



1120 Lincoln Street, Suite 801
Denver, CO 80203
www.colorado.gov/cogcc

WARNING LETTER # 402326903

02/28/2020

GRAND MESA OPERATING CO (# 35080)
MICHAEL J REILLY
mreilly@gmocks.com

1700 N. WATERFRONT PKWY BL 600
WICHITA, KS 67206

GRAND CANYON 1-31 (API# 073-06761)
NENE, 31, 7S, 54W, LINCOLN

This Warning Letter is to inform you that GRAND MESA OPERATING CO (“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):

34-60-121(1) CRS-b Statutory Violation - Permit Violation

Violation Date: 06/17/2019

Violation Discovery Date: 12/16/2019

Description of Alleged Violation: Pursuant to COGCC Conditions of Approval COAs on Grand Mesa Operating Operator’s Form 2 Application for Permit to Drill for the Well Grand Canyon #1-31, NENE 31 7S54W 6 PM. In the case of a dry hole, Operator was required to place isolation above the Morrow formation. COA #4 If well is a dry hole set plugs at the following depths: 40 sks cement +/- 50’ above the Spergen, 40 sks cement +/- 50’ above the Morrow, 40 sks cement +/- 50’ above the Marmaton, 40 sks cement +/- 50’ above any DST w/ hydrocarbon show, 40 sks cement 100’ below Morrison top, 40 sks cement 50’ above Dakota top, 50 sks cement from 50’ below surface casing shoe up into surface casing, 15 sks cement in top of surface casing, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Subsequent Report of Abandonment indicates that this isolation was not placed. Operator did not respond to an email request as to why the plug was not placed (12/16/2019). Operator failed to provide required isolation, violating Operator’s Form 2 COAs and § 34-60-121.(1)(a), C.R.S.



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**Oil & Gas Conservation
Commission**

Department of Natural Resources

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Required Corrective Action: In its Rule 522.d.(2) Answer, due within 28 days of the Operator's receipt of the NOAV, Operator shall provide the following to COGCC:

- Operator shall detail an explanation of how Operator will ensure that future Conditions of Approval required by COGCC Rules and COAs are performed, noticed, and reported. Operator will provide explanation that the required isolation not being executed does not diminish the effective plugging and isolation of the abandoned wellbore.

Corrective Action Deadline Date: 03/27/2020

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: Eric Jacobson
Email: eric.jacobson@state.co.us

Title: Central Region Engineer
Phone Num: (303) 894-2100x5265

If you have any 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,

Eric Jacobson
Central Region Engineer

Attachments

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



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