



**COLORADO**  
Oil & Gas Conservation  
Commission  
Department of Natural Resources

1120 Lincoln Street, Suite 801  
Denver, CO 80203

## WARNING LETTER #2597127

Date: December 19, 2014

Ursa Operating Company LLC  
Operator Number: 10447  
Attn: Hans Wychgram  
Contact email: hwychgram@ursaresources.com  
602 Sawyer Street #710  
Houston, TX 77007

Well Names: McLin B6, McLin B16, and McLin B21  
API Numbers: 05-045-19376, 05-045-19384, and 05-045-22156  
Legal Location: NENE Section 13, Township 6S, Range 92W, 6<sup>th</sup> P.M.  
Garfield County, Colorado

**This Warning Letter is to inform you that the oil and gas facilities 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 corrective 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. Ursa Operating Company LLC's ("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 Operator to implement corrective action(s) for the conditions identified below.

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



Compliance with the most current revision of the Notice to Operators Drilling Mesaverde Group or Deeper Wells in the Mamm Creek Area in Garfield County, Well Cementing Procedure and Reporting Requirements ("Cementing NTO") is a Condition of Approval on the Form 2s, Applications for Permit to Drill, for the wells listed above. The Cementing NTO specifies requirements for deferring cement bond logs (CBLs) on wells and requires submittal of a Form 4, Sundry Notice, prior to completing wells ("Request to Complete") in the Mamm Creek Field Area.

CBLs may be delayed per the Cementing NTO if the operator monitors the bradenhead pressure on a daily basis after an initial 72 hour monitoring period on all wells on the pad until the CBL is run. If bradenhead pressures greater than 150 psig are observed during the extended monitoring period it shall be immediately reported to the COGCC and a remediation procedure shall be prepared for COGCC approval. Email communication requesting deferral to run the CBLs on these wells took place October 28 and 31, 2014. Operator submitted the Requests to Complete on November 17, 2014. The Requests to Complete indicated that bradenhead pressures greater than 150 psi were observed, but Operator did not immediately report those conditions to the COGCC and prepare a remediation procedure for COGCC approval. The Requests to Complete did not include daily bradenhead pressures after the initial 72-hour period and prior to running the CBL. The Requests to Complete did not include wellbore diagrams as required by the Cementing NTO.

COGCC's Notice to Operators Drilling Wells in the Buzzard, Mamm Creek, and Rulison Fields, Garfield County and Mesa County, Procedures and Submittal Requirements for Compliance with COGCC Order Nos. 1-107, 139-56, 191-22 and 369-2, dated July 8, 2010 ("Bradenhead NTO") requires prior verbal approval with subsequent formal approval on a Form 4, Sundry Notice, for mitigation of high bradenhead pressures, including venting of bradenhead gas. Compliance with the Bradenhead NTO is also a Condition of Approval on the Form 2s, Applications for Permit to Drill, for the McLin B6 and McLin B21 wells. The Requests to Complete indicate that Operator vented bradenhead pressure, and COGCC does not have a record of prior approval for that mitigation.

Rule 308A requires a "Preliminary" Form 5, Drilling Completion Report, within 90 days (formerly 30 days prior to September 30, 2014) of the suspension of commenced drilling activities prior to reaching total depth on a well. Documents show that surface



casings for the McLin B6 and McLin B21 wells were cemented in February 2014, and Operator did not return to resume drilling operations until October 2014. Operator did not submit Preliminary Form 5s for the McLin B6 and McLin B21 wells.

**Rule(s), Regulations(s), or Permit Conditions Cited: Section 34-60-121(1) C.R.S. (violation of permit condition) and Rule 308A.**

The COGCC emailed Operator on May 23, 2014 requesting the submittal of Form 4s, Sundry Notices, for wells where the bradenhead gas is vented. No Form 4s requesting approval to vent bradenhead gas have been submitted. The COGCC emailed Operator on December 4, 2014 with a request to discuss bradenhead pressure reporting and spoke with Operator regarding the rules and regulations pertaining to the Mamm Creek Field Area on December 15, 2014.

#### Immediate Consequences for Non-compliance

COGCC will hold approval of future, incomplete Form 4, Sundry Notice Requests to Complete until all documentation required by the Cementing NTO is received, which may result in delays of Operator's completion activities in the Mamm Creek Field Area.

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

Compliance with COGCC rules and regulations requires that operators submit the appropriate forms and supporting documentation. The Operator is required to keep accurate records of drilling of all wells and all other well operations. Such records shall be maintained by the Operator or any subsequent owner. The COGCC requires that Operator comply and submit documentation to complete form requirements for the wells cited above as set forth in the Cementing NTO, the Bradenhead NTO, and Rule 308A by the Corrective Action Deadline Date.

**Corrective Action Deadline Date: January 18, 2015**



**Failure to Comply with Warning Letter:**

If Operator fails to perform required corrective actions, COGCC will issue Notice(s) 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,

Craig A. Burger, P.E.  
Northwest Area Engineer  
Email: [Craig.Burger@state.co.us](mailto:Craig.Burger@state.co.us)

