

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
401067209
Date Issued:
07/11/2016
Date Resolved:
08/30/2016

NOTICE OF ALLEGED VIOLATION - RESOLVED

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: <u>10354</u>	Contact Name and Telephone:
Name of Operator: <u>DAKOTA EXPLORATION LLC</u>	Name: <u>Paul Collins</u>
Address: <u>8801 S. YALE AVENUE, SUITE 120</u>	Phone: <u>(918) 6913427</u> Fax: <u>()</u>
City: <u>TULSA</u> State: <u>OK</u> Zip: <u>74137</u>	Email: <u>pcollins@dakotaexploration.com</u>

Well Location, or Facility Information (if applicable):

API Number: <u>05-057-06510-00</u>	Facility or Location ID: _____
Name: <u>State</u>	Number: <u>6-81-24-4</u>
QtrQtr: <u>NWNW</u> Sec: <u>24</u>	Twp: <u>6N</u> Range: <u>81W</u> Meridian: <u>6</u>
County: <u>JACKSON</u>	

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: _____

Was this a discrete violation of obvious duration? No

Description of Alleged Violation:

Pursuant to Rules 326.b.(1) and (2), Dakota Exploration LLC (Operator) 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 has been SI since December 2012, COGCC staff has reason to believe the State #6-81-24-4 (API 057-06510) (hereinafter "Well") is past due for performance of an MIT. Warning Letter #2193061 was issued to Operator on December 7, 2015 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: 04/30/2016

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

Operator shall immediately schedule and complete either MIT testing of the Well or plugging and abandonment of the Well. Rule 316B requires notice to the Director on a Form 42 at least ten (10) days prior to conducting an MIT and submission of MIT results on a Form 21, within thirty (30) days after the test. A pressure chart shall accompany this Form 21 report. Rule 311 requires Operator to submit a Form 6, Notice of Intent to Abandon and secure Director approval prior plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

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: 07/11/2016

COGCC Representative Signature: _____

COGCC Representative: Andrew Stone

Title: Engineering Tech

Email: andrewg.stone@state.co.us

Phone Num: (303) 894-2100x5188

CORRECTIVE ACTION COMPLETED

Rule: 326.b

Rule Description: Shut-in Wells

Corrective Action Start Date: _____

Corrective Action Complete Date: _____

Has corrective action for this violation been performed as required? No

Description of Actual Corrective Action Performed by Operator

See Order 1V-595.

FINAL RESOLUTION

Cause #: 1V

Order #: 595

Docket #: 160700208

Enforcement Action: Administrative Order of Consent

Final Resolution Date: 08/29/2016

Final Resolution Comments:

Resolved via Order Number 1V-595, entered on August 29, 2016. Further corrective action required.

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>
401067209	NOAV APPROVED
401076384	NOAV CORRESPONDENCE
401076443	NOAV COVER LETTER
401076448	NOAV ISSUED
401076452	NOAV CERTIFIED MAIL RECEIPT
401076478	NOAV IN PROCESS

Total Attach: 6 Files