



# COLORADO

## Energy & Carbon Management Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801  
Denver, CO 80203

www.colorado.gov/ecmc

### WARNING LETTER # 404375298

10/02/2025

VALKYRIE OPERATING LLC (#10725)  
STEPHEN LUCADO  
slucado@valkyrie-resources.com

1600 STOUT STREET SUITE 1000  
DENVER, CO 80202

UNITED STATES B1 (API# 103-07488)  
NENW, 25, 2N, 102W, RIO BLANCO

**This Warning Letter is to inform you that VALKYRIE OPERATING LLC (“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):**

<p>1101.b. Off-Location Flowline Registration</p> <p><u>Violation Date:</u> 10/01/2025</p> <p><u>Violation Discovery Date:</u> 10/01/2025</p> <p><u>Description of Alleged Violation:</u> Pursuant to Rule 1101.b.(1) An operator must register every off-location flowline either individually or as part of a flowline system. An operator may register individual off-location flowlines or a flowline system by submitting a Flowline Report, Form 44, to the Director within 90 days after the flowline or flowline system is placed in active status. An off-location flowline registered as part of a produced water transfer system is not subject to this requirement.</p> <p>Operator failed to register off-location flowline(s), violating Rule 1101.b.</p> <p><u>Required Corrective Action:</u> Operator shall do an audit of all wells and flowlines and submit any delinquent forms, notices, or reports. Operator shall send an email to the ECMC Representative indicated below, confirming that all required Forms are submitted, accurate, and up-to-date; and detailing an internal procedure for timely compliance with Rule 1101. in the future. Operator shall reference this Warning Letter document number in the subject of the email.</p> <p><u>Corrective Action Deadline Date:</u> 10/23/2025</p>
<p>1105 Abandonment</p>



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Violation Date: 10/01/2025

Violation Discovery Date: 10/01/2025

Description of Alleged Violation: Pursuant to Rule 1105.f., Within 90 days of an operator completing abandonment requirements for a flowline or crude oil transfer line, an operator must submit:

(1) A Field Operations Notice, Form 42 – Abandonment of Flowlines, to the Director for an onlocation flowline. If the operator conducted a pressure test as part of the abandonment, a copy of the pressure test shall be submitted with the Report of Abandonment, Form 6 – Subsequent.

(2) A Flowline Report, Form 44, to the Director for an off-location flowline or crude oil transfer line, which must include:

A. Geographic Information System (GIS) data that includes line alignment, if such GIS data has not been submitted to the Commission for the line;

B. An account of the manner in which the abandonment work was performed;

C. Copies of any pressure test results run as part of the abandonment shall be submitted with the Form 44 for off-location flowlines and crude oil transfer lines; and 1100-20 As of January 15, 2021

D. If the line was abandoned in place, verification performed by a third party who:

i. Observed that the abandonment requirements of Rule 1105.e.(1)-(4) were met; and

ii. Is a Professional Engineer registered with the State of Colorado, working under the supervision of a Professional Engineer registered with the State of Colorado, or has specific training and experience abandoning lines in accordance with the requirements of Rule 1105.

NOAV 403636301 dismissed was contingent on the proper plugging and abandonment of this well. Off-location flowline registration and abandonment was not completed as required.

The COA for the plugging of this well Doc# 402499790, "Properly abandon flowlines as per Rule 1105. File electronic Form 42 once on location abandonment complete. Within 30 days of an operator completing abandonment requirements for an off-location flowline or crude oil transfer line the operator shall submit a Flowline Report, Form 44."

Operator commented on the Form 6-Subsequent Doc# 403650265 dated 2/13/2024, "Operator comments on Flowline Abandonment: The US B1 does/did have a flowline from the well to the Central Unit battery. This flowline was purged and capped during the PA of the well. After speaking with our regulatory representative the plan is to register the US B1 flowline and then abandon it so all the paperwork is present and correct. Our contractor has already began this process. The final reclamation of the location has not taken place because of an issue with federal approval that includes multiple wells. I will verify with my contractor to make sure flowline registration for US B1 will be complete this week."

Operator has failed to submit Form 44s, violating Rule 1105.

Required Corrective Action: Operator shall do an audit of all wells and flowlines and submit any and all delinquent Form 44s. Operator shall send an email to the ECMC Representative indicated below, confirming that all required Form 44s are submitted, accurate, and up-to-date; and detailing an internal procedure for timely compliance with Rule 1105. in the future. Operator shall reference this Warning Letter document number in the subject of the email.

Corrective Action Deadline Date: 10/23/2025



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### **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: Greager, Meredith  
Email: [meredith.greager@state.co.us](mailto:meredith.greager@state.co.us)

Title: Engineering QA Specialist  
Phone Num: (720) 830-4175x

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](http://www.colorado.gov/ecmc).

Sincerely,

Greager, Meredith  
Engineering QA Specialist

### **Attachments**

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

### **Document Number    Description**

<b><u>Document Number</u></b>	<b><u>Description</u></b>

Total Attach: 0 Files