

From: [Diana Burn - DNR](#)
To: ["Roger Hutson"](#)
Cc: [Andrew Stone - DNR](#)
Subject: RESPONSE REQUIRED: Warning Letter State 14-32 001-09012
Date: Saturday, August 22, 2015 1:57:00 PM
Attachments: [image001.png](#)

Subject: Warning Letter Rule 319 and Rule 326 State 14-32 001-09012

You are receiving this notification because you are listed as the principal agent for the operator.

Our records show that as an operator of record for (an) existing well(s) in Colorado the listed well has been shut-in or temporarily abandoned without a successful mechanical integrity test (MIT).

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 **October 30, 2015** (Pass an MIT, submit all required documentation). 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. The attached list of wells appears to be out of compliance with COGCC Rules 319 and 326.

State 14-32 001-09012

The COGCC requires HRM RESOURCES II LLC to implement corrective action(s) for the conditions identified below. The listed well(s) are out of compliance with COGCC Rules 319.b.1, and 319.b.3 and 326.b.1 for Temporary Abandonment (TA) Wells and/or Rule 326.b.1 for Mechanical Integrity Tests (MIT) of Shut-In (SI) Wells.

TA Wells. Rule 319.b.1 and 319.b.3 require operators to notify the Director of continued TA status and to either plug and abandon the well within six months of the well becoming temporarily abandoned or receive approval for the well to remain temporarily abandoned for longer than six months. Rule 326.b.1 requires that TA wells pass an MIT within thirty (30) days of becoming temporarily abandoned. COGCC Rule 100 defines a well as temporarily abandoned if the becomes incapable of production (e.g., through the removal of necessary production equipment).

Please note that any well, incapable of production should have a well status of TA. If the status of any TA wells is incorrect, per COGCC records, you must update the well status within thirty (30) days of the date of this letter by filing a corrected Form 7 for each well. Temporarily Abandoned wells also require an annual Form 4 - Sundry Notices, requesting Continued Temporarily Abandoned Status. These Sundries must contain the last successful MIT date, a brief statement of future plans for the well and a declaration of how the well is closed to the atmosphere. You must request continued TA status for the listed well(s), where appropriate, within thirty (30) days of the date of this letter. Failure to file corrected Form 7s and/or failure to file a Form 4, as required, will result in the issuance of a separate NOAV.

SI Wells. Rule 326.b.1 requires that SI wells pass an MIT within two (2) years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT.

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



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