



COLORADO
Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

WARNING LETTER #2597129

Date: December 22, 2014

Coachman Energy Operating Company LLC
Operator Number: 10500
Attn: Frank Canepa
Contact email: fcanepa@coachmanenergy.com
5251 DTC Parkway Suite 200
Greenwood Village, CO 80111

This Warning Letter is to inform you that multiple Coachman Energy Operating Company LLC (“Operator”) oil and gas operations may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Warning Letter is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

The COGCC requires Operator to implement corrective action(s) for the conditions identified below.

Commission Order Numbers 1-107, 139-56, 191-22 and 369-2 require that operators test the bradenhead, and intermediate casing annulus if applicable, of all wells in a bradenhead monitoring area (BMA), defined as Townships 6 through 9 South, Ranges 91 through 93 West, 6th P.M., for pressure and flow on an annual basis. The results of the annual bradenhead test for pressure and flow for all wells shall be provided to the

P 303.894.2100 F 303.894.2109 www.colorado.gov/cogcc

Commissioners: Thomas L. Compton - Chairman, Richard Alward, John H. Benton, DeAnn Craig,
James W. Hawkins, Tommy Holton, Andrew L. Spielman, Mike King, Dr. Larry Wolk

John W. Hickenlooper, Governor | Mike King, Executive Director, DNR | Matthew J. Lepore, Director



COGCC staff on a spreadsheet no later than November 1 of each calendar year. COGCC's Notice to Operators Drilling Wells in the Buzzard, Mamm Creek, and Rulison Fields, Garfield County and Mesa County, Procedures and Submittal Requirements for Compliance with COGCC Order Nos. 1-107, 139-56, 191-22 and 369-2, dated July 8, 2010 ("Bradenhead NTO") further clarifies testing, reporting, mitigation, and remediation requirements associated with the Commission orders. Operator did not provide the results of the testing as required by the Commission orders and corresponding Conditions of Approval on multiple Form 2s, Applications for Permits to Drill, which require compliance with the Bradenhead NTO, by November 1, 2014.

Rule(s), Regulations(s), or Permit Conditions Cited: Commission Order Numbers 1-107, 139-56, 191-22 and 369-2 and Section 34-60-121(1) C.R.S. (violation of permit conditions).

How to Comply with this Warning Letter:

Operator submitted a delinquent annual report on December 22, 2014, and no further action is required by Operator for the 2014 calendar year submittal.

Corrective Action Deadline Date: Not Applicable

Consequences for Future Delinquent Reports:

If Operator fails to submit future annual reports in a timely manner, COGCC may issue Notice(s) 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,
Craig A. Burger, P.E.
Northwest Area Engineer
Email: Craig.Burger@state.co.us

