

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
401103776
Date Issued:
09/22/2016
Date Resolved:
06/14/2017

NOTICE OF ALLEGED VIOLATION - RESOLVED

Per Rule 522, the Director has reasonable cause to believe that a violation of the Act, or of any Commission rule, order, or permit has occurred, the Director will require the operator to remedy the violation and may commence an enforcement action seeking penalties by issuing a Notice of Alleged Violation (NOAV). Per Rule 523, an operator who violates the Act, or a Commission rule, order, or permit may be subject to a penalty imposed by Commission order.

OPERATOR INFORMATION

| | |
|---|----------------------------------|
| OGCC Operator Number: 47120 | Contact Name and Telephone: |
| Name of Operator: KERR MCGEE OIL & GAS ONSHORE LP | Name: Cheryl Light |
| Address: P O BOX 173779 | Phone: (720) 929-6461 Fax: () |
| City: DENVER State: CO Zip: 80217-3779 | Email: cheryl.light@anadarko.com |

Well Location, or Facility Information (if applicable):

| | |
|-----------------------------|--------------------------------|
| API Number: 05-123-16104-00 | Facility or Location ID: |
| Name: ROCKY MOUNTAIN FUEL | Number: 8-6U |
| QtrQtr: SENW Sec: 8 | Twp: 1N Range: 67W Meridian: 6 |
| County: WELD | |

ALLEGED VIOLATION

Rule: 308B
Rule Description: Completed Interval Report

| | | |
|-------------------------|--|----|
| Initial Discovery Date: | Was this violation self-reported by the operator? | No |
| Date of Violation: | Approximate Time of Violation: | |
| | Was this a discrete violation of obvious duration? | No |

Description of Alleged Violation:

Pursuant to Rule 308B, Kerr McGee Oil & Gas Onshore LP (Operator) is required to submit a Completed Interval Report, Form 5A, within 30 days after a formation is temporarily abandoned (TA). Operator set a bridge plug and temporarily abandoned the Rocky Mountain Fuel #8-6U well, API 123-16104, on July 2, 2014 and should have submitted a Form 5A by August 1, 2014. Operator failed to submit a Form 5A until July 22, 2016 (Document #401082581), violating Rule 308B.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 10/24/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit a Sundry Notice, Form 4, detailing how it will implement internal procedures to insure approvable Form 5A submissions are timely submitted in the future.

Rule: 309
Rule Description: Operator's Monthly Production Report

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|-------------------------|--|----|
| Initial Discovery Date: | Was this violation self-reported by the operator? | No |
| Date of Violation: | Approximate Time of Violation: | |
| | Was this a discrete violation of obvious duration? | No |

Description of Alleged Violation:

Pursuant to Rule 309, Operator is required to submit Form 7 Monthly Reports of Operations for all existing oil and gas wells that are not plugged and abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until it has been abandoned and reported for one month as abandoned, and the reported volumes shall include all

fluids produced during flowback, initial testing, and completion of the well. Operator Temporarily Abandoned (TA) the Rocky Mountain Fuel #8-6U well, API 123-16104, (Well) on July 2, 2014. Operator has submitted Form 7 reports for the J Sand, Niobrara, Codell, and Ft. Hays from July 2014 to the present reporting these formations as Shut-In (SI), but these formations should all have been reporting TA status. Operator failed to accurately report for all formations for the Well from July 2014 to present, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/24/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

As soon as possible, but no later than October 24, 2016, Operator shall submit revised Form 7 reports for July 2014 to August 2016 to accurately reflect the status of all formations at the Well during this time.

Rule: 319.b

Rule Description: Temporary Abandonment

Initial Discovery Date: _____ Was this violation self-reported by the operator? No

Date of Violation: _____ Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 319.b., if a well is TA for more than six (6) months, Operator is required to make a request to COGCC stating the reason for the request for continued temporary abandonment (TA) status and the plans for future operation. A Sundry Notice, Form 4, is required annually to request continued TA status and state the last successful MIT date, a brief statement of future plans for the well and a declaration of how the well is closed to the atmosphere. Operator temporarily abandoned the Rocky Mountain Fuel #8-6U well, API 123-16104, on July 2, 2014 and should have requested continued TA status by January 2, 2015 and again January 2016. To date Operator has not submitted a request for continued TA status, violating Rule 319.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 10/24/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit a Sundry Notice, Form 4, detailing how it will implement internal procedures to insure requests for continued TA status are timely submitted in the future

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 522.d.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgement may be entered. Hard copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforecment@state.co.us.

NOAV ISSUED

NOAV Issue Date: 09/22/2016

COGCC Representative Signature: _____

COGCC Representative: Barbara Westerdale Title: Permit/Completion Supervi

Email: barbara.westerdale@state.co.us Phone Num: (303) 894-2100x5159

CORRECTIVE ACTION COMPLETED

Rule: 308B

Rule Description: Completed Interval Report

Corrective Action Start Date: _____ Corrective Action Complete Date: 07/22/2016

Has corrective action for this violation been performed as required? Yes

Description of Actual Corrective Action Performed by Operator

Operator submitted the delinquent Form 5A on July 22, 2016.

Rule: 309

Rule Description: Operator's Monthly Production Report

Corrective Action Start Date: _____

Corrective Action Complete Date: 10/13/2016

Has corrective action for this violation been performed as required? Yes

Description of Actual Corrective Action Performed by Operator

Corrected Form 7's submitted on October 13, 2016

Rule: 319.b

Rule Description: Temporary Abandonment

Corrective Action Start Date: _____

Corrective Action Complete Date: 10/19/2016

Has corrective action for this violation been performed as required? Yes

Description of Actual Corrective Action Performed by Operator

Operator submitted a Form 4 requesting continued TA status on October 19, 2016.

FINAL RESOLUTION

Cause #: 1V

Order #: 631

Docket #: 170500010

Enforcement Action: Administrative Order of Consent

Final Resolution Date: 05/01/2017

Final Resolution Comments:

Resolved via Order Number 1V-631, entered on May 1, 2017.

ATTACHMENT LIST

View Attachments in Imaged Documents on COGCC website (<http://ogccweblink.state.co.us/>) - Search by Document Number.

| <u>Document Number</u> | <u>Description</u> |
|------------------------|------------------------------------|
| 401103776 | NOAV APPROVED |
| 401117155 | NOAV COVER LETTER |
| 401117165 | NOAV CERTIFIED MAIL RECEIPT |
| 401117225 | NOAV ISSUED |
| 401117759 | NOAV IN PROCESS |
| 401135565 | NOAV OPERATOR ANSWER |
| 401136761 | NOAV CERTIFIED MAIL RETURN RECEIPT |

Total Attach: 7 Files