



## COLORADO

Oil & Gas Conservation  
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801  
Denver, CO 80203



02465104

### WARNING LETTER

August 22, 2014

10383-- SOVEREIGN OPERATING COMPANY LLC  
ATTN: THOMAS METZGER, CEO  
C/O STEPHANIE CLASEN, DESIGNATED AGENT  
E-MAIL: [sclasen@bsegllc.com](mailto:sclasen@bsegllc.com)  
475 17<sup>TH</sup> STREET #1200, DENVER, CO 80202  
API : # 009-06162 Well Name: Hefley A 1  
County: BACA #009, Field: STONINGTON- #79650  
Location: NWNE 30 31S 42W 6 PM Lat/Long: 37.32046/-102.19268

**This Warning Letter is to inform you that the oil and gas facility or the oil and gas operations listed above may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission ("COGCC") and correction action is required.**

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator's compliance with this Warning Letter is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

The COGCC requires **SOVEREIGN OPERATING COMPANY LLC** to implement corrective action(s) for the conditions identified below. The listed well(s) are out of compliance with COGCC Rule 326.b.1 for Mechanical Integrity Tests (MIT) of Shut-In (SI) Wells.

SI Wells. Rule 326.b.1 requires that SI wells pass an MIT within two (2) years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT.

P 303.894.2100 F 303.894.2109 [www.colorado.gov/cogcc](http://www.colorado.gov/cogcc)

Commissioners: Thomas L. Compton - Chairman, Richard Alward, John H. Benton, DeAnn Craig,

James W. Hawkins, Tommy Holton, Andrew L. Spielman, Mike King, Dr. Larry Wolk

John W. Hickenlooper, Governor | Mike King, Executive Director, DNR | Matthew J. Lepore, Director



The Hefley A 1 API# 009-06162 the well has not produced since July 2012, which meets criteria as an inactive well. The well lacks a current MIT, which makes this well out of compliance. It is the operator's responsibility to maintain well integrity and compliance to COGCC rules. COGCC Identified the well out of compliance on 8/01/2014 and made note the Operator requested extension to date of MIT because the well is located in crop field and the farmer's request he be allowed to harvest crop prior to well being accessed. On 8/14/2014, COGCC granted the Operator an extension; specifying the Operator complete the MIT on or before October 31<sup>st</sup>, 2014 and reminded the Operator it is their responsibility to know when this well is accessible and to plan accordingly in order to remain in compliance.

**How to Comply with this Warning Letter:**

With respect to the listed well(s), your options for returning the well to compliance are to: pass an MIT, or plug and abandon the well. To comply with Rules 319/326: submit a COGCC Form 42 followed by a Form 21; or file a Form 6 – Well Abandonment Report as a Notice of Intent to Abandon for approval prior to performing the work and a second Form 6 – Well Abandonment Report as a Subsequent Report of Abandonment upon completion. You must also return the NOAV with the "To Be Completed By Operator" section filled out and signed by a company representative, detailing the steps taken to comply with the NOAV. For additional information and guidance please see the COGCC's MIT Policy, available at <http://cogcc.state.co.us>

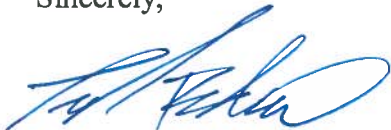
**Corrective Action Deadline Date: October 31st, 2014**

**Failure to Comply with Warning Letter:**

If SOVEREIGN OPERATING COMPANY LLC fails to perform required corrective actions, COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)

If you have any questions about this Warning Letter, please contact the COGCC representative below.

Sincerely,



Leigh Bradshaw  
Engineering Technician  
P 303.894.2100 x5187  
[leigh.bradshaw@state.co.us](mailto:leigh.bradshaw@state.co.us)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

*Sovereign Operating Company  
Attn: Thomas Metzger  
c/o Stephanie Clasen  
475 17th Street #1200  
Denver, CO 80202*

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

☒

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☐ Addressee

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2.

7014 0510 0002 0093 7896

PS Form 3811, July 2013

Domestic Return Receipt

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**STATE OF COLORADO**

**DEPARTMENT OF NATURAL RESOURCES**

Oil & Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203-2136



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*Sovereign Operating Company LLC  
Attn: Thomas Metzger, CEO  
c/o Stephanie Clasen, designated Agent  
475 17th Street #1200  
Denver, CO 80202*