

John Axelson

NE Environmental Supervisor

Colorado Oil and Gas Conservation Commission

John, In response to Land-owner complaints documented in COGCC Field Inspection Reports, #663300499 (08/29/2012), #664001245 (09/11/2013) and COGCC Rem #7677.

On 09/18/2013, Landowner (Mr. Brian Tappy) contacted NE Field Office (Kym Schure) reiterating his continuing concern that the P/W pit had not been corrected and was not providing adequate free-board in order to control a potential spill on location. A site inspection performed at approximately 7:30 am on 09/18/2013 verified that the P/W level was within (8) eight inches of breaching containment and the well was in operation.

On 09/17/2013, Magpie Operating Inc. 52530, had been directed by COGCC Field Supervisor (Mike Leonard) that the well was either to be temporarily shut down in order to mitigate a potential spill or the P/W pit must be corrected and in compliance with COGCC rules and regulations immediately.

COGCC Inspector Schure, attempted to contact Magpie Operating Inc. for verification of schedules and processes in regard to attaining compliance and calls made to the following contact numbers provided by the Operator were received by answering machine.

(970) 669-6308 Magpie Operating Inc. Office

(720) 233-0875 Ryan Warner

(970) 980-6151 Emergency contact no. Magpie Operating Inc.

Mr. Ryan Warner returned Inspector Schure's call describing the schedules and processes being implemented to resolve the non-compliance issues at the Warnecke 1 well, primarily the P/W pit and associated priority concerns. Mr. Ryan stated that he had directed a sub-contractor to dredge material from within the P/W pit via a backhoe and increase the height of the containment berm for the required (2) two feet of free-board. Inspector Schure inquired how this could be accomplished without burying the site of the incorrectly/undocumented remediation of the former unlined skim-pit cited in COGCC Doc.#664001245 describing crude oil present on the surface of the improperly remediated site of the former unlined skim pit described in COGCC Doc #'s 663300499 and 664001245. Mr. Ryan Warner concurred that it was not possible to heighten the wall of the berm without burying the site of the non-compliant and unsatisfactory remediation at the former unlined skim pit site. Mr. Ryan Warner stated that he had also directed a sub-contractor to withdraw P/W from the P/W pit via pump truck for disposal, in an effort to lower the P/W levels. Documentation verifying this process was required by COGCC in Doc # 664001245 and COGCC Rem.7677. No documentation has been supplied by Magpie Operating Inc.

All corrective action dates attached to the referenced COGCC Inspection Reports and COGCC Rem.7677, requiring documentation of the remediation of the former unlined skim pit have expired.

Considering the directive from COGCC (Mike Leonard) on 09/17/2013 had not been performed by the Operator and the impending potential for a spill continued to exist, Inspector Schure requested to Mr. Ryan Warner that Magpie immediately shut down the well pending adequate/satisfactory corrective actions. Mr. Ryan Warner agreed and stated that he would initiate the shutting down of the well immediately as of 09/18/2013.

Please advise Inspector Schure of any/all pertinent procedures required for documentation and compliance regarding this matter.

Kym Schure

NE Colorado Field Inspector

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