

January 13, 2018

Matthew Lepore
Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

**Re: Request for 502.b Variance
Rule 1004 Final Reclamation of Well Sites and Associated Production
Facilities**

Dear Director Lepore:

Pursuant to Commission Rule 1004, Kerr-McGee Oil & Gas Onshore, LP (“KMOG”) respectfully submits this request to be relieved from its obligation to comply with specific provisions of Rule 1004 for the CJ Schmidt B 1 (hereafter “Request”). The CJ Schmidt B1 (API 05-123-09469) is located in NENE 30-4N-65W, Weld County, CO (Figure 1 – Site Map). KMOG has an agreement with the surface owner Tylene L. Schmidt Trust (“Landowner”) to leave the access road in its current state for the Landowner’s personal use.

KMOG seeks relief from the requirements of Rule, 1004.a, .c (2), and .d, of the access road only, which shall not be required if the operator can demonstrate to the Director's or the Commission's satisfaction that compliance with such rules is not necessary to protect the public health, safety and welfare, including prevention of significant adverse environmental impacts, and that the operator has entered into an agreement with the surface owner regarding topsoil protection and reclamation of the land.

Specific to certain provisions of the 1000 series for Reclamation Regulations, KMOG has performed compaction alleviation, restoration and revegetation and weed control on the well and tank battery site.

Background

The KMOG CJ Schmidt B 1 well was plugged and abandoned January 14, 2013 (“Well Site”), and subsequent reclamation activities began shortly thereafter on the Well Site and Tank Battery Facility (“Site”), excluding the access road. In the process of reclaiming the Site, topsoil was re-spread and was revegetated with a seed mix per the Landowner’s request. Weed control at the Site has been ongoing. The majority of the Site was reclaimed and re-contoured; however, the access and turn around was not re-contoured due to ground water monitoring installed on location (Remediation #3281). On October 11, 2017, NFA Approval was given and monitoring wells removed. On November 2, 2017, the turnaround at the Site had road base removed, topsoil imported, compaction alleviated, seeded and stabilized. The Landowner uses and intends to

continue to use the access road to the Site as an agricultural field access and for farming operations which is owned and maintained by the Landowner. All equipment, waste and debris have been removed from the Site and access road. The use of the access road is beneficial to the Landowner, and the retention of the road in its current state for the benefit of the Landowner's use does not adversely affect public health, safety, welfare, and the environment.

Agreement

The attached letter agreement (Appendix A: Reclamation Waiver and Release) between the Landowner and KMOG satisfies all the requirements of Rule 1001.c and the associated Operator Guidance. Among other things, it describes the area covered by the waiver, explains the reason for the waiver, acknowledges that the Landowner finds the current condition of the area satisfactory and are knowingly waiving their right to additional reclamation. As the agreement explains, the Landowner has waived further reclamation because the Landowner wants to use the access road for personal use and they believe that the current site condition is consistent with their intended agricultural use of the area.

Public Health, Safety, Welfare, and the Environment

The requested variance will protect public health, safety, and welfare and will prevent significant adverse environmental impacts for the following reasons:

1. Well: The well was plugged and abandoned on January 14, 2013 and an abandonment report Form 6 was submitted by KMOG on November 4, 2011 (Appendix B: Well Abandonment Report Form 6).

2. Equipment: All oil and gas equipment was removed by KMOG (document no. 682502184).

3. Debris: All trash and debris were removed from the Well Site, Tank Battery Facility and access road (document no. 682502184).

4. Noxious Weeds: In the subsequent 4 years post reclamation, the Well Site and Tank Battery Facility have been stabilized towards achieving desirable vegetation to the extent that it meets the standards as specified in the 1000 series rules, minus the fact that there is Canada thistle noxious weeds present on site, which was last treated October 5, 2017. KMOG will continue to monitor and control noxious weeds at the Site. Weed control measures employed will include herbicide treatment during the appropriate growing season and ongoing noxious weed monitoring to measure success of herbicide treatments.

5. Surface Owner/Landowner Consultation: The Landowner has and intends to continue to use the access road for access to agricultural fields and farming operations. The Landowner is aware and approves of the reclamation conducted to date and the remaining limited reclamation – specifically the noxious weed treatment. Except for a portion of the access road, the CJ Schmidt B 1 is in progress to satisfy the provisions

listed in the 1000 Series Rules for final reclamation of well sites. To maintain the road, the road base will remain in place to assist with stability in access road maintenance. For these reasons and per the Landowner's requests, KMOG will not be able to comply with the rules as specified in Rule 1003.e.(2) as indicated in Rule 1004 to re-contour the site to surrounding grade. The Landowner has specifically requested that no further re-contouring action or removal of the access road be taken to allow for historical farming access. Appendix A shows that the Landowner requests no re-contouring or removal of the access road to occur.

6. Current Condition: The existing state of reclamation is documented in the inspection report (documents no. 682502815).

7. Stabilization and Stormwater: The access will remain in place and is stabilized with compacted road base. The site is stabilized against erosion due to the presence of desirable vegetation and straw mulch (documents no. 682502815).

8. Public Health, Safety, and Welfare Protection and Significant Environmental Impact Prevention: Compliance with certain provisions contained in Rule 1004.a is deemed unnecessary to protect the public health, safety and welfare, including prevention of significant adverse environmental impacts, due to the following factors:

- The access road is not located in a floodplain.
- The access road is surrounded by a well-vegetated buffer on all sides.
- The site is stabilized with the presence of desirable vegetation and compacted surfaces minimizing erosion to the satisfaction of the Landowner.
- The closest residence is 755' to the East of the former well site.
- The nearest water source is a seasonal irrigation canal, which is 130' to the east of the access and Site and at an increased elevation and thus not a stormwater concern.
- The access road is not located within a Colorado Parks and Wildlife designated Sensitive Wildlife Habitat or Restricted Surface Occupancy areas per the COGCC web-based GIS server.

Conclusion

With the exception of a portion of the access road, the CJ Schmidt B 1 location satisfies the provisions listed in the 1000 Series Rules towards final reclamation of well sites. As described above, a portion of the access road are currently in use by the Landowner. The use of these areas is beneficial to the Landowner and does not adversely affect public health, safety, welfare, and the environment nor violate the basic intent of the Oil and Gas Conservation Act.

For the reasons set forth above, KMOG respectfully requests a variance from the remaining final reclamation requirements of the access road for the CJ Schmidt B 1 oil and gas well location and tank battery facility. With the exception of a portion of the

access road, the CJ Schmidt B 1 location satisfies the provisions listed in the 1000 Series Rules for final reclamation of well sites, which include efforts to-date that have been made to reclaim the site, the ongoing efforts to monitor and control noxious weeds, and most importantly the wishes of the Landowner.

If you have any questions or require additional information, please contact me at 720-929-6368 or mike.dinkel@anadarko.com.

Thanks,

A handwritten signature in blue ink, appearing to read 'Mike Dinkel', with a stylized, cursive script.

Mike Dinkel

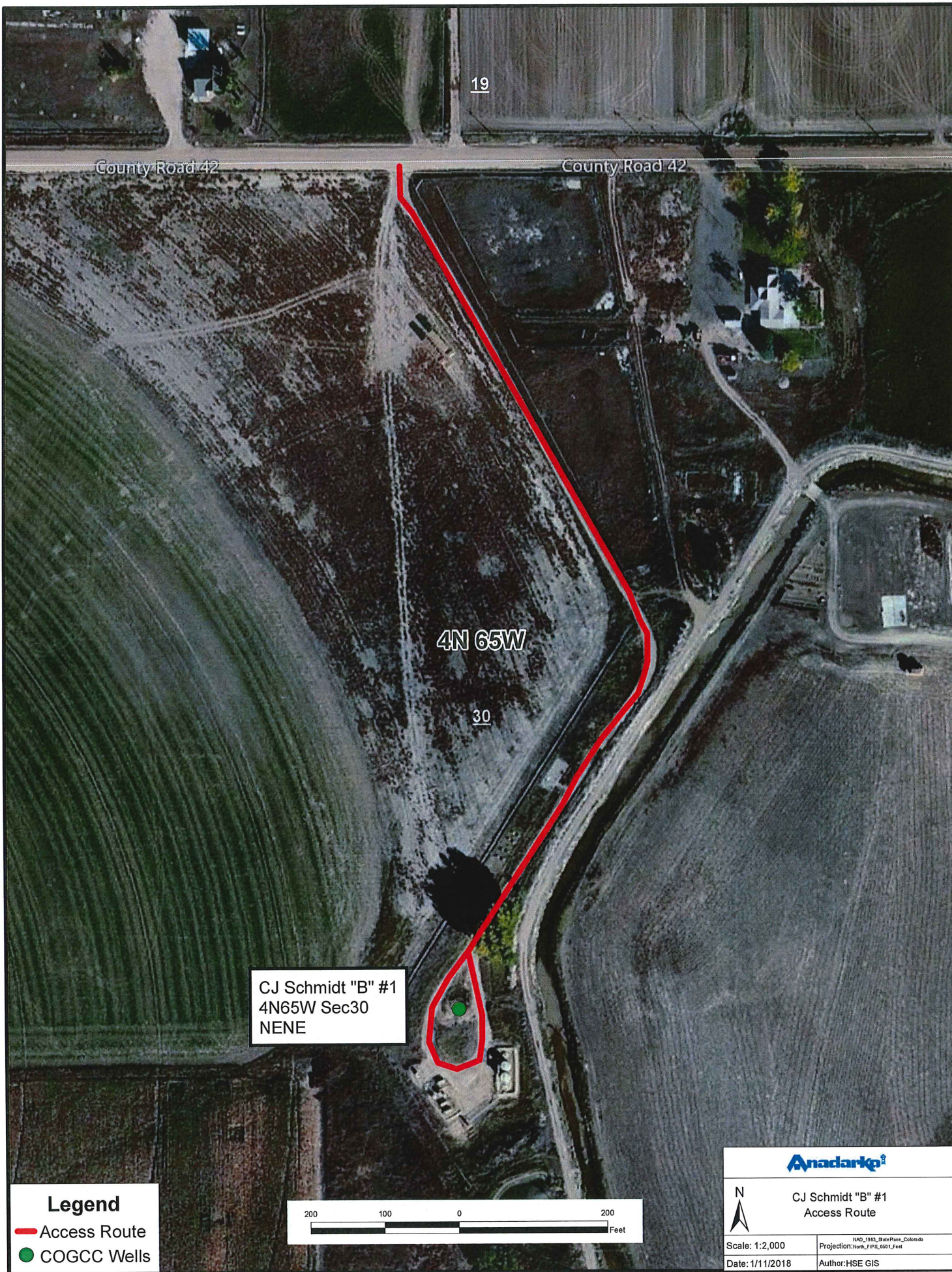
Authorized Person
Kerr-McGee Oil & Gas Onshore, LP

Attachments

Cc w/attachments:

Margaret Ash
Denise Arthur

Figure 1 – Site Map



For internal information only. Depicted information is subjective and its accuracy has not been verified. Printed or saved versions may be outdated.
Depictions and information are intended to be confidential, and may be subject to legal restrictions or protections. For questions regarding appropriate use, contact the GSC (x62900).

Appendix A – Reclamation Waiver and Release

RECLAMATION WAIVER AND RELEASE

This Reclamation Waiver and Release is made and entered into effective the 24th day of October, 2017, by and between Tylene L. Schmidt Trust Dated 8-28-2000, Valerie Hiller, Trustee, ("Landowner") and Kerr McGee Oil & Gas Onshore, LP.

- A. The Landowner is the owner of a tract of land described as Township 4 North, Range 65 West, 6th P.M., Section 30: NENE, in Weld County, Colorado (hereafter the "Property").
- B. Kerr McGee Oil & Gas Onshore, LP, or its predecessors in interest, operated a natural gas well known as the CJ Schmidt #1 on the Property prior to its plugging and abandonment that occurred on January 14, 2013 (hereafter the "Well Site"). The plugging and abandonment of the well was conducted in accordance with the Colorado Oil and Gas Conservation Commission (COGCC) rules.
- C. Kerr-McGee Oil & Gas Onshore, LP was provided an approval completion date of November 15, 2017 that all reclamation obligations required by rule for this Well Site will have been met.
- D. The Well Site currently has a 2 track road consisting of road base approximately 646 feet long around the removed wellbore location. The Well Site area is approximately .55 of an acre in size and consists of a road base make up. The Well Site area is flat with no slopes on to or off of. The Landowner requests to permanently use the north end of the existing wellsite road for farming purposes and to access the grounds during farming operations.
- E. Kerr-McGee Oil & Gas Onshore LP will remove road base, crossrip, add topsoil and crimp straw in wellsite, road area and tank battery site on the overall location, less road north of wellbore which will be left as is. The Landowner desires to retain permanent use of the road at the north end of the wellbore road location extending north to WCR 42.

EXECUTED as of the 24th day of October, 2017.

TYLENE L. SCHMIDT, TRUST DATED 8-28-2000


Valerie Hiller Trustee

Valerie Hiller, Trustee

[Signature]

Kerr McGee Oil & Gas Onshore, LP

Appendix B – Well Abandonment Report Form 6

FORM 6 Rev 12/05	State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">DE</td> <td style="width:25%;">ET</td> <td style="width:25%;">OE</td> <td style="width:25%;">ES</td> </tr> </table> Date Received: Document Number: 400222123	DE	ET	OE	ES												
DE	ET	OE	ES																
WELL ABANDONMENT REPORT																			
<p>This form is to be submitted as an Intent to Abandon whenever an abandonment is planned on a borehole. After the abandonment is complete, this form shall again be submitted as a Subsequent Report of the actual work completed. The approved intent shall be valid for six months after the approval date, after that period, a new intent will be required. Attachments required with the Intent to Abandon are wellbore diagrams of the current configuration and the proposed configuration with plugs set.</p> <p>A Subsequent Report of Abandonment shall indicate the actual work completed. Attachments required with a Subsequent Report are a wellbore diagram showing plugs that were set and casing remaining in the hole, the job summaries from all plugging contractors used, including wireline and cementing (third party verification) and any logs that may have been run during abandonment.</p>																			
<table style="width:100%;"> <tr> <td style="width:50%;">OGCC Operator Number: <u>47120</u></td> <td style="width:50%;">Contact Name: <u>Cheryl Light</u></td> </tr> <tr> <td>Name of Operator: <u>KERR-MCGEE OIL & GAS ONSHORE LP</u></td> <td>Phone: <u>(720) 929-6461</u></td> </tr> <tr> <td>Address: <u>P O BOX 173779</u></td> <td>Fax: <u>(720) 929-7461</u></td> </tr> <tr> <td>City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80217-</u></td> <td>Email: <u>cheryl.light@anadarko.com</u></td> </tr> </table>				OGCC Operator Number: <u>47120</u>	Contact Name: <u>Cheryl Light</u>	Name of Operator: <u>KERR-MCGEE OIL & GAS ONSHORE LP</u>	Phone: <u>(720) 929-6461</u>	Address: <u>P O BOX 173779</u>	Fax: <u>(720) 929-7461</u>	City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80217-</u>	Email: <u>cheryl.light@anadarko.com</u>								
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Field Name: <u>HAMBERT</u>	Field Number: <u>33530</u>																		
<input checked="" type="checkbox"/> Notice of Intent to Abandon <input type="checkbox"/> Subsequent Report of Abandonment																			
<i>Only Complete the Following Background Information for Intent to Abandon</i>																			
Latitude: <u>40.287564</u> Longitude: <u>-104.701353</u>																			
GPS Data:																			
Date of Measurement: <u>10/09/2008</u> PDOP Reading: <u>1.8</u> GPS Instrument Operator's Name: <u>Cody Mattson</u>																			
Reason for Abandonment: <input type="checkbox"/> Dry <input checked="" type="checkbox"/> Production for Sub-economic <input type="checkbox"/> Mechanical Problems																			
<input type="checkbox"/> Other _____																			
Casing to be pulled: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Top of Casing Cement: <u>4020</u>																			
Fish in Hole: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, explain details below																			
Wellbore has Uncemented Casing leaks: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, explain details below																			
Details: <u>WELL IS PRODUCING SUB-ECONOMIC QUANTITIES OF GAS</u>																			
Current and Previously Abandoned Zones																			
Formation	Code	Perf. Top	Perf. Bottom	Date	Method of Isolation	Plug Depth													
SUSSEX	SUSX	4488	4540																
Total: 1 zone(s)																			
Casing History																			
Casing Type	Size of Hole	Size of Casing	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bot	Cement Top	Status											
SURF	12+1/4	8+5/8	24	516	450	516	0												
1ST	7+7/8	4+1/2	10.5	4,650	250	4,650	4,020												

Plugging Procedure for Intent and Subsequent Report

CIBP #1: Depth _____ with _____ sacks cmt on top. CIPB #2: Depth _____ with _____ sacks cmt on top.
CIBP #3: Depth _____ with _____ sacks cmt on top. CIPB #4: Depth _____ with _____ sacks cmt on top.
CIBP #5: Depth _____ with _____ sacks cmt on top.

NOTE: Two(2) sacks cement required on all CIBPs.

Set 50 sks cmt from 4400 ft. to 3740 ft. Plug Type: CASING Plug Tagged: ☐
Set 50 sks cmt from 3600 ft. to 3360 ft. Plug Type: OPEN HOLE Plug Tagged: ☐
Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged: ☐
Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged: ☐
Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged: ☐

Perforate and squeeze at _____ ft. with _____ sacks. Leave at least 100 ft. in casing _____ CICR Depth
Perforate and squeeze at _____ ft. with _____ sacks. Leave at least 100 ft. in casing _____ CICR Depth
Perforate and squeeze at _____ ft. with _____ sacks. Leave at least 100 ft. in casing _____ CICR Depth
(Cast Iron Cement Retainer Depth)

Set 150 sacks half in. half out surface casing from 560 ft. to 0 ft. Plug Tagged: ☐
Set _____ sacks at surface
Cut four feet below ground level, weld on plate Above Ground Dry-Hole Marker: ☐ Yes ☐ No
Set _____ sacks in rat hole Set _____ sacks in mouse hole

Additional Plugging Information for Subsequent Report Only

Casing Recovered: _____ ft. of _____ inch casing Plugging Date: _____
*Wireline Contractor: _____ *Cementing Contractor: _____
Type of Cement and Additives Used: _____
Flowline/Pipeline has been abandoned per Rule 1103 ☐ Yes ☐ No *ATTACH JOB SUMMARY

Technical Detail/Comments:

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

Signed: _____ Print Name: CHERYL LIGHT
Title: SR REGULATORY ANALYST Date: _____ Email: CHERYL.LIGHT@ANADARKO.COM

Based on the information provided herein, this Well Abandonment Report (Form 6) complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: _____ Date: _____

CONDITIONS OF APPROVAL, IF ANY: _____ Expiration Date: _____

Attachment Check List

Att Doc Num	Name
400222130	OPERATIONS SUMMARY
400223523	WELLBORE DIAGRAM
400223524	WELLBORE DIAGRAM

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)