

State of Colorado
Oil and Gas Conservation Commission

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Document Number:
401128719
Date Issued:
10/27/2016
Date Resolved:
06/14/2017

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: 10317	Contact Name and Telephone:
Name of Operator: PAINE* JOSEPH J.C. DBA PAINE PETROLEUM COMPANY LLC	Name: Brian Qualls
Address: 3720 S LIPAN STREET	Phone: (303) 761-0131 Fax: ()
City: ENGLEWOOD State: CO Zip: 80110	Email: tuv@mac.com

Well Location, or Facility Information (if applicable):

API Number: 05-001-09718-00	Facility or Location ID:
Name: JOSEPH J.C. PAINE	Number: NO. 1 ANADARKO
QtrQtr: SENE Sec: 7	Twp: 3S Range: 65W Meridian: 6
County: ADAMS	

ALLEGED VIOLATION

Rule: 308A	
Rule Description: Drilling Completion 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:	
<p>Pursuant to Rule 308A., Paine* Joseph J.C. DBA Paine Petroleum Company LLC (Operator) is required report the measurements of the "as drilled" well location with Form 5 Drilling Completion Report submissions. JOSEPH J.C. PAINE #NO. 1 ANADARKO, API 001-09718, (Well) was completed on December 10, 2009 and Paine submitted a Form 5 Drilling Completion Report on February 14, 2010, but the measurements of the "as drilled" well location were not reported. Warning Letter #2193277 was issued to Operator on March 3, 2016 and required Operator to submit a Form 4, Sundry Notice, with the latitude and longitude measurements, measured pursuant to the requirements of Rule 215, of the "as drilled" well location for the Joseph J.C. Paine #No. 1 Anadarko, API 001-09718, (Well) by April 4, 2016. To date, the measurements of the "as drilled" Well location have not been reported, violating Rule 308A.</p>	
Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 04/04/2016	
Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.	
<p>Penalties for failing to meet the corrective action deadline in Warning Letter #2193277 may continue to accrue until Operator submits a Form 4 Sundry Notice with the latitude and longitude measurements, measured pursuant to the requirements of Rule 215, of the "as drilled" well location for JOSEPH J.C. PAINE #NO. 1 ANADARKO (API 001-09718).</p>	

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, Paine* Joseph J.C. DBA Paine Petroleum Company 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 each formation that is completed in a well every month from the time that it is completed until one month after abandonment. Warning Letter #2193210 was issued to Operator on February 9, 2016 and required corrective action to resolve any delinquent Form 7 monthly reporting issues for Joseph J.C. Paine #No. 1 Anadarko, API 001-09718, (Well) within 30 days of the issuance of that letter. Operator failed to submit delinquent Form 7 Monthly Reports of Operations for the Well from April 2012 to September 2016, violating Rule 309.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 03/10/2016

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 Warning Letter #2193210 and submit Form 7 reports for the Well for April 2012 to September 2016 may continue to accrue until the delinquent Form 7's are submitted.

Rule: 312

Rule Description: Certificate of Clearance and/or Change of Operator

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 312.a., Operator is required to file a Form 10, Certificate of Clearance within thirty (30) days of the initial sale of oil or gas. Operator reported the first sale of gas for the Joseph J.C. Paine #No. 1 Anadarko, API 001-09718, (Well) in March 2010, but has not filed a Form 10 with the COGCC to date, violating Rule 312.a.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 11/18/2016

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

Operator shall file a Form 10 with COGCC for the Well.

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), Paine* Joseph J.C. DBA Paine Petroleum Company 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 was SI since March 2012, COGCC staff has reason to believe the Joseph J.C. Paine #No. 1 Anadarko, API 001-09718, (Well) is past due for performance of an MIT. Warning Letter #2193210 was issued to Operator on February 9, 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: 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 an MIT or plug and abandon 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. If the Well has an unsuccessful MIT, Rule 326.f. requires the Operator to make repairs or plug and abandon the well without additional time, because this Well is past the testing timeframe prescribed by Rule 326.b. 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_cogccenforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 10/27/2016

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: 308A

Rule Description: Drilling Completion Report

Corrective Action Start Date: _____

Corrective Action Complete Date: 05/01/2017

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

Description of Actual Corrective Action Performed by Operator

Factual and legal review led to this violation not being pursued.

Rule: 309

Rule Description: Operator's Monthly Production Report

Corrective Action Start Date: _____

Corrective Action Complete Date: 04/11/2017

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

Description of Actual Corrective Action Performed by Operator

Operator submitted delinquent Form 7's on April 11, 2017.

Rule: 312

Rule Description: Certificate of Clearance and/or Change of Operator

Corrective Action Start Date: _____

Corrective Action Complete Date: 04/06/2017

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

Description of Actual Corrective Action Performed by Operator

Operator submitted the Form 10 on April 6, 2017.

Rule: 326.b

Rule Description: Shut-in Wells

Corrective Action Start Date: _____

Corrective Action Complete Date: 05/01/2017

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

Description of Actual Corrective Action Performed by Operator

Factual and legal review led to this violation not being pursued.

FINAL RESOLUTION

Cause #:	1V	Order #:	630	Docket #:	170500004
Enforcement Action:	Administrative Order of Consent			Final Resolution Date:	05/01/2017
Final Resolution Comments:					
Resolved via Order Number 1V-630, entered on May 1, 2017.					

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>
401128719	NOAV APPROVED
401137799	NOAV COVER LETTER
401137801	NOAV CERTIFIED MAIL RECEIPT
401138156	NOAV ISSUED
401138157	NOAV IN PROCESS
401144446	NOAV CERTIFIED MAIL RETURN RECEIPT
401164983	NOAV OPERATOR ANSWER

Total Attach: 7 Files