



WARNING LETTER # 401759624

09/13/2018

LOGOS OPERATING LLC (# 10679)
 TAMRA SESSIONS
 tsessions@logosresourcesllc.com

2010 AFTON PLACE
 FARMINGTON, NM 87415

This Warning Letter is to inform you that LOGOS OPERATING 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.

COGCC has reasonable cause to believe that 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. 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):

707 Inactive Wells

Violation Date: 09/13/2018

Violation Discovery Date: 09/13/2018

Description of Alleged Violation: Pursuant to Rule 707.a., to the extent that, Operator's inactive well count exceeds Operator's financial assurance amount divided by ten thousand dollars (\$10,000) for inactive wells less than three thousand (3,000) feet in total measured depth or twenty thousand dollars (\$20,000) for inactive wells greater than or equal to three thousand (3,000) feet in total measured depth, such additional wells shall be considered “excess inactive wells.”

Inactive wells are defined in the 100 Series Rule as any shut-in well from which no production has been sold for a period of twelve (12) consecutive months; any well which has been temporarily abandoned for a period of six (6) consecutive months; or, any injection well which has not been utilized for a period of twelve (12) consecutive months.

For each excess inactive well, the Operator’s required financial assurance amount under Rule 707 shall be increased by ten thousand dollars (\$10,000) for inactive wells less than three thousand (3,000) feet in total measured depth or twenty thousand dollars (\$20,000) for inactive wells greater than or equal to three





thousand (3,000) feet in total measured depth. This requirement shall be modified or waived if the Commission approves a plan submitted by the Operator for reducing such additional financial assurance requirement, for returning wells to production in a timely manner, or for plugging and abandoning such wells on an acceptable schedule.

COGCC Staff conducted an audit of the Operator's inactive wells and the amount of financial assurance with the Commission, and identified that the Operator has nine (9) inactive wells that have a total measured depth equal to or greater than 3,000 feet. The financial assurance required for these inactive wells is \$180,000 based upon \$20,000 for each of the wells. Operator presently has a Blanket Plugging bond of \$100,000 and an Excess Inactive bond in the amounts of \$60,000. Pursuant to Rule 707.a., a balance of \$20,000 Excess Inactive financial assurance is required.

Required Corrective Action: Operator shall either:

- 1) Submit additional financial assurance for Plugging Excess Inactive Wells in the amount of \$20,000 in an acceptable form of (a) a surety bond via a fully executed Form 3, Performance Bond, (b) a cash bond via a cashier's check payable to COGCC with a completed Form 3, or (c) a Certificate of Deposit created as public fund account with an eligible public depository bank, or
- 2) Submit for Commission review a proposed plan for reducing such additional financial assurance requirement by returning wells to production in a timely manner, or plugging and abandoning such wells on an acceptable schedule.

The Operator should contact the undersigned COGCC representative to discuss such a plan prior to submission to the Commission. Please find the Excess Inactive Well List, Form 3 Performance Bond, Cash Financial Assurance Instructions, Certificate of Deposit Instructions, and Inactive Well Plan Guidance Document attached.

Corrective Action Deadline Date: 10/15/2018

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 Representative: Deborah Lutz

Title: Financial Assurance Analy
Phone Num: (303)894-2100x5185

Email: debbie.lutz@state.co.us

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

Failure to Comply with Warning Letter:

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





stated above 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.

Disclaimers:

If the alleged violation(s) in this Warning Letter are the subject of previously issued Notice(s) of Alleged Violation ("NOAV") or Enforcement Order(s) ("Order"), Operator's obligations and the corrective actions and deadlines in such NOAV or Order stand and are not affected by this Warning Letter.

If issued in error, the Enforcement Unit reserves the right to rescind this Warning Letter prior to the COGCC Representative's receipt of Operator's notice and evidence of completion of the Corrective Action.

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

Sincerely,

Deborah Lutz
 Financial Assurance Analy

Attachments

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

Document Number Description

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|-----------|---------------------------------------|
| 401759856 | WARNING LETTER DOCUMENTATION |
| 401759859 | WARNING LETTER DOCUMENTATION |
| 401759860 | WARNING LETTER DOCUMENTATION |
| 401759861 | WARNING LETTER DOCUMENTATION |
| 401759866 | WARNING LETTER DOCUMENTATION |
| 401759879 | WARNING LETTER CERTIFIED MAIL RECEIPT |

Total Attach: 6 Files

