



COLORADO

**Oil & Gas Conservation
Commission**

Department of Natural Resources

796 Megan Avenue, Suite 201
Rifle, CO 81650

WARNING LETTER #2597120

Encana Oil & Gas (USA) Inc
Attn: Leah Buchanan
370 17th Street
Suite 1700
Denver, CO 80202

Operator Number: 100185
Contact email: Leah.Buchanan@encana.com
Well Name: Federal #26-1
API Number: 05-077-08494
Legal Location: NESE Section 26, Township 9S, Range 97W, 6th P.M.
Mesa County, Colorado

Date: November 25, 2014

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 Encana Oil & Gas (USA) Inc (“Operator”) to implement corrective action(s) for the conditions identified below.

P 970.625.2497 F 970.625.5682 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



Alleged Violation:

Operator did not provide one plug that was added as a Condition of Approval on Form 6 document # 400673741 (Well Abandonment Report Notice of Intent) to ensure compliance with Rule 319.a.(1).

Rule 319.a.(1) states:

"The material used in plugging, whether cement, mechanical plug, or some other equivalent method approved in writing by the Director, must be placed in the well in a manner to permanently prevent migration of oil, gas, water, or other substance from the formation or horizon in which it originally occurred."

Rule(s), Regulations(s), or Permit Conditions Cited: 319.a.(1) and Section 34-60-121(1) C. R. S. (violation of permit condition)

How to Comply with this Warning Letter:

Comply with all conditions of approval on forms approved by the COGCC. Provide a written justification that demonstrates that the current plug placements are adequate to permanently prevent migration of oil, gas, water or other substances from the formation or horizon in which it originally occurred. Submit a written response to this Warning Letter, specifying how Operator will change its internal procedures to prevent recurrence of this alleged violation.

Corrective Action Deadline Date: December 31, 2014

Failure to Comply with this Warning Letter:

If Operator fails to perform the 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.)

Encana Oil & Gas (USA) Inc

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

Sincerely,

Craig A. Burger, P.E.

Northwest Area Engineer

Email: Craig.Burger@state.co.us