

WARNING LETTER

December 12, 2014

Attn: Ms. Chrissy Schaffner (chrissy.schaffner@cci.com)

CCI Paradox Upstream LLC
600 17th Street #1900S
Denver CO 80202

Well: Summit Point Federal #1
API #: 05-113-06272
NENW Section 6 T43N R19W

This Warning Letter is to inform you that the oil and gas facility or the oil and gas operations listed above may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

Rule(s) Citation:

A review of COGCC records indicates that CCI Paradox Upstream LLC (CCI) has not met the groundwater sampling requirements under COGCC Rule 609. The Applications for Permit to Drill (APD(s)) for the well(s) in the table below were submitted after May 1, 2013 and are subject to COGCC Rule 609 sampling requirements.

Operator	Operator #	API #	Well Name	Form 2 Submit Date	Spud Date	Sample Due Date	Rule
CCI PARADOX UPSTREAM	10453	05-113-06272	Summit Point Federal #1	12/28/2013	09/01/2014	11/30/2014	609

In order to comply with Rule 609 CCI was required to either:



- Collect a groundwater samples prior to spudding the oil/gas well and submit the analytical data no later than 90 days after the samples were collected, or
- Submit a Sundry Notice requesting an exception(s) to Rule 609 prior to the well being spud.

At this time, COGCC records do not indicate that samples have been submitted or a Sundry Notice filed within the time specified by Rule 609. Failure to provide the required information is a violation of COGCC Rules and will result in enforcement action if not addressed.

How to Comply with this Warning Letter:

The COGCC requires CCI to implement the following corrective action(s):

- Submit analytical data from groundwater samples collected prior to spud, or
- Submit a Sundry Notice requesting exceptions to Rule 609.

Any Sundry Notice submitted on behalf of CCI for the above referenced locations will need to include documentation that CCI made a good faith effort to collect a sample prior to well spud.

Corrective Action Deadline:

The data must be provided to the COGCC no later than 12/31/2014.

Failure to Comply with Warning Letter:

If CCI fails to perform the required corrective actions or cannot provide documentation of a good faith effort to comply with Rule 609 prior to spud, the 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. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)

If you have any questions about this Warning Letter, please contact the COGCC representative below.

Sincerely,



Arthur Koepsell, P.G.
Environmental Protection Specialist
arthur.koepsell@state.co.us
(303)894-2100 ext. 5148

SENT VIA EMAIL

Arthur Koepsell - DNR

To: chrissy.schaffner@cci.com
Subject: Summit Point Federal #1 (API# 05-113-06272) Rule 609 Compliance
Attachments: CCIParadoxWarningLetter12122014.pdf

Ms. Schaffner,

Please review the attached warning letter. The facility or operation listed above may be in violation of Colorado Oil and Gas Conservation Commission ("COGCC") Rule 609 and corrective action is required by December 31, 2014.

Sincerely,

Arthur

Arthur W. Koepsell, P.G.
Environmental Data Analyst



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