



COLORADO
Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/cogcc

WARNING LETTER # 402854422

11/04/2021

PDC ENERGY INC (# 69175)

VENESSA CHASE

venessa.chase@pdce.com

1775 SHERMAN STREET - STE 3000

DENVER, CO 80203

Harold 6Y-312 (API# 123-45752)

SESE, 6, 4N, 64W, WELD

This Warning Letter is to inform you that PDC ENERGY INC (“Operator”) may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) and corrective action is required.

COGCC has reasonable cause to believe that Operator has committed one or more violations 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. Operator is required to comply with this Warning Letter by the **Corrective Action Deadline Date(s)** to resolve the alleged violation(s). 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 525, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Alleged Violation(s) and Required Corrective Action(s):

34-60-121(1) C.R.S. Statutory violation

Violation Date: 09/16/2021

Violation Discovery Date: 09/30/2021

Description of Alleged Violation: Operator drilled the bottom hole location of the Harold 6Y-312 Well (API 123-45752) into the unit boundary setback. Operator then completed this interval, placing part of the productive zone closer to the unit boundary than allowed by the setback established by the Wellbore Spacing Unit approved via Form 2 Document Number 401361327. The completed footages are different from those approved in Operator's Application for Permit to Drill, Form 2, and encroach on the setback required by the Wellbore Spacing Unit approved under Rule 318A and continued by Rule 402. Operator failed comply with the conditions of a COGCC permit violating § 34-60-121.(1)(a), C.R.S.

Required Corrective Action: Option 1 - Plug and Abandon the Well: Operator will submit a Form 6 NOI and SRA, reporting the abandonment of the entire well.

Option 2 - Abandonment of Illegal Interval: Operator will abandon the illegally completed interval through mechanical isolation and submit Form 5 or 5A as applicable to report work done.

Option 3 - Amend WSU Configuration: Operator will submit a hearing application to amend the wellbore spacing unit. If well has already been pooled by a pooling order, operator will submit a hearing



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application to amend the pooling order as needed. Any payment of proceeds must be caught up for encroached mineral owner(s). Upon approval by Commission of the hearing application, operator will submit a Sundry Notice, Form 4, to add the Order number to the permit.

Option 4 - Request a Variance: Operator will submit a hearing application to request a variance from the Order or Rule from the Commission.

Option 5 - Exception Location: Operator will request a Variance per Rule 401.c from the permitted spacing and will provide a waiver signed by all of the owners within the encroached unit or unspaced lease; or if the operator is the owner of the encroached lease, a waiver will be signed by all of the leased mineral interest owners.

Corrective Action Deadline Date: 01/04/2022

How to Comply with Warning Letter:

Operator shall complete the Required Corrective Action(s) above within the deadline(s) provided. Upon completion of the Corrective Action(s), Operator shall provide notice and evidence of completion to the COGCC staff identified below by the Corrective Action Deadline Date(s):

COGCC Representative: Acks, Alex
Email: alex.acks@state.co.us

Title: Permit/Completion Special
Phone Num: (303) 894-2100x5135

If you have any questions about this Warning Letter, please contact the COGCC Representative identified above.

Failure to Comply with Warning Letter:

If Operator fails to perform Required Corrective Action(s) on or before the Corrective Action Deadline Date(s) stated above COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 525, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Disclaimers:

If the alleged violation(s) in this Warning Letter are the subject of previously issued Notice(s) of Alleged Violation ("NOAV") or Enforcement Order(s) ("Order"), Operator's obligations and the corrective actions and deadlines in such NOAV or Order stand and are not affected by this Warning Letter.

If issued in error, the Enforcement Unit reserves the right to rescind this Warning Letter prior to the COGCC Representative's receipt of Operator's notice and evidence of completion of the Corrective Action.

All well data, rules and forms are available on our website at www.colorado.gov/cogcc.

Sincerely,

Acks, Alex
Permit/Completion Special

Attachments

View Attachments in Imaged Documents on COGCC website <http://ogccweblink.state.co.us/> Search by Document Number.



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<u>Document Number</u>	<u>Description</u>
402854473	WARNING LETTER CORRESPONDENCE

Total Attach: 1 Files