

From: [Diana Burn - DNR](#)
To: "Willis, Robert"; "Bill Lloyd"
Subject: RESPONSE REQUIRED - RE: Follow-up to Form 42 for Railay 28-3-1CH well (API #05-123-39863) WARNING LETTER
Date: Sunday, January 25, 2015 8:59:00 PM
Attachments: [image002.png](#)
[image001.png](#)

It does not appear that the issues listed below have been dealt with.

Also – at this point Railay 28-3-1CH well (API #05-123-39863) appears to be overdue for a Form 5, Drilling Completion Report and a Form 5A, Completed Interval Report and the required FracFocus reporting. Flaring after flowback requires approval, including a gas analysis.

[LAZY D ZN #03-09](#) has now been identified twice as needing an MIT – in the email below and in the Inspection [671100237](#).

A definitive compliance plan for 123-38963, 123-31810 and 123-31832 should be submitted by Friday January 30, 2015.

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.

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 **January 30, 2015 (compliance plan submitted outlining corrective actions to be taken in a timely manner)**. 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 the operator of record to implement corrective action(s) for the conditions identified.

Failure to Comply with Warning Letter:

For a failure to perform required corrective actions, 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 me.

Thanks,

Diana

Diana Burn, P.E.
Eastern Engineering Supervisor



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

P [303.894.2100](tel:303.894.2100) x5106 | F [303.894.2109](tel:303.894.2109) | C [303.918.6320](tel:303.918.6320)
1120 Lincoln Street, Suite 801, Denver, CO 80203
Diana.Burn@state.co.us | www.colorado.gov/cogcc

From: Diana Burn - DNR [mailto:diana.burn@state.co.us]
Sent: Monday, September 15, 2014 5:28 PM
To: "Willis, Robert"
Cc: "Bill Lloyd"; "Fulcher, Jill"; "Martin, James"; Andrew Stone - DNR
Subject: RE: Follow-up to Form 42 for Railay 28-3-1CH well (API #05-123-39863)

The Form 42 needs the anticipated flowback date for Quad OOOO compliance (reported to CDPHE).

[LAZY D ZN #03-15HZ](#) 123-31810 has two failed inspections(interim reclamation) does not have a Form 42 filed for corrective actions having been completed as required(corrective action dates have passed – Gary Helgeland is the area reclamation specialist for the well and should be contacted about the pit reclamation). There is water production listed as going to a pit for disposition – should be checked for accuracy and why water has disappeared from the reporting.
COGCC Doc #3359659



140 x 480 x 24 BPP 86/254 135 % 71.29 KB / 900.04 KB 9/15/2014 / 16:56:04

LAZY D ZN 03-09 123-31832 needs production reports back to the month of spud (spud 9/10 should be WO until stimulated); also received action required inspection; well is overdue for a mechanical integrity test – has been idle for more than 2 years, warning letter will be issued shortly with an expected MIT within 90 days (well should be sundried requesting Continued Temporarily Abandoned status (incapable of production))

Please call with any questions.

Thanks,
Diana

From: Willis, Robert [<mailto:RWillis@bwenergylaw.com>]
Sent: Monday, September 15, 2014 3:52 PM
To: Diana Burn - DNR
Cc: Willis, Robert; Bill Lloyd; Fulcher, Jill; Martin, James
Subject: Follow-up to Form 42 for Railay 28-3-1CH well (API #05-123-39863)

Dear Ms. Burns:

On behalf of Cirque Resources, LP ("Cirque"), please accept its apologies for not providing 48-hour advance notice of hydraulic fracturing for the Railay 28-3-1CH well (API #05-123-39863) as required by Rule 316C. Cirque development of the Codell Formation has stepped out from the State of Wyoming (where Cirque has successfully completed numerous horizontal wells) to the State of Colorado. In getting comfortable with Colorado's regulatory scheme and nuances, Cirque failed to strictly conform to Rule 316C. for the Railay well.

I will be working with Cirque on the implementation of proactive measures to ensure this (or other similar) reporting requirement is abided by in the future for all of its Colorado operations.

Please call or email me or Bill Lloyd (Sr. VP – Operations for Cirque at 303-226-9500) with any questions or concerns you might have.

Sincerely,

Robert Willis

Robert Willis | Beatty & Wozniak, P.C.
Shareholder
216 Sixteenth Street, Ste. 1100

Denver, CO 80202-5115
303-407-4458
www.bwenergylaw.com

Energy in the Law

Confidentiality: This Beatty & Wozniak, P.C email, its attachments and data ("email") are intended to be Confidential and may contain Attorney-Client Communications or Work Product. If you are not the intended recipient or may have received this message in error, notify the sender immediately and permanently delete the email and all copies thereof from any drives or storage media and destroy any printouts. Any use or distribution of any of the information in this email is **Strictly Prohibited**.

Federal Tax Advice Disclaimer: This email is not tax advice and is not intended be used for the purpose of avoiding federal tax penalties or promoting, marketing or recommending to another party any matters addressed herein. IRS Circular 230.