be used on any servicing operations associated with this well. Backup stabbing valves will be used during any future servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using low-pressure air and high-pressure fluid. |
| Drilling/Completion Operations | 604c.(2).I. BOPE Testing for Drilling Operations: Upon initial rig-up, BOPEs will be tested at a minimum of every 30 days. |
| Planning | 604c.(2).V. Development From Existing Well Pads: KMG will locate the proposed six new horizontal wells on the existing location for the Kerr 14-13A well to reduce the amount of surface disturbance. |
| Noise mitigation | 604c.(2).A. Noise: Sound mitigation barriers (hay bales) will be placed along the northeast and northwest corners of the pad location to damper noise during drilling and completions to the nearby residences. Sound surveys that have been conducted on each rig type are utilized to anticipate any additional noise mitigation once a drilling rig is determined. |
| Final Reclamation | 604c.(2).U. Identification of Plugged and Abandoned Wells: Pursuant to rule 319.a.(5)., once the well has been plugged and abandoned, KMG will identify the location of the wellbore with a permanent monument that will detail the well name and date of plugging. |
| Traffic control | 604c.(2).D. Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations. |

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| | |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Final Reclamation | 604c.(2).T. Well Site Cleared: The wellsite will be cleared of all non-essential equipment within ninety (90) days after all wells associated with the pad have been plugged and abandoned. |
| General Housekeeping | 604c.(2).P. Removal of Surface Trash: A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation. |
| Planning | 604c.(2).E. Multiwell Pads: In order to reduce surface impact, this 2A application is for a six-well pad. |
| Construction | 604c.(2).G. Berm Construction: Kerr-McGee will create tertiary containment by construction of a berm or diversion dike, site grading, or other comparable measures sufficient to further protect the ditch located 787' NE of the proposed oil and gas location. |
| Drilling/Completion Operations | 604c.(2).L. Drill Stem Tests: No drill stem tests are planned and none will be performed without prior approval from the director. |
| General Housekeeping | 604c.(2).O. Loadlines: All loadlines shall be bullplugged or capped. |
| Drilling/Completion Operations | 604c.(2).K. Pit Level Indicators: All tanks (used in lieu of pits) contain pit level monitors with Electronic Drilling Recorders (EDR). KMG uses EDRs with pit level monitor(s) and alarm(s) for production rigs. Basic level gages are used on tanks utilized for the surface rig. |
| Planning | 604c.(2).Q. Guy Line Anchors: Should guy line anchors be left buried for future use, they shall be identified by a bright marker greater than four (4) feet high and no more than one (1) foot east of the guy line anchor. |
| Drilling/Completion Operations | 604c.(2).H. BOPE: Our rigs at a minimum will have a double ram with blind and pipe ram; and annular preventer. |
| Material Handling and Spill Prevention | 604c.(2).N. Control of Fire Hazards: KMG and its contractors will employ best management practices during the drilling and production of its wells and facilities and will comply with appropriate COGCC rules concerning safety and fire. KMG will ensure that any material that might be deemed a fire hazard will remain no less than twenty-five (25) feet from the wellhead(s), tanks and separator(s). |
| Storm Water/Erosion Control | 604c.(2).W. Site-Specific Measures: KMG maintains a Stormwater Management Plan that assesses erosion control for every KMG operated location. This well pad will be added to this plan once construction begins. This plan is updated every fourteen (14) days and after any major weather event. |

S/AR: _____ **Comment:** _____

CA: _____ **Date:** _____

Comment: _____

Staking:

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____

Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____

Request LGD Attendance: _____

LGD Contact Information:

Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Facility

Facility ID: 436203 Type: WELL API Number: 123-38978 Status: PR Insp. Status: EG

Environmental

Spills/Releases:

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____
 Comment:
 Corrective Action: _____ Date: _____
 Reportable: _____ GPS: Lat _____ Long _____
 Proximity to Surface Water: _____ Depth to Ground Water: _____

Water Well:

DWR Receipt Num: _____ Owner Name: _____ GPS : _____ Lat _____ Long _____

Field Parameters:

Sample Location:

Emission Control Burner (ECB): _____
 Comment: _____
 Pilot: _____ Wildlife Protection Devices (fired vessels): _____

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____
 Land Use: RANGELAND
 Comment:
 1003a. Waste and Debris removed? _____
 CM _____
 CA _____ CA Date _____
 Unused or unneeded equipment onsite? _____
 CM _____
 CA _____ CA Date _____
 Pit, cellars, rat holes and other bores closed? _____
 CM _____
 CA _____ CA Date _____
 Guy line anchors marked? _____
 CM _____
 CA _____ CA Date _____
 1003b. Area no longer in use? _____ Production areas stabilized ? _____
 1003c. Compacted areas have been cross ripped? _____
 1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____

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Cuttings management: _____

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? _____

Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: RANGELAND

Reminder: _____

Comment: _____

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Debris removed _____ No disturbance /Location never built _____

Access Roads Regraded _____ Contoured _____ Culverts removed _____

Gravel removed _____

Location and associated production facilities reclaimed _____ Locations, facilities, roads, recontoured _____

Compaction alleviation _____ Dust and erosion control _____

Non cropland: Revegetated 80% _____ Cropland: perennial forage _____

Weeds present _____ Subsidence _____

Comment: _____

Corrective Action: _____ Date _____

Overall Final Reclamation _____ Well Release on Active Location Multi-Well Location

Storm Water:

| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs | Chemical BMP Maintenance | Comment |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

S/A/V: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

| Document Num | Description | URL |
|--------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 674602334 | Form 19 Spill Report | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3778028 |

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| | | |
|-----------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 674602335 | Kerr 14C-25HZ Flowline Spill Area (Fenced) | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3778029 |
| 674602336 | Kerr 14C-25HZ Flowline Failure | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3778030 |