

State of Colorado
Oil and Gas Conservation Commission

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401091611
Date Issued:
08/11/2016
Date Resolved:
12/29/2016

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: 53255
Name of Operator: MARALEX RESOURCES, INC
Address: P O BOX 338
City: IGNACIO State: CO Zip: 81137

Contact Name and Telephone:
Name: A.M. O'hare
Phone: (970) 563-4000 Fax: ()
Email: amohare@maralexinc.com

Well Location, or Facility Information (if applicable):

API Number: 05-045-06280-00 Facility or Location ID: _____
Name: BALDY CREEK FEDERAL Number: 3-28
QtrQtr: SWNW Sec: 28 Twp: 7S Range: 90W Meridian: 6
County: GARFIELD

ALLEGED VIOLATION

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, Maralex Resources, Inc. (Operator) is required to conduct a mechanical integrity test (MIT) on shut-in (SI) wells within two years of the initial shut-in date and on temporarily abandoned (TA) wells within 30 days of temporary abandonment. According to Form 7's, Monthly Reports of Operation, submitted by Operator the Baldy Creek Federal #3-28, API 05-045- 06280, (Well) has been SI since December 2009. COGCC staff inspections of the Well on June 27, 2013 (Document #670200598) and May 31, 2016 (Document #666802207) the Well was SI at the time of both inspections. The need to MIT this Well was noted in the June 27, 2013 inspection (Document #670200598) which gave Operator until July 12, 2013 to complete the required corrective action. COGCC records indicate that an MIT has never been conducted on this Well, violating Rule 326.

Abatement or Corrective Action Required to be Performed by Operator: _____ Corrective Action Due Date: 07/12/2013

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 to 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_cogccenforecment@state.co.us.

NOAV ISSUED

NOAV Issue Date: 08/11/2016

COGCC Representative Signature: _____

COGCC Representative: Stuart Ellsworth

Title: Engineering Manager

Email: stuart.ellsworth@state.co.us

Phone Num: (303) 894-2100x5108

CORRECTIVE ACTION COMPLETED

Rule: 326

Rule Description: Mechanical Integrity Testing

Corrective Action Start Date: _____

Corrective Action Complete Date: 08/21/2016

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

Description of Actual Corrective Action Performed by Operator

On August 21, 2016, Maralex performed a successful MIT on the Well (Doc. No. 401099821).

FINAL RESOLUTION

Cause #: 1V

Order #: 609

Docket #: 161000390

Enforcement Action: Administrative Order of Consent

Final Resolution Date: 12/12/2016

Final Resolution Comments:

Resolved by Order 1V-609 signed 12/14/2016 and entered as of 12/12/2016.

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>
401091611	NOAV APPROVED
401092075	NOAV COVER LETTER
401092154	NOAV CERTIFIED MAIL RECEIPT
401092155	NOAV ISSUED
401092157	NOAV IN PROCESS
401102416	NOAV OPERATOR ANSWER
401145639	NOAV CERTIFIED MAIL RETURN RECEIPT

Total Attach: 7 Files