



**COLORADO**  
**Oil & Gas Conservation**  
**Commission**

Department of Natural Resources

1120 Lincoln Street, Suite 801  
Denver, CO 80203

[www.colorado.gov/cogcc](http://www.colorado.gov/cogcc)

## **OUTCOME NOTICE for WARNING LETTER # 403071030**

08/30/2022

FOUNDATION ENERGY MANAGEMENT LLC (#10112)

JOEL P. SAUER

[jsauer@foundationenergy.com](mailto:jsauer@foundationenergy.com)

5057 KELLER SPRINGS RD STE 650  
ADDISON, TX 75001

Re: Warning Letter #403071030

Date Issued 06/07/2022

KERBS 41-27 (API# 125-07074)

NENE, 27, 1S, 45W, YUMA

**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):**

#### **413 Form 7, Operators Monthly Report of Operations**

Violation Date: 06/07/2022

Violation Discovery Date: 06/07/2022

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the Well(s) indicated above and/or in the attached table presents one or more compliance issues. Operator should review its records to verify if any Monthly Reports of Operations ("Form 7"), are missing, inaccurate, or incomplete for this Well.

Pursuant to Rule 413.a., Operator is required to submit Form 7 for all existing oil and gas wells that are not plugged and abandoned, within 45 days after the end of each month. Operator is required to report the well every month from the month it is spud until it has been reported for one month as abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment.

Pursuant to Rule 413.b., Operator is required to report the volume of specific fluids injected into a Class II Underground Injection Control well on a Form 7, within 45 days after the end of each month. The specific Class II fluids on Form 7 are produced fluids and any gas or fluids used during enhanced recovery unit operations; including produced water and fluids recovered during drilling, casing cementing, pressure testing, completion, workover, and formation stimulation of all oil and gas wells including production, exploration, injection, service and monitoring wells. Injection of any other Class II fluids requires separate volume reporting on a Form 14, as described in Rule 808.b.

If Operator failed to file Form 7, Monthly Reports of Operations, or has filed incomplete or inaccurate information for the Well, then Operator violated Rule 413.



**Required Corrective Action:** Operator shall submit any delinquent forms, notices, or reports; and correct any incomplete or inaccurate reports. Operator shall send an email to the COGCC Representative indicated below, confirming that all required Form 7s are submitted, accurate, and up-to-date; and detailing an internal procedure for timely compliance with Rule 413. in the future. Operator shall reference this Warning Letter document number in the subject of the email.

**Corrective Action Deadline Date:** 08/31/2022

**Corrective Action Performed by Operator**

**Description:** Operator submitted updated Form 7 Production Reporting (doc #403151370).

**Completion Date:** 08/30/2022

#### 417 Mechanical Integrity Testing

**Violation Date:** 06/07/2022

**Violation Discovery Date:** 06/07/2022

**Description of Alleged Violation:** Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the Well(s) indicated above and/or in the attached table presents one or more compliance issues. Operator should review its records to verify if this is a shut-in ("SI") or temporarily abandoned ("TA") well past due for a Mechanical Integrity Test ("MIT").

Pursuant to Rule 417.b., Operator is required to conduct an MIT on SI wells within two years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT. COGCC Rules DO NOT permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT. If the above referenced Well has been SI for over two years and Operator has not conducted an initial MIT or is SI and has not had an MIT for over five years after the initial MIT, then Operator is in violation of Rule 417.b.

Pursuant to Rule 417.c., Operator is required to conduct an MIT on TA wells within thirty (30) days of temporarily abandoning the well, and then at five (5) year intervals after an initial successful MIT. COGCC Rules DO NOT permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT. If the above referenced Well has been TA for over thirty days and Operator has not conducted an initial MIT or is TA and has not had an MIT for over five years after the initial MIT, then Operator is in violation of Rule 417.c.

Pursuant to Rule 417.e., Operator is required to submit notice to the Director on a Form 42, Field Operations Notice - Mechanical Integrity Test ("MIT"), 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.

**Required Corrective Action:** If the Well is SI or TA but Operator has not conducted a successful initial MIT or successful follow-up five year MIT, then Operator shall conduct a successful MIT on the Well or plug and abandon the Well.

Rule 417.n., requires notice to the Director on a Form 42, Field Operations Notice at least ten (10) days prior to conducting an MIT and Rule 418, requires submission of MIT results (successful or not) on a



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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 417.f. requires the Operator to make repairs or plug and abandon within the timeframe prescribed by Rule 417.f.

Rule 435 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.

Corrective Action Deadline Date: 08/31/2022

Corrective Action Performed by Operator

Description: Well produced 12/2021-3/2022, prior to 24-mo SI due date. No MIT required at this time.

Completion Date: 08/30/2022

**Outcome of Warning Letter #403071030: No Further Action Required**

Operator submitted updated Form 7 Production Reporting (doc #403151370). Well produced 12/2021-3/2022, prior to 24-mo SI due date. No MIT required at this time.

**Other Violations:**

If COGCC has reasonable cause to believe that FOUNDATION ENERGY MANAGEMENT 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,

Abrams, Deborah  
Engineering Tech  
(303) 894-2100x5158  
[deborah.abrams@state.co.us](mailto:deborah.abrams@state.co.us)

**Attachments**

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

**Document Number    Description**

403071030	WARNING LETTER OUTCOME NOTICE
403071058	WARNING LETTER ISSUED

Total Attach: 2 Files