



May 23, 2018

State of Colorado Oil and Gas Conservation Commission
1120 Lincoln Street
Suite 801
Denver, CO 80203

**RE: Closure Request:
Highlands 5-64 15-16 Drilling Pad Drilling Fluid Release
COGCC Spill/Release Point ID #455149
Arapahoe County, Colorado**

During horizontal drilling operations by Highlands Natural Resources on the morning of 5/21/2018 just before 12:00 pm. The drilling rig was in the process of pumping a bottoms-up when a valve in the flow line slammed shut causing the line to part. As a result, approximately 3 bbls of oil based drilling fluid was released outside of the containment area. The release was noticed immediately and drilling operations ceased, the well was shut-in via the Annular and Superchoke BOP, and all crew were deployed to contain and clean the release. As per Highlands Natural Resources SOP, spill clean-up/containment kits were nearby and fully stocked. The spill was contained, documented, and then promptly the affected area was cleaned.

Further investigation showed that the butterfly valve did not have a valve lock and surging in the flowline caused it to slam shut. To prevent any further instances, all the valves in the flowline system were then evaluated and valve locks were verified to be engaged, or a valve with a lock was installed.

The affected area was scraped down past the affected soil depth and the waste was incorporated into the existing drill cuttings waste for disposal at an external site.

Additionally, Susan Sherman with the COGCC was notified immediately and she was able to do an inspection after the affected area was cleaned.



Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a series of loops and a final downward stroke.

Stephen Miller

Vice President of Operations

p. (361) 230-9375

e. stephen.miller@highlandsnr.com

w. www.highlandsnr.com



Attachment A

COGCC INITIAL FORM 19

State of Colorado Oil and Gas Conservation Commission

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



Document Number:

401648426

Date Received:

05/21/2018

Spill report taken by:

CHESSON, BOB

Spill/Release Point ID:

455149

SPILL/RELEASE REPORT (INITIAL)

This form is to be submitted by the party responsible for the oil and gas spill or release. Refer to COGCC Rule 906.b. for reporting requirements of spills or releases of E&P Waste or produced fluids. Submit a Site Investigation and Remediation Workplan (Form 27) when requested by the Director.

OPERATOR INFORMATION

Name of Operator: <u>HIGHLANDS NATURAL RESOURCES CORPORATION</u>	Operator No: <u>10625</u>	Phone Numbers Phone: <u>(361) 2309375</u> Mobile: <u>(361) 2309375</u> Email: <u>stephen.miller@highlanddsnr.com</u>
Address: <u>220 JOSEPHINE STREET</u>		
City: <u>DENVER</u>	State: <u>CO</u> Zip: <u>80206</u>	
Contact Person: <u>Stephen Miller</u>		

INITIAL SPILL/RELEASE REPORT

Initial Spill/Release Report Doc# 401648426

Initial Report Date: 05/21/2018 Date of Discovery: 05/21/2018 Spill Type: Recent Spill

Spill/Release Point Location:

Location of Spill/Release: QTRQTR NESE SEC 15 TWP 5S RNG 64W MERIDIAN 6Latitude: 39.614805 Longitude: -104.530993Municipality (if within municipal boundaries): _____ County: ARAPAHOE

Reference Location:

Facility Type: WELL PAD ☒ Facility/Location ID No 449920Spill/Release Point Name: Highlands 5-64 15-16 Pad ☐ No Existing Facility or Location ID No.Number: _____ ☐ Well API No. (Only if the reference facility is well) 05- -

Fluid(s) Spilled/Released (please answer Yes/No):

Was one (1) barrel or more spilled outside of berms or secondary containment? Yes

*Secondary containment, **including walls & floor regardless of construction material**, must be sufficiently impervious to contain any discharge from primary containment until cleanup occurs.*

Were Five (5) barrels or more spilled? No

Estimated Total Spill Volume: use same ranges as others for values

Estimated Oil Spill Volume(bbl): 0Estimated Condensate Spill Volume(bbl): 0Estimated Flow Back Fluid Spill Volume(bbl): 0Estimated Produced Water Spill Volume(bbl): 0Estimated Other E&P Waste Spill Volume(bbl): 0Estimated Drilling Fluid Spill Volume(bbl): >=1 and <5Specify: 3 BBL OF OIL BASED MUD

Land Use:

Current Land Use: NON-CROP LAND Other(Specify): _____Weather Condition: CLEARSurface Owner: STATE Other(Specify): _____

Check if impacted or threatened by spill/Release (please answer Yes/No to all that apply):

Waters of the State ☐ Residence/Occupied Structure ☐ Livestock ☐ Public Byway ☐ Surface Water Supply Area ☐

As defined in COGCC 100-Series Rules

Describe what is known about the spill/release event (what happened -- including how it was stopped, contained, and recovered):

A valve failure in the flow-line resulted in 3 bbl of Oil Based Mud spilled outside containment. The leak was shut immediately and the spill was contained and cleaned.

List Agencies and Other Parties Notified:

OTHER NOTIFICATIONS

Date	Agency/Party	Contact	Phone	Response
5/21/2018	COGCC	Susan Sherman	719-7751111	No Answer - Left a Voice Mail with information about the spill. Also sent a Text Message

Was there a Grade 1 Gas Leak associated with this E & P waste spill or release? Yes ☐ No ☒

If YES, enter the Document Number of the Initial Grade 1 Gas Leak Report Form 44: _____

Was there a reportable accident associated with this E & P waste spill or release? Yes ☐ No ☒

If YES, enter the Document Number of the Initial Accident Report, Form 22: _____

OPERATOR COMMENTS:

A valve failure in the flow-line resulted in 3 bbl of Oil Based Mud spilled outside containment. The leak was shut immediately and the spill was contained and cleaned.

I hereby certify all statements made in this form are to the best of my knowledge true, correct, and complete.

Signed: _____ Print Name: Stephen Miller

Title: VP OF OPERATIONS Date: 05/21/2018 Email: stephen.miller@highlandsnr.com

COA Type

Description

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Attachment Check List

Att Doc Num	Name
401648426	SPILL/RELEASE REPORT(INITIAL)
401648427	OTHER
401648945	FORM 19 SUBMITTED

Total Attach: 3 Files

General Comments

User Group	Comment	Comment Date
		Stamp Upon Approval

Total: 0 comment(s)



Attachment B

SPILL PHOTOS







Attachment C

CLEAN-UP PHOTOS

Highlands Natural Resources Corporation, Buckskin 5-64 15-16-1BHZ
005-07343

Inspection #688301865

5/22/2018

OBM Spill



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources





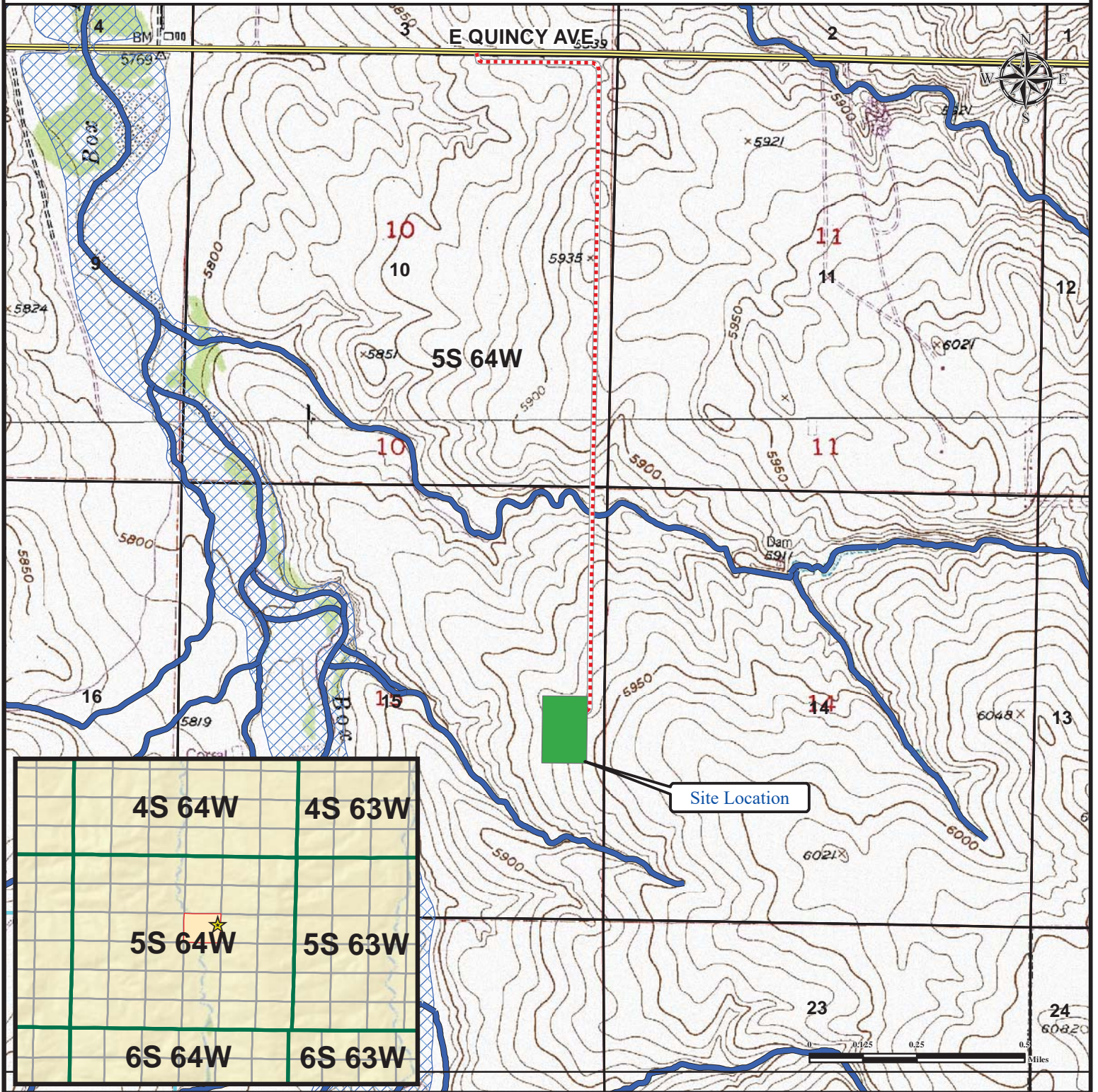




Attachment D

TOPOGRAPHIC MAP

HIGHLANDS 5-64 15-16 PAD GESC PLAN EXHIBIT B



Legend

- HIGHLANDS 5-64 15-16 Well Pad Location
- Disturbance Area
- Proposed Access Road
- Roads
- 100 Year Floodplain
- Intermittent Stream

DISCLAIMER:
THIS PLOT DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND SHOULD NOT BE RELIED UPON TO DETERMINE BOUNDARY LINES, PROPERTY OWNERSHIP OR OTHER PROPERTY INTERESTS.
PARCEL LINES, IF DEPICTED HAVE NOT BEEN FIELD VERIFIED AND MAY BE BASED UPON PUBLICLY AVAILABLE DATA THAT ALSO HAS NOT BEEN INDEPENDENTLY VERIFIED.

PUBLICLY AVAILABLE DATA SOURCES HAVE NOT BEEN INDEPENDENTLY VERIFIED BY PFS.

DATA SOURCE:
TOPO MAP: USGS
ROADS: CDOT
STREAMS: NDIS
FLOODPLAIN: FEMA



FIELD DATE:
11-17-16

DRAWING DATE:
12-13-16

BY:
CSG

CHECKED BY:
KAD

SITE NAME:
HIGHLANDS 5-64 15-16 PAD

SURFACE LOCATION:
NE 1/4 SE 1/4 SEC. 15, T5S, R64W, 6TH P.M.
ARAPAHOE COUNTY, COLORADO

PREPARED FOR:





Attachment E

AERIAL PHOTOGRAPH OF SPILL LOCATION

Highlands 5-64 15-16 Production Facility Map

Map Date: 3-12-2018

Approximate Spill Location on 5-21-2018

Legend

Approximate Spill Location

