



June 14, 2021

Dear Commissioners Gonzalez, McGowen, Messner, Nanjappa, and Robbins:

WildEarth Guardians and LOGIC are writing to direct your attention to what appears to be widespread noncompliance with Oil and Gas Conservation Commission regulations requiring mechanical integrity testing for inactive (or idle) oil and gas wells in Colorado. In reviewing extensive records on file with the Commission, it appears that perhaps half or more of all inactive wells in the state are in violation of mechanical integrity testing regulations. In light of this, we have called on Commission staff to begin taking enforcement action to address this issue. Attached are several complaints filed by WildEarth Guardians today with staff. Guardians intends to file additional complaints in the coming weeks. LOGIC has contributed to these efforts and supports these complaints.

This issue comes to light as the Commission weighs updates to the state's financial assurance regulations. The failure of operators to ensure mechanical integrity testing for thousands of inactive oil and gas wells indicates that there may be a more significant and serious abandoned and orphaned well problem in Colorado than previously understood. In addition to the potential compliance issues, this underscores the need for the Commission to move quickly to update financial assurance regulations to ensure operators are bonded in sufficient amounts to cover the costs of reclamation and remediation.

This issue came to our attention when examining the over 11,000 currently inactive wells in Colorado (those with a status of "temporarily abandoned," "shut in," or "suspended"). As you know, Commission rules require that these wells undergo periodic mechanical integrity testing to ensure that wells allowed to remain idle, as opposed to being properly plugged and abandoned, are at least structurally sound and do not pose a health, safety, and/or environmental hazard. When examining the list of inactive wells, Guardians determined that over 4,600 of these wells should have had at least one mechanical integrity test performed. Of those 4,600 more than half of the required testing is delinquent – sometimes severely delinquent – and in many cases never occurred at all.

When examining these files, we found facilities that had no documentation provided from the operator for years – even a decade or more,<sup>1</sup> had numerous outstanding required compliance

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<sup>1</sup> See, e.g., D & D Resources Inc.'s Emerald #236, ID 231136, last document in the file: 1999. Rim Operating Inc.'s Ute Mountain Tribal #11-15, ID 224356, last document in the file: 2001.

actions, had warnings and NOAVs that did not apparently lead to any corrective, enforcement, or punitive actions.<sup>2</sup> Over 100 operators appear to have outstanding mechanical integrity testing compliance action requirements. This includes Noble Energy which controls approximately 1/4 of all the idle wells in Colorado and has not been conducting mechanical integrity testing on the majority of them.<sup>3</sup> In addition to Noble Energy, these operators include:

- 31 Operating
- American Petroleum
- Antler Energy
- Apex
- Argali
- Axis Exploration
- Becca Oil
- Behrens Resources
- Benson-Montin-Greer
- Beren Corp.
- Bonanza Creek
- Brown Oil
- Caerus Piceance
- Calco Energy
- Chaco
- Champlin
- Chemco
- Churchill
- Cig
- Citation
- Colo. Interstate Gas
- Colton
- Crestone
- D&D Resources
- D&G Roustabout
- D90
- Dakota
- Danmar
- Dover Atwood
- East Cheyenne
- El Paso E&P
- Energy Investment Partners
- Equity Oil
- Evergreen Nat. Res.
- Extraction
- Fahey
- Four Corners
- Fram Operating
- Genesis
- Goodwin
- Grayhorse
- Grynberg Jack
- Harvey Francis
- High Plains
- High Point
- Hilcorp Energy
- Huntington
- Husky
- Incremental
- Industrial Gas Services
- Investment Equipment
- Javernick
- JFH
- K3
- Kerr McGee
- KTM Operating
- Kugler
- Lasso
- Lilis
- Loeb
- Lorentz
- Lundvall
- Magpie
- Maralex
- Murchison
- NP Energy
- Nanke Energy
- Natural Resource Group
- Newpek
- Noble Energy
- North Star Gas Co
- Omimex
- Outwest Investment
- Overland Resources
- Oxy USA
- Padco
- PCR
- POC-I
- Poncho
- Pub. Serv. Co. of CO
- Raven Oil
- Red Willow
- Renegade
- Retamco
- Rim
- S&D
- Schmid
- Schreider
- Smith Energy
- Smith Oil
- Sonterra
- Springdale Partners
- Standley

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American Petroleum Energy Co.'s Argenta-Ute 33-11 #8, ID 214594, last document in the file: 2004. Behrens Resources Inc.'s Whitehead #31-20a, ID 209246, last document in the file: 2007. Magpie Operating Inc.'s Coulson #1, ID 217004, last document in the file: 7/8/2011.

<sup>2</sup> See, e.g., attached complaints.

<sup>3</sup> 1287 Noble wells appear to lack mechanical integrity testing, out of 1719 which seem to be due based on status date. Although Noble is subject to an Administrative Order on Consent that seemingly authorizes the company to forego mechanical integrity testing, WildEarth Guardians believes that this Alternative Program does not conform to Commission rules.

- Strachan
- Tabula Rasa
- Tallgrass Water
- The Oil Shale Corp.
- Tigges
- Timber Creek
- Tindall
- Tomkins
- Union Oil Co.
- Williford
- Willsource
- WME Yates
- Wolverine
- Woodard
- Woodbury
- X-Field Gas

While this list only includes operators that are not currently on the Orphan Well Program’s project list or list of pending orphans, some of these operators have no currently producing wells.<sup>4</sup> Some of these operators have no financial assurances of any kind although they have idle wells remaining.<sup>5</sup> Many of these operators also have outstanding inspections, warnings, and Notices of Alleged Violations with required corrective actions that do not appear to have been undertaken.<sup>6</sup> Some of these operators’ wells have been idle for decades.<sup>7</sup> Taken together, it appears the state’s inactive oil and gas wells present serious health, safety, and environmental risks, as well as significant financial liabilities.

Although Commission staff have taken some steps to address these outstanding compliance matters, it is clear that the scope and scale of non-compliance may be beyond the current capacity and resources of the agency. This further underscores the need for the Commission to ensure its

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<sup>4</sup> 31 Operating, Becca Oil, Behrens Resources, Calco\*, Champlin, Churchill, Cig Exporation, D&D Resources, Dakota, Danmar, El Paso E&P, Energy Investment Partners, Equity Oil, Four Corners, Grynberg Jack, Harvey Francis, Huntington, Husky\*, JFH, K3, Kugler, Lilis, Lorentz, Lundvall, NP Energy\*, Nanke Energy, Natural Resource Group, Newpek, Overland Resources, Retamco, S&D, Sonterra\*, Springdale Partners, Standley, Tallgrass Water, The Oil Shale Corp.\*, Tigges, Tompkins & Sons, Union Oil Co., Willsource, Wolverine, Woodard, and Woodbury. (Operators with an asterisk do not appear on active operator list).

<sup>5</sup> Apex Oil Ventures - 10605 (no surety), Calco – 12930 (no surety), Champlin Petroleum Co. (\$0 surety), D&G Roustabout – 22370 (no surety), El Paso E&P – 100872 (all sureties released, not on active operator list), Harvey Francis – 200009 (\$0 surety), Husky – 42600 (no surety), Murchison – 61525 (no surety), NP Energy – 62245 (no surety), Northstar Gas Co. – 64310 (\$0 surety), Outwest Investment – 66452 (\$0 surety), Raven Oil – 73475 (\$0 surety), Sonterra Energy – 80890 (no surety), The Oil Shale Corp. – 100874 (no surety), and Tompkins & Sons – 100920 (\$0 sureties).

<sup>6</sup> Starlight Energy Corporation’s Stroh #1, Facility Id 226659, warning letter issued 12/23/2019. Wolverine Resources LLC’s Counts #22-30, Facility Id 287802, warning letter issued 2018. 31 Operating’s Fee #m-31-2-96n, Facility Id 231796, and Federal #7-29, Facility Id 264921, warning letters issued 12/13/2019 And 9/20/2019, respectively. Argali Exploration Company’s Simpson #24-11, Facility Id 284611, warning letter issued 2018. Behrens Resources Inc.’s Cox #1-a #05-005-06569, Facility Id 204484, warning letter issued 2018. El Paso E & P Company LP’s Champlin 360 Amoco A #2, Facility Id 207430, warning letter issued in 2018.

<sup>7</sup> The following facilities have “status dates” (the date the well was put into TA or SI status) from the 1970s and 1980s: 221356, 283879, 228488, 212128, 239260, 239252, 204637, 204636, 275780, 216822, 225183, 204689, 217954, 226659, 221609, 213510, 230810, 210357, 230217, 221838, 210649, 221771, 210692, 221951, 221954, 225074, 221908, 204648, 204245, 224266, 232866, 216760, 225211, 207587, 224763, 215312, 216817, 207627, 224735, 217163.

financial assurance regulations are effectively updated. If operator non-compliance around inactive wells cannot be fully addressed through inspections and enforcement, then at a minimum, the Commission must ensure adequate bonding is in place.

For all intents and purposes, despite not being legally declared “orphaned,” many of the state’s inactive wells are in fact abandoned, shouldering Coloradans with outstanding risks, liabilities, and potential future costs. It is incumbent upon the Commission to ensure this urgent problem is addressed and that violating operators are held accountable. Thank you for your time and attention to this matter.

Sincerely,

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