

State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203  
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Document Number:  
401149390  
Date Issued:  
11/16/2016  
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: 10460  
Name of Operator: HIGH PLAINS ENERGY LLC  
Address: 4545 S MONACO STREET #116  
City: DENVER State: CO Zip: 80237

Contact Name and Telephone:  
Name: Randy Wheat  
Phone: (720) 480-7776 Fax: ( )  
Email: randy@highplainsenergyllc.com

Well Location, or Facility Information (if applicable):

API Number: 05-121-11019-00 Facility or Location ID:  
Name: State Hone Number: 16-1  
QtrQtr: SWNW Sec: 16 Twp: 2S Range: 55W Meridian: 6  
County: WASHINGTON

ALLEGED VIOLATION

Rule: 309

Rule Description: Operator's Monthly Production Report

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 309, High Plains Energy LLC (Operator) is required to submit Form 7, Monthly Reports of Operations, for all existing oil and gas wells that are not plugged and abandoned. Operator is required to report every month from the time the well is spud until one month after abandonment. Operator spud the State Hone #16-1 well, API 121-11019, (Well) on February 10, 2014. Operator failed to submit Form 7, Monthly Reports of Operations, for the DSND formation of the Well from February 2014 through September 2016, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 12/16/2016

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

Operator shall submit Form 7 reports for the DSND formation of the Well for February 2014 through September 2016.

Rule: 319.b.(1)

Rule Description: Temporary Abandonment - Notice Required

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 319.b.(1), for wells temporarily abandoned (TA), High Plains Energy LLC (Operator) is required to submit a Form 4, Sundry Notice, to the Director to request TA status and state plans for future operation. Additional Form 4, Sundry Notices, are required to be submitted annually stating the method by which the well is closed to atmosphere and plans for future operation.

Operator submitted a Form 5A, Completed Interval Report, for the State Hone #16-1 well, API 121-11019, (Well) on August 13, 2015 (Document #400884334) indicating the D Sand Formation of the Well was recompleted in August 2015, but was found to be dry and incapable of production. Wells that are incapable of production without the addition of one or more pieces of wellhead or other equipment, including valves, tubing, rods, pumps, heater-treaters, separators, dehydrators, compressors, piping or tanks are by COGCC Rule classified as Temporarily Abandoned (TA). Operator has not submitted a Form 4, Sundry Notice, requesting continued TA status, violating Rule 319.b.(1).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 12/16/2016

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

Operator shall submit a Form 4, Sundry Notice, requesting extended TA status for the Well and stating the method by which the well is closed to atmosphere and plans for future operation.

Rule: 326

Rule Description: Mechanical Integrity Testing

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 326, High Plains Energy LLC (Operator) is required to conduct a mechanical integrity test (MIT) on Temporarily Abandoned (TA) wells within 30 days of temporary abandonment. Operator submitted a Form 5A, Completed Interval Report, for the State Hone #16-1 well, API 121-11019, (Well) on August 13, 2015 (Document #400884334) indicating the D Sand Formation of the Well was recompleted in August 2015, but was found to be dry and incapable of production. Wells that are incapable of production without the addition of one or more pieces of wellhead or other equipment, including valves, tubing, rods, pumps, heater-treaters, separators, dehydrators, compressors, piping or tanks are by COGCC Rule classified as Temporarily Abandoned (TA). To date the COGCC has received no evidence that an MIT has been conducted on the Well, violating Rule 326.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 11/16/2016

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

Operator shall immediately schedule and complete either an MIT 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](mailto:dnr_cogccenforcement@state.co.us).

## NOAV ISSUED

NOAV Issue Date: 11/16/2016

COGCC Representative Signature:

COGCC Representative: Steven Mah

Title: NOAV Specialist

Email: [steven.mah@state.co.us](mailto:steven.mah@state.co.us)

Phone Num: (303) 894-2100x5172

## CORRECTIVE ACTION COMPLETED

Rule: 309 \_\_\_\_\_

Rule Description: Operator's Monthly Production 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

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Rule: 319.b.(1) \_\_\_\_\_

Rule Description: Temporary Abandonment - Notice Required \_\_\_\_\_

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

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Rule: 326 \_\_\_\_\_

Rule Description: Mechanical Integrity Testing \_\_\_\_\_

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>
401150952	NOAV COVER LETTER
401150953	NOAV CERTIFIED MAIL RECEIPT
401150954	NOAV ISSUED

Total Attach: 3 Files