



WARNING LETTER # 401365386

08/04/2017

LASSO OIL & GAS LLC (# 10654)

Kris Freeman

kfreeman@31operating.com

3021 RIDGE RD #156

ROCKWALL, TX 75032

This Warning Letter is to inform you that LASSO OIL & GAS 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):

NTO Flowline Notice to Operators

Description of Alleged Violation: On May 2, 2017, COGCC issued the Notice to Operators Statewide - Flowlines or Pipelines – 1100 Series Rules (“NTO”). The NTO’s Phase 1 required all operators to conduct re-inspections on any existing Flowlines and pipelines located within 1,000 feet of a Building Unit and submit a Riser Inventory and Flowline Integrity Verification Spreadsheet by May 30, 2017. The NTO’s Phase 2 required all operators to ensure and document that all Flowlines within 1,000 feet of a Building Unit have integrity by June 30, 2017. The exception from pressure testing requirements for low pressure Flowlines or pipelines in Rule 1101.e.(2) does not apply to this NTO. The NTO’s Phase 2 further required operators to complete abandonment of any Flowline or pipeline not actively operated by June 30, 2017, regardless of distance to a Building Unit and regardless of when it was installed or taken out of service.

Based on a review of COGCC records, COGCC has identified that the Operator has Flowlines or pipelines subject to both Phases of the NTO. To date the Operator has not submitted the Riser Inventory and Flowline Integrity Verification Spreadsheet, which should contain verification that all Flowlines within 1,000 feet of a Building Unit have integrity, in violation of the terms of the NTO.





Required Corrective Action: The Operator shall immediately contact Mark Schlagenhauf, Engineering Integrity Supervisor, at 303-894-2100 x5177 to discuss the Operator's plan to comply with the NTO. The Operator shall come into compliance with the NTO by no later than September 4, 2017. Failure to contact Mr. Schlagenhauf and come into compliance with the NTO by September 4, 2017, may result in the issuance of a Notice of Alleged Violation or the pursuit of an emergency COGCC order.

The Riser Inventory and Flowline Integrity Verification Spreadsheet is available on the COGCC website at http://cogcc.state.co.us/library.html#/special_projects/flowlines.

Corrective Action Deadline Date: 09/04/2017

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: Mark Schlagenhauf
Email: mark.schlagenhauf@state.co.us

Title: Engineering Integrity Sup
Phone Num: (303)894-2100x5177

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.

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

Sincerely,

Mark Schlagenhauf
Engineering Integrity Sup
(303)894-2100x5177
mark.schlagenhauf@state.co.us





Attachments

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

| <u>Document Number</u> | <u>Description</u> |
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| 401365547 | WARNING LETTER CERTIFIED MAIL RECEIPT |
| 401365859 | WARNING LETTER ISSUED |

Total Attach: 2 Files

