



**COLORADO**

**Oil & Gas Conservation  
Commission**

Department of Natural Resources

1120 Lincoln Street, Suite 801  
Denver, CO 80203

## **WARNING LETTER #2193027**

October 21, 2015

Alan Ennis  
Yates Petroleum Company  
105 South 4<sup>th</sup> Street  
Artesia, NM 88210

E-Mail: [alane@yatespetroleum.com](mailto:alane@yatespetroleum.com)

PO 12-12  
API Number: 081-06904  
Facility ID: 223537  
Location ID: 313081  
SWNW, Section 12, Township 9N, 91W Range, Moffat County

**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 a rule, regulation, or order of the Commission, or of a 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 Yates Petroleum Company (Yates) to implement corrective actions for the condition identified below.

As cited in a September 23, 2015 inspection report (Document #673402472, Attachment A), Yates performed a Mechanical Integrity Test (MIT) at API 081-06904 on January 22, 2015

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



(Document #1726926, Attachment B), but failed to submit a Form 42 Field Operations Notice at least ten (10) days prior to conducting the MIT, violating Rules 316B. and 316C.f.

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

Within thirty (30) days of the issuance of this Warning Letter, Yates shall submit a written explanation describing how its procedures will be changed to prevent recurrence of Rules 316B. and 316C.f. Form 42 Field Operations Notice violations. Yates shall timely submit Form 42 Field Operations Notices to COGCC at least ten (10) days prior to conducting all future MITs.

**Corrective Action Deadline Date: November 20, 2015**

**Failure to Comply with Warning Letter:**

If Yates 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,


*Steven Mah - NOAV Specialist For*

David Andrews  
Engineering Supervisor – Western Region  
[David.Andrews@state.co.us](mailto:David.Andrews@state.co.us)  
Phone: 970-625-2497 x1

Enclosures:

Attachment A – Document #673402472  
Attachment B – Document #1726926



<b>FORM</b> <b>INSP</b> Rev 05/11	<b>State of Colorado</b> <b>Oil and Gas Conservation Commission</b> 1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">DE</td> <td style="width: 25%;">ET</td> <td style="width: 25%;">OE</td> <td style="width: 25%;">ES</td> </tr> </table> Inspection Date: <u>09/23/2015</u> Document Number: <u>673402472</u> Overall Inspection: <div style="border: 2px solid red; padding: 2px; display: inline-block;"><b>ACTION REQUIRED</b></div>	DE	ET	OE	ES
DE	ET	OE	ES				
<b>FIELD INSPECTION FORM</b>							
Location Identifier	Facility ID <u>223537</u>	Loc ID <u>313081</u>	Inspector Name: <u>Waldron, Emily</u>	On-Site Inspection <input type="checkbox"/> 2A Doc Num: _____			
<b>Operator Information:</b>							
OGCC Operator Number: <u>97810</u> Name of Operator: <u>YATES PETROLEUM CORPORATION</u> Address: <u>105 SOUTH 4TH ST</u> City: <u>ARTESIA</u> State: <u>NM</u> Zip: <u>88210</u>			<input type="checkbox"/> THIS IS A FOLLOW UP INSPECTION <input checked="" type="checkbox"/> FOLLOW UP INSPECTION REQUIRED <input type="checkbox"/> NO FOLLOW UP INSPECTION REQUIRED <input type="checkbox"/> INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED				
<b>Contact Information:</b>							
Contact Name	Phone	Email	Comment				
Andrews, Dave		david.andrews@state.co.us					
Crisler, duane	307-382-4005	dcrisler@yatespetroleum.com					
<b>Compliance Summary:</b>							
QtrQtr: <u>SWNW</u>	Sec: <u>12</u>	Twp: <u>9N</u>	Range: <u>91W</u>				
Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
12/05/2014	673401514	PR	SI	ALLEGED VIOLATION			Yes
11/27/2012	669300280			SATISFACTORY	I		No
06/15/2012	662300606	PR	SI	ACTION REQUIRED			No
06/15/2011	200320157	PR	PR	SATISFACTORY			No
07/19/1999	500154843	PR	PR			Fail	No
<b>Inspector Comment:</b>  							
<b>Related Facilities:</b>							
Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
223537	WELL	PR	10/03/1996	GW	081-06904	PO 12-12	SI <input checked="" type="checkbox"/>
<b>Equipment:</b>							
<b>Location Inventory</b>							
Special Purpose Pits: _____	Drilling Pits: _____	Wells: _____	Production Pits: _____				
Condensate Tanks: _____	Water Tanks: _____	Separators: _____	Electric Motors: _____				
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____				
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____				
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: _____	Dehydrator Units: _____				
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____				
<b>Location</b>							

Inspector Name: Waldron, Emily

**Lease Road:**

Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	ACTION REQUIRED	Road is overgrown with little gravel or compaction. Erosion beginning to occur.	Maintain road to be in a reasonable condition, accessible and easily located.	10/30/2015

**Signs/Marker:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
TANK LABELS/PLACARDS	SATISFACTORY	All three tanks contain label reading "Permanently closed container date closed 8/21/2014."		
WELLHEAD	SATISFACTORY			
BATTERY	SATISFACTORY			

Emergency Contact Number (S/AV): SATISFACTORY

Corrective Date: \_\_\_\_\_

Comment: 307-382-4005

Corrective Action: \_\_\_\_\_

**Good Housekeeping:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
STORAGE OF SUPL	ACTION REQUIRED	Tanks labeled as permanently out of use for over 12 months.	Remove all equipment not necessary for production of this lease.	10/30/2015
WEEDS	ACTION REQUIRED	Noxious weeds seeded out on location.	Implement and maintain a weed control program.	10/30/2015

**Spills:**

Type	Area	Volume	Corrective action	CA Date
<input type="checkbox"/> Multiple Spills and Releases?				

**Fencing/:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
TANK BATTERY	SATISFACTORY			
SEPARATOR	SATISFACTORY			
WELLHEAD	SATISFACTORY			

**Equipment:**

Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Deadman # & Marked	4	SATISFACTORY			
Horizontal Heater Treater	1	SATISFACTORY	40.75421, - 107.55827		
Bird Protectors		SATISFACTORY			

**Facilities:**

☐ New Tank

Tank ID: \_\_\_\_\_

Inspector Name: Waldron, Emily

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	1	300 BBLS	STEEL AST	,
S/AV:	SATISFACTORY		Comment:	
Corrective Action:				Corrective Date:
<u>Paint</u>				
Condition	Adequate			
Other (Content) _____				
Other (Capacity) _____				
Other (Type) _____				
<u>Berms</u>				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate			Adequate
Corrective Action				Corrective Date
Comment				
<b>Facilities:</b> <input type="checkbox"/> New Tank Tank ID: _____				
Contents	#	Capacity	Type	SE GPS
CONDENSATE	2	300 BBLS	STEEL AST	40.754060,-107.558450
S/AV:	SATISFACTORY		Comment:	
Corrective Action:				Corrective Date:
<u>Paint</u>				
Condition	Adequate			
Other (Content) _____				
Other (Capacity) _____				
Other (Type) _____				
<u>Berms</u>				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate			Adequate
Corrective Action				Corrective Date
Comment				
<b>Venting:</b>				
Yes/No		Comment		
NO				
<b>Flaring:</b>				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

**Predrill**

Location ID: 223537

**Site Preparation:**

Lease Road Adeq.: \_\_\_\_\_ Pads: \_\_\_\_\_ Soil Stockpile: \_\_\_\_\_

S/AV: \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

S/AV: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Wildlife BMPs:**

S/AV: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Stormwater:**

Comment: \_\_\_\_\_

**Staking:****On Site Inspection (305):****Surface Owner Contact Information:**

Name: \_\_\_\_\_ Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

**Operator Rep. Contact Information:**

Landman Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Date Onsite Request Received: \_\_\_\_\_ Date of Rule 306 Consultation: \_\_\_\_\_

Request LGD Attendance: \_\_\_\_\_

**LGD Contact Information:**

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_ Agreed to Attend: \_\_\_\_\_

**Summary of Landowner Issues:****Summary of Operator Response to Landowner Issues:****Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:****Facility**

Facility ID: 223537 Type: WELL API Number: 081-06904 Status: PR Insp. Status: SI

**Idle Well**Purpose: ☒ Shut In ☐ Temporarily Abandoned Reminder: \_\_\_\_\_

S/AV: \_\_\_\_\_ CA Date: \_\_\_\_\_

CA: \_\_\_\_\_

Comment: MIT performed on 1/22/2015, document number 200416752, with no Form 42 10 day notice submitted.

**Environmental****Spills/Releases:**

Type of Spill: \_\_\_\_\_ Description: \_\_\_\_\_ Estimated Spill Volume: \_\_\_\_\_

Inspector Name: Waldron, Emily

Comment: <input style="width:700px" type="text"/>			
Corrective Action: _____		Date: _____	
Reportable: _____	GPS: Lat _____	Long _____	
Proximity to Surface Water: _____		Depth to Ground Water: _____	
<b>Water Well:</b>			
		Lat _____	Long _____
DWR Receipt Num: _____	Owner Name: _____	GPS : _____	_____
<b>Field Parameters:</b>			
<input style="width:300px" type="text"/>			
Sample Location: <input style="width:400px" type="text"/>			
Emission Control Burner (ECB): _____			
Comment: _____			
Pilot: _____	Wildlife Protection Devices (fired vessels): _____		

**Reclamation - Storm Water - Pit**

**Interim Reclamation:**

Date Interim Reclamation Started: \_\_\_\_\_ Date Interim Reclamation Completed: \_\_\_\_\_

Land Use: \_\_\_\_\_

Comment:

1003a.	Debris removed? _____	CM _____	CA _____	CA Date _____
	Waste Material Onsite? _____	CM _____	CA _____	CA Date _____
	Unused or unneeded equipment onsite? _____	CM _____	CA _____	CA Date _____
	Pit, cellars, rat holes and other bores closed? _____	CM _____	CA _____	CA Date _____
	Guy line anchors removed? _____	CM _____	CA _____	CA Date _____
	Guy line anchors marked? _____	CM _____	CA _____	CA Date _____

1003b. Area no longer in use? \_\_\_\_\_ Production areas stabilized ? \_\_\_\_\_

1003c. Compacted areas have been cross ripped? \_\_\_\_\_

1003d. Drilling pit closed? \_\_\_\_\_ Subsidence over on drill pit? \_\_\_\_\_

Cuttings management: \_\_\_\_\_

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? \_\_\_\_\_

Production areas have been stabilized? \_\_\_\_\_ Segregated soils have been replaced? \_\_\_\_\_

**RESTORATION AND REVEGETATION**

**Cropland**

Top soil replaced \_\_\_\_\_ Recontoured \_\_\_\_\_ Perennial forage re-established \_\_\_\_\_

Inspector Name: Waldron, Emily

**Non-Cropland**

Top soil replaced \_\_\_\_\_

Recontoured \_\_\_\_\_

80% Revegetation \_\_\_\_\_

1003 f. Weeds Noxious weeds? \_\_\_\_\_

Comment: \_\_\_\_\_

Overall Interim Reclamation

**Final Reclamation/ Abandoned Location:**

Date Final Reclamation Started: \_\_\_\_\_

Date Final Reclamation Completed: \_\_\_\_\_

Final Land Use: \_\_\_\_\_

Reminder: \_\_\_\_\_

Comment: \_\_\_\_\_

Well plugged \_\_\_\_\_

Pit mouse/rat holes, cellars backfilled \_\_\_\_\_

Debris removed \_\_\_\_\_

No disturbance /Location never built \_\_\_\_\_

Access Roads Regraded \_\_\_\_\_

Contoured \_\_\_\_\_

Culverts removed \_\_\_\_\_

Gravel removed \_\_\_\_\_

Location and associated production facilities reclaimed \_\_\_\_\_

Locations, facilities, roads, recontoured \_\_\_\_\_

Compaction alleviation \_\_\_\_\_

Dust and erosion control \_\_\_\_\_

Non cropland: Revegetated 80% \_\_\_\_\_

Cropland: perennial forage \_\_\_\_\_

Weeds present \_\_\_\_\_

Subsidence \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

Date \_\_\_\_\_

Overall Final Reclamation \_\_\_\_\_

Well Release on Active Location ☐

Multi-Well Location ☐

**Storm Water:**

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
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S/AV: **ACTION REQUIRED**

Corrective Date: **10/30/2015**

Comment: No stormwater BMPs apparent. Large, approx 4 ft dep and 3 ft wide erosional gully leaving location on north side. Gully has noxious weeds growing in it. Sediment and weeds being carried off of location. Access road is overgrown with rills forming.

CA: A stormwater plan utilizing appropriate and necessary BMPs shall be installed and maintained to prevent the migration of soil on pad, access roads and interim reclamation area. BMPs shall prevent site degradation from potential spills and/or releases from stored materials and equipment.

Pits: ☐ NO SURFACE INDICATION OF PIT

**Attached Documents**

You can go to COGCC Images (<https://cogcc.state.co.us/webblink/>) and search by document number:

Document Num	Description	URL
673402489	Inspection Photos	<a href="http://ogccwebblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3691703">http://ogccwebblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3691703</a>

### **ACTION REQUIRED**

**ANY ACTION REQUIRED** items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report 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. The Operator’s compliance with this Inspection Report 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. (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.)

FORM

21

Rev  
08/14

## State of Colorado

## Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203  
Phone: (303) 894-2100 Fax: (303) 894-2109

Document Number:

1726926

Date Received:

01/27/2015

## MECHANICAL INTEGRITY TEST

1. Duration of the pressure test must be a minimum of 15 minutes.
2. An original pressure chart must accompany this report if this test was not witnessed by an OGCC representative. Injection well tests must be witnessed by an OGCC representative.
3. For production wells, test pressures must be at a minimum of 300 psig.
4. New injection wells must be tested to maximum requested injection pressure.
5. For injection wells, test pressures must be at least 300 psig or average injection pressure, whichever is greater.
6. A minimum 300 psi differential pressure must be maintained between the tubing and tubing/casing annulus pressure.
7. Do not use this form if submitting under provisions of Rule 326.a(1)B. or C.
8. Written OGCC notification must be provided 10 days prior to the test via Form 42, Field Operations Notice
9. Packers or bridge plugs, etc., must be set within 100 feet of the perforated interval to be considered a valid test.

Complete the Attachment

Checklist

OP OGCC

OGCC Operator Number: 97810	Contact Name: Duane Crisler	Pressure Chart		
Name of Operator: YATES PETROLEUM CORPORATION	Phone: (307) 382-4005	Cement Bond Log		
Address: 105 SOUTH 4TH ST		Tracer Survey		
City: ARTESIA State: NM Zip: 88210 Email: dcrisler@yatespetroleum.com		Temperature Survey		
API Number: 05-081-06904 OGCC Facility ID Number: 223537		Inspection Number		
Well/Facility Name: PO Well/Facility Number: 12-12				
Location QtrQtr: SWNW Section: 12 Township: 9N Range: 91W Meridian: 6				

☒ SHUT-IN PRODUCTION WELL ☐ INJECTION WELL Last MIT Date: 11/27/2012 12:00:00 AM

Test Type:

☒ Test to Maintain SI/TA status ☐ 5-Year UIC ☐ Reset Packer

☐ Verification of Repairs ☐ Annual UIC TEST

☐ Describe Repairs or Other Well Activities: \_\_\_\_\_

Wellbore Data at Time of Test				Casing Test Use when perforations or open hole is isolated by bridge plug or cement plug; use if cased-hole only with plug back total depth.  Bridge Plug or Cement Plug Depth <div style="border: 1px solid black; width: 100px; height: 20px;"></div>
Injection Producing Zone(s)	Perforated Interval	Open Hole Interval		
	5914-5946			
Tubing Casing/Annulus Test				
Tubing Size:	Tubing Depth:	Top Packer Depth:	Multiple Packers?	
2.875	5864	5829	<input type="checkbox"/>	

## Test Data (Use -1 for a vacuum)

Test Date	Well Status During Test	Casing Pressure Before Test	Initial Tubing Pressure	Final Tubing Pressure
01-22-2015	SHUT-IN	100	700	710
Casing Pressure Start Test	Casing Pressure - 5 Min.	Casing Pressure - 10 Min.	Casing Pressure Final Test	Pressure Loss or Gain
1008	1008	1008	1008	0

Test Witnessed by State Representative? ☐ OGCC Field Representative \_\_\_\_\_

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_

Print Name: Duane Crisler

Title: Production Superintendent

Email: dcrisler@yatespetroleum.com

Date: 1/22/2015

Based on the information provided herein, this Notice (Form 21) complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: Benitez, Asnoldo

Date: 2/24/2015

## CONDITIONS OF APPROVAL, IF ANY:

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General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
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Total: 0 comment(s)