

State of Colorado
Oil and Gas Conservation Commission

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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: 56680
Name of Operator: MERRION OIL & GAS CORP
Address: 610 REILLY AVENUE
City: FARMINGTON State: NM Zip: 87401
Contact Name and Telephone:
Name: Philana Thompson
Phone: (505) 3201404 Fax: ()
Email: pthompson@merrion.bz

Additional Operator Contacts	Email
Ryan Davis	rdavis@merrion.bz

Well Location, or Facility Information (if applicable):

API Number: 05-113-06033-00 Facility or Location ID: _____
Name: HAMM CANYON-FEDERAL 14-26 Number: 1
QtrQtr: NWSW Sec: 26 Twp: 45N Range: 18W Meridian: N
County: SAN MIGUEL

ALLEGED VIOLATION

Rule: 326.b
Rule Description: Shut-in Wells
Initial Discovery Date: _____ Was this violation self-reported by the operator? No
Date of Violation: _____ Approximate Time of Violation: 12:00
Was this a discrete violation of obvious duration? No
Description of Alleged Violation:

Pursuant to Rules 326.b.(1) and (2), Merrion Oil and Gas Corp. (Merrion) is required to perform a mechanical integrity test (MIT) on shut in (SI) wells within two (2) years of the initial shut in date and then at five (5) year intervals after an initial successful MIT. Based on Operator's Form 7 Monthly Reports of Operations stating the well was SI March 2012 and returned to production in April 2016 without first conducting an MIT, COGCC staff has reason to believe the Hamm-Canyon Federal 14-26 well, API 113-06033, (Well) is past due for performance of an MIT. Warning Letter #2193181 was issued to Operator on February 2, 2016 and required corrective action to resolve the delinquent MIT by April 30, 2016. To date Operator has not conducted an MIT for the Well, violating Rules 326.b. (1) and (2).

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 08/15/2016
Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.
Operator shall contact the area engineer, Mark Weems, and negotiate a compliance plan to resolve this issue.

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:	<u>07/15/2016</u>		
COGCC Representative Signature:	<u>Andrew Stone</u>		
COGCC Representative:	<u>Andrew Stone</u>	Title:	<u>Engineering Tech</u>
Email:	<u>andrewg.stone@state.co.us</u>	Phone Num:	<u>(303) 894-2100x5188</u>

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>
401078732	NOAV COVER LETTER
401078734	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 2 Files