



COLORADO

Energy & Carbon Management Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/ecmc

WARNING LETTER # 403482884

08/01/2023

MDS ENERGY DEVELOPMENT LLC (# 10814)

RICHARD SAADEH

richard.saadeh@mdsed.com

409 BUTLER RD SUITE A

KITTANNING, PA 16201

CASTOR 7-59 10-3-1 (API# 123-50750)

SWSE, 10, 7N, 59W, WELD

This Warning Letter is to inform you that MDS ENERGY DEVELOPMENT LLC (“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):

413 Form 7, Operators Monthly Report of Operations

Violation Date: 08/01/2023

Violation Discovery Date: 08/01/2023

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the Well(s) indicated above and/or in the attached table presents one or more compliance issues. Operator should review its records to verify if any Monthly Reports of Operations (“Form 7”), are missing, inaccurate, or incomplete for this Well.

Pursuant to Rule 413.a., Operator is required to submit Form 7 for all existing oil and gas wells that are not plugged and abandoned, within 45 days after the end of each month. Operator is required to report the well every month from the month it is spud until it has been reported for one month as abandoned. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment.

Pursuant to Rule 413.b., Operator is required to report the volume of specific fluids injected into a Class II Underground Injection Control well on a Form 7, within 45 days after the end of each month. The specific Class II fluids on Form 7 are produced fluids and any gas or fluids used during enhanced recovery unit operations; including produced water and fluids recovered during drilling, casing cementing, pressure testing, completion, workover, and formation stimulation of all oil and gas wells including production, exploration, injection, service and monitoring wells. Injection of any other Class II



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fluids requires separate volume reporting on a Form 14, as described in Rule 808.b.

If Operator failed to file Form 7, Monthly Reports of Operations, or has filed incomplete or inaccurate information for the Well, then Operator violated Rule 413.

Required Corrective Action: Operator shall submit any delinquent forms, notices, or reports; and correct any incomplete or inaccurate reports. Operator shall send an email to the COGCC Representative indicated below, confirming that all required Form 7s are submitted, accurate, and up-to-date; and detailing an internal procedure for timely compliance with Rule 413. in the future. Operator shall reference this Warning Letter document number in the subject of the email.

Corrective Action Deadline Date: 08/15/2023

414 Form 5, Drilling Completion Report

Violation Date: 08/01/2023

Violation Discovery Date: 08/01/2023

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the Well(s) indicated above and/or in the attached table presents one or more compliance issues. Operator should review its records to verify if any Drilling Completion Reports ("Form 5"), are outstanding for the Well.

Pursuant to Rule 414.a, if drilling is suspended prior to reaching total depth and does not recommence within 90 days, Operator is required to submit a Preliminary Form 5 within the next 10 days. The Preliminary Form 5 shall include the information indicated in Rule 414.a.(2). Pursuant to Rule 414.b., Operator is required to submit a Final Form 5 within 60 days of rig release after drilling, sidetracking, or deepening a well to total depth (or within 60 days of such rig release after the last well drilled in continuous, sequential drilling of multiple wells on a pad). The Final Form 5 shall include the information indicated in Rule 414.b.(2).

If drilling has been suspended and Operator has not submitted a Preliminary Form 5 within 100 days of drilling suspension, or if the drill rig has been released and Operator has not submitted a Final Form 5 within 60 days of rig release, Operator violated Rule 414.

Required Corrective Action: Operator shall submit any delinquent forms, notices, or reports; and correct any incomplete or inaccurate reports. Operator shall send an email to the COGCC Representative indicated below, confirming that all required Form 5s are submitted, accurate, and up-to-date; and detailing an internal procedure for timely compliance with Rule 414 in the future. Operator shall reference this Warning Letter document number in the subject of the email.

Corrective Action Deadline Date: 08/15/2023

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):



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COGCC Representative: Burn, Diana
Email: diana.burn@state.co.us

Title: Engineering Manager
Phone Num: (303) 918-6320x

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,

Burn, Diana
Engineering Manager

Attachments

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

Document Number Description

403483047	WARNING LETTER DOCUMENTATION
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Total Attach: 1 Files