



WARNING LETTER # 401217107

02/27/2017

DIVERSIFIED ENERGY LLC (# 10428)

Jason Haack

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19501 E MAIN STREET #200

PARKER, CO 80138

A.P. URIE 1 (API# 081-05284)

NWSW, 13, 5N, 96W, MOFFAT

This Warning Letter is to inform you that DIVERSIFIED ENERGY LLC (“Operator”) may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) and corrective action is required.

The COGCC has reasonable cause to believe that the Operator has committed one or more violations 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. The Operator is required to comply with this Warning Letter by the **Corrective Action Deadline Date(s)** to resolve the alleged violation(s). 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.

Alleged Violation(s) and Required Corrective Action(s):

319.b Temporary Abandonment

Description of Alleged Violation: Pursuant to Rule 319.b. and Rule 326.c., Operator is required to conduct an MIT within 30 days of temporary abandonment (TA) and receive Director approval prior to TA of a well. COGCC Rule 100 defines a well as temporarily abandoned if the well becomes incapable of production (for example, through the removal of necessary production equipment or a well that has all downhole completed intervals isolated with a plug set above the highest perforation). Any well incapable of production should have a well status of TA in filings with COGCC, including the Form 7, Monthly Reports of Operations.

During an inspection on October 13, 2016, COGCC staff observed that the tanks have been removed from the location and the well is not presently capable of production and is currently TA. A review of COGCC records indicates Operator has not conducted a successful MIT or requested Director approval for TA status, violating Rule 319.b. And Rule 326.c.

Required Corrective Action: Operator shall conduct a successful MIT on the Well or plug and abandon





the Well. COGCC Rules DO NOT permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT.

Operator shall submit a Form 4, Sundry Notice, requesting TA status for the Well and stating the method by which the Well is closed to atmosphere and plans for future operation.

Rule 316B requires notice to the Director on a Form 42, Field Operations Notice, at least ten (10) days prior to conducting an MIT and submission of MIT results (successful or not) on a Form 21, within thirty (30) days after the test. If an MIT is not witnessed by COGCC staff, a pressure chart must accompany this Form 21 report.

If the Well lacks mechanical integrity, Rule 326.f. requires the Operator to make repairs or plug and abandon within the timeframe prescribed by Rule 326.f.1.

Rule 311 requires Operator to submit a Form 6, Notice of Intent to Abandon, and secure Director approval prior to plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

No later than March 31, 2017, Operator shall submit a Form 4, Sundry Notice, requesting TA status.

No later than May 22, 2017, Operator shall either: (a) complete a successful MIT and submit a Form 21, or (b) plug and abandon the Well pursuant to an approved Form 6 (Intent) and submit a Form 6 (Subsequent).
Corrective Action Deadline Date: 03/31/2017

How to Comply with Warning Letter:

Operator shall complete the Required Corrective Action(s) above within the deadline(s) provided. Upon completion of the Corrective Action(s), Operator shall provide notice and evidence of completion to the COGCC staff identified below by the Corrective Action Deadline Date(s):

COGCC Enforcement: Steven Mah
Email: Steven.Mah@state.co.us

Title: NOAV Specialist
Phone Num: (303) 894-2100 x5172

COGCC Representative: Dave Andrews
Email: david.andrews@state.co.us

Title: West Region Engineering S
Phone Num: (970)625-2497x1

If you have any procedural questions about this Warning Letter, please contact Steven Mah.
If you have any technical questions about this Warning Letter, please contact the COGCC Representative identified above.

Failure to Comply with Warning Letter:

If the Operator fails to perform Required Corrective Action(s) on or before the Corrective Action Deadline Date(s) stated above 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.





COLORADO
Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

All well data, rules and forms are available on our website at www.colorado.gov/cogcc.

Sincerely,

Dave Andrews
West Region Engineering S
(970)625-2497x1
david.andrews@state.co.us

Attachments

View Attachments in Imaged Documents on COGCC website <http://ogccweblink.state.co.us/> Search by Document Number.

Document Number **Description**

401219848	WARNING LETTER CERTIFIED MAIL RECEIPT
401219860	WARNING LETTER ISSUED

Total Attach: 2 Files

