



COLORADO

Energy & Carbon Management Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/ecmc

OUTCOME NOTICE for WARNING LETTER # 403298036

01/31/2025

KTM OPERATING LLC (#10722)

KENNY VINCENT

kvincent@reagan.com

2851 JOHNSTON ST PMB 550

LAFAYETTE, LA 70503

Re: Warning Letter #403298036

Date Issued 01/22/2023

CRAIG 16-32 (API# 073-06398)

SESE, 32, 13S, 55W, LINCOLN

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):

417 Mechanical Integrity Testing

Violation Date: 10/31/2022

Violation Discovery Date: 01/22/2023

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.

Well returned to production in October 2022, last produced December 2019 - due for MIT by December 2021.

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 Operator has not conducted a successful initial MIT or successful



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follow-up five year MIT, then Operator shall conduct a successful MIT on the Well or plug and abandon the Well.

Rule 405.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 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: 03/31/2023

Corrective Action Performed by Operator

Description: ECMC accepted alternative demonstration of mechanical integrity (post-cementing, casing tubing pressurized).

Completion Date: 01/22/2023

Outcome of Warning Letter #403298036: No Further Action Required

This piece is closed out, but other pieces will be referred for enforcement.

Other Violations:

If ECMC has reasonable cause to believe that KTM OPERATING LLC has additional violations not addressed through the above referenced Warning Letter, the ECMC may issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 523, ECMC Rules of Practice and Procedure, 2 CCR 404-1. ECMC may or may not elect to issue Warning Letters for additional instances of non-compliance based on the guidance of the ECMC Enforcement Guidance and Penalty Policy (Corrected 4/8/2015) and ECMC Rules.

Sincerely,

Burn, Diana
Engineering Manager
(303) 894-2100x5106
diana.burn@state.co.us

Attachments

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



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<u>Document Number</u>	<u>Description</u>
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403298036	WARNING LETTER OUTCOME NOTICE
403298040	WARNING LETTER ISSUED

Total Attach: 2 Files