



COLORADO

Energy & Carbon Management Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/ecmc

WARNING LETTER # 403800756

05/22/2024

KP KAUFFMAN COMPANY INC (# 46290)

ROSS WATZMAN

rwatzman@kpk.com

1700 LINCOLN ST STE 4550

DENVER, CO 80203

DACONO 1 (API# 123-09032)

SENE, 1, 1N, 68W, WELD

This Warning Letter is to inform you that KP KAUFFMAN COMPANY INC (“Operator”) may be in violation of the rules and regulations of the Colorado Energy and Carbon Management Commission (“ECMC”) and corrective action is required.

ECMC 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 ECMC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 525, ECMC Rules of Practice and Procedure, 2 CCR 404-1.

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

219 Form 10, Certificate of Clearance

Violation Date: 05/22/2024

Violation Discovery Date: 05/22/2024

Description of Alleged Violation: Rule 219 c. The Operator of a Well will file a new Form 10 to change the transporter or gatherer for the Well within 30 days of the change.

Required Corrective Action: Update Form 10 to reflect current transporters/gathers (deleting any not currently used).

Corrective Action Deadline Date: 06/05/2024

903.e. Gas Capture Plans

Violation Date: 05/22/2024

Violation Discovery Date: 05/22/2024

Description of Alleged Violation: 903 e. (1) B. Gas capture plans will demonstrate compliance with the requirements of Rules 903.b–d and include the following information: i. A description and map of the location of the closest or contracted natural gas gathering system or point of sale. ii. The name of the company operating the closest or contracted natural gas gathering system. iii. The Operator’s plan for connecting their facility to a natural gas gathering system or otherwise putting gas to beneficial use, including: aa. Discussion of potential rights of way issues; bb. Construction schedules; cc. Date of



COLORADO

Energy & Carbon Management Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/ecmc

availability of the gas Gathering Line; dd. Whether the nearest or contracted gas gathering system has capacity to accept the anticipated gas to be produced at the location at the time of application; and ee. Options for beneficial use of natural gas that are alternatives to Flaring during production operations prior to connection to gas Gathering Lines, including, but not limited to: onsite use, natural gas liquid processing, electrical power generation, gas to liquid, reinjection for enhanced oil recovery, or other options.

Operator failed to provide required details for Gas Capture Plan, and did not demonstrate how gas is beneficially utilized on site.

Required Corrective Action: Well(s) to be shut-in until approved Gas Capture Plan or variance is received.

Resubmissions of Gas Capture Plan must include all produced gas volume is expected to be metered. Any required CDPHE permission needs to be provided. Current gas analysis including H₂S is required.

Corrective Action Deadline Date: 06/05/2024

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 ECMC staff identified below by the Corrective Action Deadline Date(s):

ECMC Representative: Wang, Jian
Email: jian.wang@state.co.us

Title: Engineering Research Tech
Phone Num: (303) 551-5570x

If you have any questions about this Warning Letter, please contact the ECMC 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 ECMC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 525, ECMC 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 ECMC 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/ecmc.

Sincerely,

Wang, Jian
Engineering Research Tech



COLORADO

Energy & Carbon Management Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/ecmc

Attachments

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

<u>Document Number</u>	<u>Description</u>
------------------------	--------------------

403800829	WARNING LETTER DOCUMENTATION
-----------	------------------------------

Total Attach: 1 Files