



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

WARNING LETTER

July 13, 2015

Attn: Ms. Jessica Donahue (jessica.donahue@blackhillscorp.com)

Black Hills Plateau Production LLC
1515 Wynkoop Street #500
Denver CO 80202

Well: Homer Deep Unit #7-23AH
API #: 05-045-22423
NESW Section 7 T8S R98W

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 Black Hills Plateau Production LLC (Black Hills) 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
BLACK HILLS PLATEAU PRODUCTION LLC	10150	05-045-22423	Homer Deep Unit #7-23AH	2013-12-16	2015-03-30	2015-06-28	609

In order to comply with Rule 609 Black Hills was required to either:



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- 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 Black Hills 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 Black Hills for the above referenced location(s) will need to include documentation that Black Hills made a good faith effort to collect a sample prior to well spud.

Corrective Action Deadline:

The information must be provided to the COGCC no later than 07/20/2015.

Failure to Comply with Warning Letter:

If Piceance 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

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

SENT VIA EMAIL

Arthur Koepsell - DNR

To: Jessica.Donahue@blackhillscorp.com
Subject: Black Hills Homer Deep Unit #7-23AH (API # 05-045-22423) COGCC Rule 609 Compliance
Attachments: BlackHillsWarningLetter07132015-signed.pdf

Ms. Donahue,

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 July 20, 2015.

Thanks,

Arthur

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



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