

State of Colorado
Oil and Gas Conservation Commission

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401108344
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09/15/2016

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: 74975
Name of Operator: SAN MARCO PETROLEUM INC
Address: 240 MILWAUKEE ST STE 1000
City: DENVER State: CO Zip: 80206-500
Contact Name and Telephone:
Name: John Sheridan
Phone: (303) 321-0100 Fax: ()
Email: sanmarcopetr@cs.com

Well Location, or Facility Information (if applicable):

API Number: 05-067-06491-00 Facility or Location ID: _____
Name: WEST ALKALI GULCH Number: 1
QtrQtr: NESW Sec: 2 Twp: 33N Range: 13W Meridian: N
County: LA PLATA

ALLEGED VIOLATION

Rule: 607
Rule Description: Hydrogen Sulfide Gas
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 Rule 607, any gas analysis indicating the presence of hydrogen sulfide gas shall be reported to the Commission and the local governmental designee (LGD). On June 2, 2016, COGCC staff conducted an inspection of San Marco Petroleum Inc's (Operator's) West Alkali Gulch #1 well, API 067-06491, (Well) and observed the location was marked with an H2S designation (Document #685200154). COGCC and the La Plata LGD have no gas analysis submissions from Operator on file, so Document #685200154 required a written demonstration of Operator's compliance with Rule 607 by June 24, 2016. To date, Operator has failed to submit a gas analysis for the gas stream at the Well, violating Rule 607.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 06/24/2016

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

Penalties for failing to meet the corrective action deadline in Document #685200154 may continue to accrue until Operator submits a Form 4 with gas analysis confirming the corrective action has been completed. If gas stream H2S concentration measurements are at or above 100 ppm, Operator shall submit a completed questionnaire from the COGCC H2S Notice to Operators to COGCC by October 14, 2016.

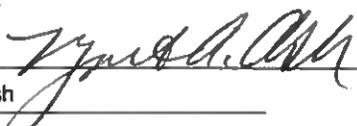
PENALTY

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:	<u>09/15/2016</u>		
COGCC Representative Signature:			
COGCC Representative:	<u>Margaret Ash</u>	Title:	<u>Field Inspection Unit Man</u>
Email:	<u>margaret.ash@state.co.us</u>	Phone Num:	<u>(303) 894-2100x5110</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>
401109722	NOAV COVER LETTER
401109732	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 2 Files