



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

March 21, 2016

Jenna Keller
Keller Law LLC
P.O. Box 771222
Steamboat Springs, CO 80477

Re: Final Resolution - Complaint 200438257
Complainant: Scott Hutt
NW Graylin D Sand Unit #14 (API #075-06158)

Dear Ms. Keller,

The Colorado Oil and Gas Conservation Commission (COGCC) received the subject complaint filed via email on behalf of your client, Mr. Scott Hutt. The complaint was regarding failure to submit a MIT within two years of initial shut in date at NW Graylin D Sand Unit #14 (API #075-06158). The subject complaint is documented in COGCC document number 200438257, which can be found on the "Complaints" page, off of our main website <http://cogcc.state.co.us/>. The COGCC investigated this complaint and documented the results in COGCC document number 200439224.

At the time that the complaint was filed, the operator of the locations, Benchmark Energy LLC (Benchmark) was already the subject of an ongoing investigation by the COGCC by which COGCC staff sought penalty enforcement action due to compliance violations and environmental impacts at several facilities.

The following actions were taken by COGCC staff to resolve conditions reported in the complaint, with some actions having been completed before receipt of the complaint:

- COGCC Engineering Supervisor Diana Burn reviewed MIT records and determined that the MIT was not received within two years of the initial shut in date and a letter had been issued to the operator requesting submission of the MIT. The operator did not comply with this request. This finding typically would have resulted in the issuance of a Notice of Alleged Violation (NOAV), but this action was not completed due to the pending enforcement action in the COGCC January 2016 hearing.
- Due to a perceived pattern of non-compliance and reporting violations at multiple locations, COGCC Staff pursued an Order Finding Violation (OFV) hearing against the operator;
- The OFV hearing was held on January 26, 2016 seeking penalty enforcement action against Benchmark for compliance issues and environmental impacts at several facilities. At the hearing the Commission ruled in favor of the relief recommended by staff, authorizing foreclosure on Benchmark's existing financial assurance and the use of funds from the Oil and Gas Conservation and Environmental Response Fund to address environmental impacts resulting



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from Benchmark's violations, after a thirty-day period granted to the operator to bring the facilities into compliance.

- On February 3, 2016 COGCC Director Matthew Lepore issued notice that Benchmark's Certificate of Clearance had been revoked, thereby suspending Benchmark's authority to sell or transport produced hydrocarbons from any of its permitted wells and locations in Colorado.

Complaint number 200438257 has been formally closed with the issuance of COGCC Order 1V-564, which can be found on the "Regulation" page of the COGCC website.

The COGCC is currently in the process of recovering the financial assurance on file for Benchmark. Once the financial assurance is recovered, the COGCC will create a plan for the proper plugging and abandonment of the wells in addition to the reclamation of impacted locations. Locations will be prioritized based on actual and threatened impact as well as the availability of personnel and equipment. Reclamation efforts will be scheduled according to the priority assigned to each location

Please advise Mr. Hutt to feel free to contact the COGCC directly to discuss the reclamation schedule.

If you have questions regarding this complaint or the investigation, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Megan J Adamczyk".

Megan Adamczyk, Complaint Specialist

Phone: 888-235-1101

Email: dnr_cogcc.complaints@state.co.us