

State of Colorado
Oil and Gas Conservation Commission

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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: <u>10598</u>	Contact Name and Telephone:
Name of Operator: <u>SANDRIDGE EXPLORATION & PRODUCTION LLC</u>	Name: <u>SPENCE LAIRD</u>
Address: <u>123 ROBERT S KERR AVE</u>	Phone: <u>(405) 429-6518</u> Fax: <u>()</u>
City: <u>OKLAHOMA CITY</u> State: <u>OK</u> Zip: <u>73102</u>	Email: <u>slaird@sandridgeenergy.com</u>

Well Location, or Facility Information (if applicable):

API Number: 05- - -00 Facility or Location ID: 457247
Name: SPILL/RELEASE POINT Number: _____
QtrQtr: SWSW Sec: 9 Twp: 7N Range: 80W Meridian: 6
County: JACKSON

ALLEGED VIOLATION

Rule: 605.d
Rule Description: O&G Facilities - Mechanical Conditions
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 605.d., Sandridge Exploration & Production LLC ("Operator") shall keep all valves, pipes, and fittings securely fastened; inspected at regular intervals; and maintained in good mechanical condition.

Operator reported that on September 1, 2018, a mechanical failure related to a triplex unit caused a spill of greater than 5 barrels of produced water and/or crude oil. (Spill ID 457247, "Castle 7 Spill") (Form 19 No. 401782498, submitted October 3, 2018).

Operator failed to keep fittings securely fastened and/or failed to maintain the equipment in good mechanical condition, violating Rule 605.d.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 03/19/2019

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

Operator shall continue working with COGCC Environmental staff to close the spill (if still open) with Form 19 or 27 as previously directed. Operator shall continue working with COGCC Environmental staff to develop and implement appropriate measures to ensure fittings are securely fastened and triplex units and associated equipment at all Operators locations using such equipment are maintained in good mechanical condition.

Rule: 906.d

Rule Description: Spill/release prevention

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 906.d.(2)., Sandridge Exploration & Production LLC ("Operator") shall determine and document the cause of a spill/release of E&P Waste or produced fluids and, to the extent practicable, identify and timely implement measures to prevent spills/releases due to similar causes in the future.

Operator reported that on September 1, 2018, a mechanical failure related to a triplex unit caused a spill of greater than 5 barrels of produced water and/or crude oil. (Spill ID 457247, "Castle 7 Spill"). (Form 19 No. 401782498, submitted October 3, 2018).

On September 6, 2018, Operator submitted an Accident Report ("Form 22") to describe the fire that occurred in connection with the Castle 7 Spill, within approximately the first 12 hours of operation of the triplex unit. COGCC Staff approved this Form 22 the same day, with the following Conditions of Approval: "All operations related to the jet pumps on location shall be discontinued until the root cause is determined for this incident and the root cause for the incident related to the [Peters Spill]. In addition to the root cause determination, provide detailed documentation of practices, procedures, equipment changes or modifications, and training implemented to prevent future occurrences of this nature." (Form 22 No. 401751939).

Operator described the measures taken to prevent the problem(s) from reoccurring as: "We have now added extra protocol and mitigation factors to our jet pump operations allowing for extra protection and confidence from either situation [Peters Spill and Castle 7 Spill] potentially happening again", along with a list of actions taken in connection to the fire, and attachments describing new standard operating procedures. (Form 22 No. 401786871, submitted October 8, 2018).

Operator reported that five different spills greater than 5 barrels of produced water and/or crude oil between August 14, 2018 and January 30, 2019, were caused by mechanical failures related to the triplex unit used for production operations. (Spill ID 456667, "Peters Spill", Form 19 No. 401742555; Spill ID 457247, "Castle 7 Spill", Form 19 No. 401782498; Spill ID 459479, "Castle 8 Spill", Form 19 No. 401868995; Spill ID 461002, "Janet Spill", Form 19 No. 401924299; and Spill ID 461558, "Castle 6 Spill", Form 19 No. 401932982).

Operator failed to adequately identify and implement measures to prevent future spills due to triplex unit related mechanical failures, violating Rule 906.d.(2).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 05/03/2019

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

Operator shall develop and implement a plan ("Plan") to prevent reoccurrence of mechanical failures associated with triplex units; the Plan development shall include a review of triplex specifications, design loads, failure mechanisms, and a determination as to whether the triplex pump is the most appropriate technology for production in this basin.

By the corrective action deadline, Operator shall submit an eForm 4 Sundry Notice with proposed Plan for review by COGCC. This 906.d.(2) triplex Plan corrective action is included in multiple NOAVs: Operator shall submit a single Plan to comply with the 906.d.(2) triplex Plan corrective actions simultaneously, with the eForm 4 assigned to Spill ID 461558 for tracking purposes. Plan is to include make and model numbers for all triplex units in use by Operator in Jackson county, along with the manufacturer's operation and maintenance manuals and Operator's written procedures for start-up, operation, and maintenance. Plan is to be reviewed by a qualified professional engineer and the eform Sundry Notice is to include a statement from the engineer that the proposed plan is sufficient to bring Operator into compliance with COGCC rules.

Further similar instances of failure prior to development and implementation of Plan shall constitute a violation of this corrective action.

In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall include documentation of the steps it has taken thus far:

- To address the triplex failures at its facilities in Colorado, and
- To ensure that the cause of spills and releases are determined and documented and measures are identified and timely implemented to prevent spills/releases due to similar causes 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. An answer will, at a minimum, discuss the allegations contained in the NOAV, responding to each; identify corrective actions taken in response to the NOAV, if any; and identify facts known to the operator at the time that are relevant to the operator's response to the alleged violations. Hard copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date:	<u>03/19/2019</u>		
COGCC Representative Signature:	_____		
COGCC Representative:	<u>Kira Gillette</u>	Title:	<u>NOAV Specialist</u>
Email:	<u>kira.gillette@state.co.us</u>	Phone Num:	<u>(303) EMAIL</u>

CORRECTIVE ACTION COMPLETED

Rule:	<u>605.d</u>		
Rule Description:	<u>O&G Facilities - Mechanical Conditions</u>		
Corrective Action Start Date:	_____	Corrective Action Complete Date:	_____
Has corrective action for this violation been performed as required?	<u>Yes</u>		
Description of Actual Corrective Action Performed by Operator	<u>NOAV closed pursuant to Order 1v-738.</u>		

Rule:	<u>906.d</u>		
Rule Description:	<u>Spill/release prevention</u>		
Corrective Action Start Date:	_____	Corrective Action Complete Date:	_____
Has corrective action for this violation been performed as required?	<u>Yes</u>		
Description of Actual Corrective Action Performed by Operator	<u>NOAV closed pursuant to Order 1v-738.</u>		

FINAL RESOLUTION

Cause #:	<u>1v</u>	Order #:	<u>738</u>	Docket #:	<u>200700191</u>
Enforcement Action:	<u>Order Finding Violation</u>	Final Resolution Date:	<u>12/16/2020</u>		
Final Resolution Comments:	<u>NOAV closed pursuant to Order 1v-738.</u>				

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>
401977189	NOAV APPROVED
401977494	NOAV COVER LETTER
401977495	NOAV CERTIFIED MAIL RECEIPT
401977649	NOAV ISSUED
401977848	NOAV IN PROCESS

Total Attach: 5 Files