

From: Mike Cleary
Sent: Wednesday, November 05, 2014 11:31 AM
To: 'jay.krabacger@state.co.us'; shaun.kellerby@state.co.us
Cc: 'leigh.bradshaw@state.co.us'; Dan McWilliams; Brad Robinson; Lee Fyock; Patty Johnson
Subject: MIT status on well in gunnison county.
Importance: High

Jay

We moved a 3rd party workover rig onto a well named the Fed. 16-4. We have a Dec 22 deadline to MIT all these wells that we were awarded to us in Bankruptcy court. I have attached the sundry.

Last night we shut the well in and double blocked the annulus valve. The BOP was manually locked. The tubing hanger is locked down and 2 TI valves were in place.

The annulus line was broken off for freezing and the ball valve and gate valve were closed on the tubing head annulus. A heater was in place to keep the well from freezing overnight.

During the night we suspect Saboteurs came in and opened the ball valve as well as opened the gate valve 4 turns. This allowed a gas cap on the annulus to saturate the air and ignite when the gas cloud migrated to the portable heater. The well was never in danger. The heater is destroyed and the completion rig sustained damage to the cantilever floor and the stairs and the remote control panel that is hug near the cantilever floor. Additionally BOP hose were burned but not past first layer.

This morning over work over crews found the damage and they shut in the valves. With the source shut in the flames stopped immediately.

This is a remote mountain site on road less area that we recently acquired out of bankruptcy. I do not have pictures yet. We have notified the sheriff and the USFS. I also sent a file photo of the wellhead so you could get the lay of the land.

We will fill out a form 22 accident report please advise if we need to do anything else

Mike Cleary, VP operations
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