



WARNING LETTER

March 16, 2015

Attn: Ms. Dee Unruh (dunruh@mendellenergy.com)

Mendell Finisterre II LLC.
2162 W Eisenhower BLVD
Loveland, Co 80537

Well: Alicia #12-15H-1N
API #: 05-001-09829
SWSE Section 12 T01S R68W

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 corrective action is required.

Rule(s) Citation:

A review of COGCC records indicates that Mendell Finisterre II LLC (Mendell) has not met the groundwater sampling requirements under COGCC Rule 318A.f. The Applications for Permit to Drill (APD(s)) for the well(s) in the table below were submitted after May 1, 2013 and are subject to COGCC Rule 318A.f sampling requirements.

Operator	Operator #	API #	Well Name	Form 2 Submit Date	Spud Date	Sample Due Date	Rule
MENDELL FINISTERRE II LLC	10474	001-09829	ALICIA #12-15H-1N	2014-09-04	2014-11-15	2015-02-13	318A.f

In order to comply with Rule 318A.f Mendell was required to either:

- Collect a groundwater samples prior to spudding the oil/gas well and submit the analytical data no later than 90 days after the samples were collected, or



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- Submit a Sundry Notice requesting an exception(s) to Rule 318A.f prior to the well being spud.

At this time, COGCC records do not indicate that samples have been submitted or a Sundry Notice filed within the time specified by 318A.f. Failure to provide the required information is a violation of COGCC Rules and will result in enforcement action if not addressed. Failure to respond to this letter in a timely manner will result in enforcement action.

How to Comply with this Warning Letter:

The COGCC requires Mendell to implement the following corrective action(s):

- Submit analytical data from groundwater samples collected prior to spud, or
- Submit a Sundry Notice requesting exceptions to Rule 318A.f.

Any Sundry Notice submitted on behalf of Mendell for the above referenced locations will need to include documentation that Mendell made a good faith effort to collect a sample prior to well spud.

Corrective Action Deadline:

The data must be provided to the COGCC no later than 03/30/2015.

Failure to Comply with Warning Letter:

If Mendell fails to perform the required corrective actions or cannot provide documentation of a good faith effort to comply with Rule 318A.f prior to spud, the 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,

Arthur Koepsell, P.G.
Environmental Protection Specialist
arthur.koepsell@state.co.us

Sent Via Email