



OUTCOME NOTICE for WARNING LETTER # 401272587

08/22/2017

STERLING ENERGY INVESTMENTS LLC (# 10390)

DAVE KENYON

dkenyon@sterlingenergy.us

1200 17TH STREET #2850

DENVER, CO 80202

Re: Warning Letter # 401272587

Date Issued 07/20/2017

This Outcome Notice is to inform you of the status of the violation(s) alleged in the above referenced Warning Letter.

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

711 Natural Gas Gathering, Natural Gas Processing and Underground Natural Gas Storage Facilities

Violation Date: 05/02/2017

Violation Discovery Date: 05/02/2017

Description of Alleged Violation: Pursuant to Rule 711, Operators of natural gas gathering, natural gas processing, or underground natural gas storage facilities are required to provide statewide blanket financial assurance to ensure compliance with the 900 Series rules in the amount of fifty thousand dollars (\$50,000), or in an amount voluntarily agreed to with the Director, or in an amount to be determined by order of the Commission. Operators of small systems gathering or processing less than five (5) MMSCFD may provide individual financial assurance in the amount of five thousand dollars (\$5,000). All components of a gas gathering system must be properly registered and financially assured.

Sterling Energy Investments LLC (Operator) operates the Yenter Gathering System (Facility #426343) and the following associated compressor station components: the Yenter Compressor Station (Facility #426344), the Yenter Gas Processing Plant (Facility #255989), the New Raymer Compressor Station (Facility #120181), and the Lewis Creek Compressor Station (Facility #120130), collectively the Facilities. Surety ID #20110186 in the amount of \$5,000 was received on November 3, 2011 to cover the Yenter Gathering System (pipeline) and Surety ID#2011-0185 for the amount of \$5,000 to cover the Yenter Gas Processing Plant. All components of the gas gathering system must be properly registered and bonded. If these are all small systems, gathering or processing less than five (5) MMSCFD, each component may be individually assured for \$5,000 each. The Facilities have not been adequately financially assured, violating Rule 711.





Required Corrective Action: Operator shall either: 1) Submit the additional acceptable financial assurance for the Lewis Creek Compressor, New Raymer Compressor and the Yenter Compressor Stations, or 2) Submit Form 4 Sundry Notice for Commission and/or Director review of a Variance Request pursuant to Rule 502.b.(1) a proposed voluntary amount of assurance and an explanation justifying this request. The COGCC accepts financial assurance in the form of a) Surety bond – Fully Executed Form 3 Performance Bond for Downstream Gas Facility, b) Cashier's check payable to COGCC with a signed and dated Form 3 Performance Bond for Downstream Gas Facility or c) Certificate of Deposit set up as public fund account from an eligible public depository bank.

Operator shall also submit separate Form 12, Gas Facility Registrations, for the Lewis Creek Compressor, New Raymer Compressor and the Yenter Compressor Stations pursuant to Rule 312.i. Each Form 12 must include a topo map identifying the legal location of the gas facility, a facility location drawing depicting all surface structures, and GPS NAD 83 readings for the facility.

Corrective Action Deadline Date: 08/25/2017

Corrective Action Performed by Operator

Description: Operator has posted additional financial assurance and submitted new/amended Form 12's as required.

Completion Date: 08/21/2017

Outcome of Warning Letter # 401272587: No Further Action Required

Operator has posted additional financial assurance and submitted new/amended Form 12's as required.

Other Violations:

If COGCC has reasonable cause to believe that STERLING ENERGY INVESTMENTS LLC has additional violations not addressed through the above referenced Warning Letter, the COGCC may 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. COGCC may or may not elect to issue Warning Letters for additional instances of non-compliance based on the guidance of the COGCC Enforcement Guidance and Penalty Policy (Corrected 4/8/2015) and COGCC Rules.

Sincerely,

Martha Ramos
Financial Assurance Super
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Attachments

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





COLORADO
Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

Document Number **Description**

401272587	WARNING LETTER OUTCOME NOTICE
401272649	WARNING LETTER DOCUMENTATION
401348483	WARNING LETTER DOCUMENTATION
401348514	WARNING LETTER CERTIFIED MAIL RECEIPT
401348674	WARNING LETTER ISSUED
401348688	WARNING LETTER IN PROCESS

Total Attach: 6 Files

