

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:
401026439
Date Issued:
04/15/2016
Date Resolved:

NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 522, the Director has reasonable cause to believe that a violation of the Act, or of any Commission rule, order, or permit has occurred, the Director will require the operator to remedy the violation and may commence an enforcement action seeking penalties by issuing a Notice of Alleged Violation (NOAV). Per Rule 523, an operator who violates the Act, or a Commission rule, order, or permit may be subject to a penalty imposed by Commission order.

OPERATOR INFORMATION

OGCC Operator Number: 69175
Name of Operator: PDC ENERGY INC
Address: 1775 SHERMAN STREET - STE 3000
City: DENVER State: CO Zip: 80203
Contact Name and Telephone:
Name: Jeff Glossa
Phone: (303) 831-3972 Fax: ()
Email: jeffrey.glossa@pdce.com

Additional Operator Contacts	Email
Venessa Langmacher	venessa.langmacher@pdce.com
Alexandria Gale	alexandria.gale@pdce.com

Well Location, or Facility Information (if applicable):

API Number: 05-123-40077-00 Facility or Location ID: _____
Name: Chesnut Number: 27K-421
QtrQtr: SWNW Sec: 27 Twp: 5N Range: 64W Meridian: 6
County: WELD

ALLEGED VIOLATION

Rule: 308A
Rule Description: Drilling Completion Report
Initial Discovery Date: 04/13/2016 Was this violation self-reported by the operator? No
Date of Violation: 05/17/2015 Approximate Time of Violation: _____
Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rule 308A.b., Operator was required to submit a "Final" Drilling Completion Report, Form 5, within sixty (60) days of rig release after drilling, sidetracking, or deepening a well to total depth. In the case of continuous, sequential drilling of multiple wells on a pad, the Final Form 5 shall be submitted for all the wells within sixty (60) days of rig release for the last well drilled on the pad. Operator submitted a Form 5 for Chesnut 27K-421 (API: 05-123-40077) (Document #400757064) in advance of the May 17, 2015 due date, but the Form 5 was incomplete and inaccurate and could not be approved, violating Rule 308A.b.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 04/29/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit a complete and accurate Final Form 5 for Chesnut 27K-421 (API: 05-123-40077) as soon as possible, but not later than April 29, 2016. In addition, Operator shall submit a Form 4 Sundry Notice to detail internal procedures that will ensure that in the future Form 5, "Final" Drilling Completion Reports will be submitted within 60 days of the rig release on the pad in a complete, accurate, and approvable manner. Operator shall submit the Form 4 Sundry Notice by May 13, 2016.

Rule: 308B
Rule Description: Completed Interval Report
Initial Discovery Date: 04/13/2016 Was this violation self-reported by the operator? No

Date of Violation: 07/16/2015

Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Yes

Description of Alleged Violation:

Pursuant to Rule 308B., the Completed Interval Report, Form 5A, shall be submitted within thirty (30) days after a formation is completed (successful or not). Operator originally submitted the Form 5A for the Chesnut 27K-421 (API: 05-123-40077) on March 9, 2016 (Document #401002630), (237) days past the July 16, 2015 due date (30 days past first production date, June 16, 2015), and the Form 5A was incomplete and inaccurate and could not be approved, violating Rule 308B.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 04/29/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit a complete and accurate Form 5A for Chesnut 27K-421 (API: 05-123-40077) as soon as possible, but not later than April 29, 2016. In addition, Operator shall submit a Form 4 Sundry Notice to detail internal procedures that will ensure that in the future Form 5A, Completed Interval Reports will be submitted within 30 days of treatment end date in a complete, accurate and approvable manner. Operator shall submit the Form 4 Sundry Notice by May 13, 2016.

Rule: 312

Rule Description: Certificate of Clearance and/or Change of Operator

Initial Discovery Date: 04/13/2016 Was this violation self-reported by the operator? No

Date of Violation: 07/16/2015 Approximate Time of Violation: _____

Was this a discrete violation of obvious duration? Yes

Description of Alleged Violation:

Pursuant to Rule 312.a., each operator of any oil or gas well completed after April 30, 1956, shall file with the Director, within thirty (30) days after initial sale of oil or gas a Certificate of Clearance and/or Change of Operator, Form 10, for any well from which oil, gas or other hydrocarbon is being produced. Operator has not yet submitted a Form 10 for the Chesnut 27K-421 (API: 05-123-40077). The Form 10 was due on July 16, 2015, this form is as of April 15, 2015 (274) days past due, violating Rule 312.a.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 04/29/2016

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator shall submit a Form 10 as soon as possible, but not later than April 29, 2016. In addition, Operator shall submit a Form 4 Sundry Notice to detail internal procedures that will ensure that in the future Form 10's will be filed within 30 days of initial sale of oil or gas. Operator shall submit the Form 4 Sundry Notice by May 13, 2016.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 523, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 522.d.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgement may be entered. Hard copy answers are filed with the Commission Secretary at the Commission's Denver office and should also be emailed to dnr_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 04/15/2016

COGCC Representative Signature: _____

COGCC Representative: Ashley Noonan Title: Permit/Completion Tech

Email: ashley.noonan@state.co.us Phone Num: (303) 894-2100x5130

CORRECTIVE ACTION COMPLETED

Rule: 308A

Rule Description: Drilling Completion Report

Corrective Action Start Date: _____ Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

Rule: 308B

Rule Description: Completed Interval Report

Corrective Action Start Date: _____ Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

Rule: 312

Rule Description: Certificate of Clearance and/or Change of Operator

Corrective Action Start Date: _____ Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? _____

Description of Actual Corrective Action Performed by Operator

FINAL RESOLUTION

Cause #: _____ Order #: _____ Docket #: _____

Enforcement Action: _____ Final Resolution Date: _____

Final Resolution Comments:

ATTACHMENT LIST

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

<u>Document Number</u>	<u>Description</u>
401029303	NOAV COVER LETTER
401029306	NOAV CERTIFIED MAIL RECEIPT
401029311	NOAV ISSUED

Total Attach: 3 Files