

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

<p>HRM RESOURCES II, LLC, RENEGADE OIL & GAS COMPANY, LLC, KP KAUFFMAN COMPANY, INC., SMITH ENERGY CORPORATION, GOODWIN ENERGY MANAGEMENT, LLC, OVERLAND RESOURCES, LLC, BECCA OIL, LLC, FAHEY OIL & GAS, NATURAL RESOURCES GROUP, INCORPORATED, S&D, LLC, SCHREIDER & COMPANY, INC., TIMBERLINE ENERGY, INC., Complainants</p> <p>v.</p> <p>ANADARKO PETROLEUM CORPORATION, a Delaware corporation; KERR-MCGEE GATHERING LLC, a Colorado limited liability company; & WESTERN GAS HOLDINGS LLC, a Delaware limited liability company, Respondents.</p>	<p>Docket No. _____</p>
<p>FORMAL COMPLAINT AND REQUEST FOR RELIEF – EXPEDITED ACTION REQUESTED</p>	

Pursuant to 4 C.C.R. 723-1-1302, the following Complainants, by and through their undersigned counsel, allege as follows:

1. Complainants are all active operating Colorado oil and gas producers and include HRM Resources II, LLC, Renegade Oil & Gas Company, LLC, KP Kauffman Company, Inc., Smith Energy Corporation, Goodwin Energy Management, LLC, Overland Resources, LLC, Becca Oil, LLC, Fahey Oil & Gas, Natural Resources Group, Incorporated, S&D, LLC, Schreider & Company, Inc., Timberline Energy, Inc., (“Complainants”). There are many other producers who are similarly situated as the Complainants with respect to the facts alleged herein. For purposes of this Complaint, the addresses and telephone numbers of the Complainants are those of their undersigned counsel.
2. Respondents are Anadarko Petroleum Corporation, Kerr-McGee Gathering LLC and Western Gas Holdings LLC. Anadarko and Western Gas are Delaware entities; Kerr-McGee is a Colorado limited liability company. All are authorized to do business in Colorado. They purport to be separate entities, but, upon information and belief, are all under the control of Anadarko Petroleum Corporation. The Colorado address of all of

these entities is 1099 18th Street, Denver, CO 80202 and their phone number is 720-929-6000. These entities are collectively referred to as “Anadarko.”

3. Complainants will cooperate in the prosecution of this Complaint and are willing to appear at any hearing if the Complaint is set for hearing.
4. The specific acts or conduct complained of, in sufficient detail to apprise Anadarko and the Commission of the relief sought, are as follows:
 - a. Anadarko is a pipeline corporation and gas corporation and the operator of a low pressure natural gas gathering system (the “Gas Gathering System”) located in Northeastern Colorado, including Central Adams County (Brighton south through Denver County/DIA to Watkins and east to Leader and Byers), Central Arapahoe County (Aurora east to south of Byers), Northern Elbert County (the northern 6-8 miles of the county east to south of Byers), and City and County of Denver within the DIA Area (collectively, the “Area”, Exhibit A).
 - b. Complainants, together with other producers, operate approximately 700 oil and natural gas wells located throughout the Area, and sell gas from those wells to Anadarko. Anadarko accepts delivery of this gas at various locations along and into the Gas Gathering System. Anadarko processes the gas and sells the gas for ultimate delivery to consumers. Complainants’ wells generate net income to the Complainants, royalties to mineral owners, taxes to the local counties, and jobs to many subcontractors located throughout Eastern Colorado.
 - c. Anadarko has served notice of its intent to shut down and abandon the Gas Gathering System. While it has stated that operation of the Gas Gathering System is uneconomical, Anadarko has not attempted to market or sell the Gas Gathering System. Anadarko is not trying to renegotiate contracts to improve the economics of the Gas Gathering System. Rather, Anadarko is simply noticing its abandonment of the Gas Gathering System. In doing so, it has proceeded to cancel dozens of the Complainants’ and other producers’ long-standing gas purchase contracts. Many of these contracts have been in place for decades, but because they are beyond their primary terms, they may be cancelled upon 30 to 90 days’ notice.
 - d. The Gas Gathering System is the sole and exclusive method for Complainants to move natural gas to market, avoid waste, avoid environmental impacts of

venting and flaring gas, and prevent the premature abandonment of operating and producing wells and facilities. The net effect of Anadarko's decision is that many of the wells will become worthless or devalued. Without natural gas sales, the wells cannot economically produce gas and the Complainants will be forced to either flare the produced gas or plug and abandon their wells.

- e. Anadarko is successor to the Union Pacific Railroad Land Grant. Anadarko owns the minerals in virtually every odd section of ground in the entire Area. Many of the wells connected to the Gas Gathering System produce gas under oil and gas leases with Anadarko. Anadarko's unilateral abandonment of the Gas Gathering System will likely result in the plugging of a substantial number of the Wells and a forfeiture of the oil and gas rights to Anadarko.
 - f. Anadarko's decision may result in the insolvency of many small producers, who will have no resources to abandon their wells in accordance with state regulation. This will shift the costs of plugging and abandoning the wells, and the associated liabilities, to the State of Colorado, through the Oil and Gas Conservation Commission.
 - g. Anadarko's unilateral decision to deny Complainants access to the Gas Gathering System is contrary to the public interest and will result in financial harm to the State of Colorado, local counties, and mineral owners and lessees, including the Complainants.
5. C.R.S. § 40-1-103(1)(a)(I) specifies that a "public utility" includes every pipeline corporation and gas corporation operating for the purpose of supplying the public for public uses and every corporation or person declared by law to be affected with a public interest.
 6. Based on the facts above, Anadarko, as owner and operator of the Gas Gathering System, is acting as a public utility. Further, it has a monopoly with respect to an essential service in the Area. Its proposed abandonment of the Gas Gathering System, and cancellation of long-standing gas purchase contracts, warrant Commission scrutiny.

WHEREFORE, Complainants by and through their attorneys below hereby request that the Public Utilities Commission approve the attached motion (Exhibit B) and enter an order granting the following relief:

(1) order that Anadarko immediately refrain from cancelling gas purchase contracts or discontinuing operation of the Gas Gathering System until a hearing on this matter is held; (2) declare that Anadarko is a “public utility” as defined by C.R.S. § 40-1-103 and Commission rules; (3) order Anadarko to permanently discontinue and refrain from engaging in the conduct and discontinuation of operations complained of; (4) compel Anadarko to accept delivery of Complainants’ gas into the Gas Gathering System for carriage/transmission to downstream gas purchasers at rates established by the Commission; (5) impose appropriate civil penalties on Anadarko consistent with Rule 1302; and (6) order such other relief as the Commission deems just and proper.

The Complainants request expedited proceeding under Rules 1302(c).

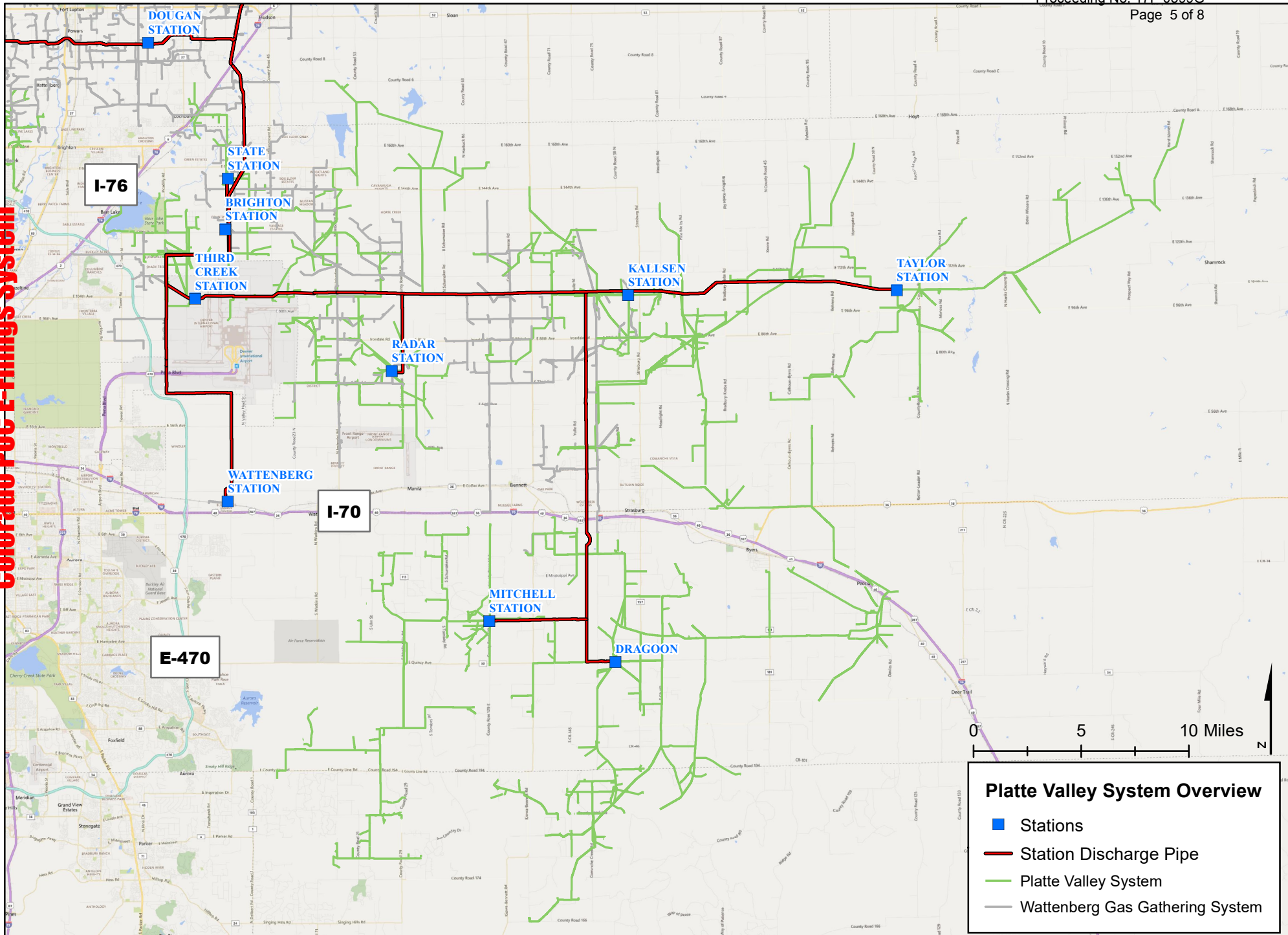
Respectfully submitted this 21st day of September, 2017.

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Colorado PUC E-Filings System



Platte Valley System Overview

- Stations
- Station Discharge Pipe
- Platte Valley System
- Wattenberg Gas Gathering System

EXHIBIT B

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v.

ANADARKO PETROLEUM CORPORATION, a Delaware corporation; KERR-MCGEE GATHERING LLC, a Colorado limited liability company; & WESTERN GAS HOLDINGS LLC, a Delaware limited liability company, Respondents.

Docket No. _____

MOTION TO EXPEDITE FORMAL COMPLAINT

Pursuant to 4 C.C.R. 723-1-1302(c), the following Complainants, by and through their undersigned counsel, move to expedite their Complaint in this matter for good cause and state as follows:

1. Complainants are all active operating Colorado oil and gas producers.
2. Respondents operate a low pressure natural gas gathering system in Northeastern Colorado (the "Gas Gathering System").
3. Under long-standing gas purchase contracts, Complainants sell gas to Respondents, collectively referred to hereinafter as "Anadarko." Anadarko is the first recipient of the gas Complainants produce and accepts delivery of this gas at various locations along and into the Gas Gathering System. Many of the wells connected to the Gas Gathering system produce gas under oil and gas leases with Anadarko.

4. The Gas Gathering System is the exclusive means of getting the natural gas that Complainants and others sell to Anadarko to market.
5. Anadarko has served notice of its intent to cancel Complainants' gas purchase contracts and shut down and abandon the Gas Gathering System. Many of the contracts at issue can be cancelled by Anadarko with as little as 30-90 days' notice.
6. Because the Gas Gathering System is the Complainants' sole method for moving their natural gas to market, Complainants will be forced to either vent and flare their produced gas, which will result in waste of the resource and unnecessary environmental impact therefrom, or to abandon their wells prematurely.
7. The Complainants are leasing most of their mineral interests within the "Area" (as defined in the Formal Complaint). Those leases are "held by production," meaning that they remain valid only for so long as oil or gas is produced in paying quantities. If Anadarko is allowed to refuse to accept Complainants' gas, Complainants will have to shut in their gas wells. Under the terms of some of their leases, the failure to produce gas for a little as 90 days will result in the expiration of the leases and the loss of those mineral assets. Therefore, unless this matter is quickly resolved, a number of Complainants will forfeit their leasehold interests due to Anadarko's conduct, even if the Commission grants Complainants the relief they seek.
8. Because, in some instances, Complainants' contracts may be cancelled in as little as 30-90 days' time, and because a number of the Complainants' mineral leases with expire in as little as 90 days, good cause exists for expediting this proceeding.
9. Accordingly, Complainants respectfully move to expedite their Formal Complaint pursuant to 4 C.C.R. 723-1-1302(c).

Respectfully submitted this 1st day of September, 2017.

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