



Castleton Commodities International LLC
811 Main Street, Suite 3500
Houston, TX 77002 - 6225

T 281 378 -1100
F 281 378 -1250



April 30, 2016

UPS Tracking No. 1ZX05Y020296408374

Colorado Oil & Gas Commission
Department of Natural Resources
Attn: Steven Mah
1120 Lincoln Street, Suite 801
Denver, CO 80203

Re: Warning Letter #2193074 – State #2-36

Dear Steven Mah,

In response to the December 14, 2016 warning letter (Warning Letter), CCI Paradox Upstream LLC (CCI) hereby formally notifies the Colorado Oil and Gas Conservation Commission (COGCC) Enforcement Team that State #2-36 is in compliance with Rules 326.b.(1) and (2).

Beginning in June of 2014, CCI made efforts to permit State #2-36 as a water injection well. CCI was in frequent communication with COGCC, specifically Bob Koehler, during the Underground Inject Control (UIC) permitting process. During this process, we understood that a Mechanical Integrity Test (MIT) would be required at the time of well conversion, which we verbally communicated that CCI intended to MIT the subject well at that time. However, the UIC permitting process took longer than expected due to BLM concerns expressed through protest letters, and the UIC permit application was eventually rescinded. After rescinding the permit application, CCI then completed the MIT pursuant to COGCC Rules 326.b.

The Warning Letter indicated that CCI was not in compliance with COGCC Rules 316B. for notification of Mechanical Integrity Tests (MIT); and 326.b. for MITs of Shut-In (SI) Wells. Pursuant to Rule 316B, CCI submitted a Form 42 (Document No. 400946833) on December 13, 2015 to provide notification for an MIT. In accordance with Rule 326.b., CCI performed an MIT on State 2-36 on December 9, 2015 and submitted a Form 21 (Document No. 400957371) on December 18, 2015.

CCI has hereby fully complied with the requirements of the Warning Letter by the prescribed deadline of April 30, 2016. If you have any questions or require further information, please contact Chrissy Schaffner at 281-714-2966 or chrissy.schaffner@cci.com.

Sincerely,

Chrissy Schaffner
CCI Paradox Upstream LLC, Regulatory Affairs