



COLORADO

**Oil & Gas Conservation
Commission**

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

WARNING LETTER #2193287

March 21, 2016

Diversified Energy, LLC (Operator No. 10428)

Attn: Jason Haack

PO Box 1685

Parker, CO 80134

Bingman 1-14 Pit

Facility ID 285519

Location ID 313094

NENE 14 65N 96W

JP Weise 1 Pit

Facility ID 284545

Location ID 312773

SWNE 14 65N 96W

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 Gas Conservation Commission (“COGCC” or “Commission”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of a rule, regulation, or order of the Commission, or of a permit issued by the Commission, has occurred. Diversified’s compliance with this Warning Letter is required to resolve these alleged violations. This document requires Diversified 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 Diversified Energy, LLC (“Diversified”) (Operator No. 10428) to implement corrective action(s) for the conditions identified below.

The Bingman 1-14 Pit is an earthen and unlined production pit that was originally permitted on April 28, 2006 by Dry Creek Petroleum, LLC (Doc. No. 010433383), from which Diversified acquired the Bingman Location and associated facilities on July 11,

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



2012 (Doc. No. 2172784) The JP Weise 1 Pit is an earthen and unlined production pit that was originally permitted on April 28, 2006 by Dry Creek Petroleum, LLC (Doc. No. 010433383), from which Diversified acquired the Bingman Location and associated facilities on July 11, 2012 (Doc. No. 2172784)

Pursuant to Rules 905 and 909, Diversified is required to properly close the Bingman and JP Weise Pits and to remediate the sites and remaining soils to comply with the 900 and 1000 Series Rules, including Table 910-1 standards.

How to Comply with this Warning Letter:

Timely complete all corrective actions set forth in the Compliance Schedule, attached as Appendix A.

Corrective Action Deadline Date: See Compliance Schedule, Appendix A.

Failure to Comply with Warning Letter:

If Diversified fails 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 increased to a maximum of \$15,000 per day in June 2014 and penalties are no longer capped at a maximum of \$10,000 per violation.)

If you have any procedural questions about this Warning Letter, please contact me at 303-894-2100 x5102. If you have any technical questions about this Warning Letter, please contact Kris Neidel at 907-871-1963.



Respectfully,



David Beckstrom
Enforcement Officer



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P 303.894.2100 x5102 | F 303.894.2109
1120 Lincoln Street, Suite 801, Denver, CO 80203
david.beckstrom@sate.co.us | www.colorado.gov/cogcc



Appendix A
Compliance Schedule

<u>Facility</u>	<u>Subject</u>	<u>Task</u>	<u>Deadline</u>
Bingman 1-14 Facility 285519 Location 313094	Pit Closure	Diversified will prepare and submit a Form 27 (Site Investigation Workplan) setting forth a plan to conduct the necessary site investigation in order to properly close the pit at the Bingman Location (Location No. 313094) in Document No. 01433441 (Facility No. 285519) ("Bingman Pit") and the "land farm" area approximately 140 feet to the southwest of the wellhead ("Bingman Land Farm").	<u>4/5/2016</u>
		Diversified will complete the Site Investigation Workplan to include all sampling and analysis at the Bingman Pit.	<u>5/20/2016</u>
		Upon completion of the Site Investigation Workplan, Diversified will confer with COGCC Staff no later than 6/15/2016 to determine whether the presumptive pit closure completion date of 9/30/2016 is reasonable in light of the results of the Site Investigation.	<u>6/20/2016</u>
		Based on the Site Investigation Workplan, Diversified shall prepare a Remediation Workplan and submit this in a Form 27 (Supplemental).	<u>7/15/2016</u> <u>or sooner</u>
		Diversified will complete the Remediation Workplan and complete required actions defined in the approved supplemental Form 27 in order to properly close the Bingman Pit in accordance with the requirements of Rules 905, 909, and 1003. NOTE: The presumptive completion date of 9/30/2016 can be modified by COGCC Staff upon review of the results of the Site Investigation, as set forth above.	<u>9/30/2016</u> (See Note)
J.P. Weise 1 Facility 284545 Location 312773	Pit Closure	Diversified will prepare and submit a Form 27 (Site Investigation Workplan) setting forth a plan to conduct the necessary site investigation in order to properly close the pit at the Weise Location in Document No. 01433383 (Facility No. 284545) ("Weise Pit").	<u>4/5/2016</u>
		Diversified will complete the Site Investigation Workplan to include all sampling and analysis at the Weise Pit.	<u>5/20/2016</u>
		Upon completion of the Site Investigation Workplan, Diversified will confer with COGCC Staff no later than 6/15/2016 to determine whether the presumptive pit closure completion date of 9/30/2016 is reasonable in light of the results of the Site Investigation.	<u>6/20/2016</u>
		Based on the Site Investigation Workplan, Diversified shall prepare a Remediation Workplan and submit this in a Form 27 (Supplemental).	<u>7/15/2016</u> <u>or sooner</u>

		<p>Diversified will complete the Remediation Workplan and complete required actions defined in the approved supplemental Form 27 in order to properly close the Weise Pit in accordance with the requirements of Rules 905, 909, and 1003.</p> <p>NOTE: The presumptive completion date of 9/30/2016 can be modified by COGCC Staff upon review of the results of the Site Investigation, as set forth above.</p>	<p><u>9/30/2016</u> <u>(See Note)</u></p>
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